



Financial Report 2022

Telekom Austria AG

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The use of automated calculation systems may result in rounding differences.

Management Report

of Telekom Austria Aktiengesellschaft for
the period January 1 to December 31, 2022

Business environment

In early 2022, there was a feeling in Europe that the worst of the COVID-19 pandemic was over and life was returning to some sort of normalcy. The tense situation in the supply chains was easing more and more but still noticeable. After all, the Chinese economy, which is important for the electronics industry, was still subject to strict COVID restrictions. The availability of individual goods was therefore still limited and prices were above pre-COVID levels. In the telecommunications sector, supply chain challenges were reflected in limited availability of high-value handsets, shortages and long delivery times of certain equipment for customers, and delays in the delivery of network equipment. The significantly improved mood was abruptly interrupted when Russia invaded Ukraine in February. This resulted in a terrible conflict that was still ongoing at the end of the financial year, with no end in sight any time soon. The conflict led to a sharp rise in energy prices and subsequently to significantly higher inflation rates. These in turn prompted the European Central Bank (ECB) and the Federal Reserve (FED) in the USA to raise interest rates markedly.

The U.S. Federal Reserve raised its key short-term interest rate in seven consecutive steps from 0.25% in March 2022 to between 4.5% and 4.75%. The European Central Bank raised its key interest rates - the rate on main refinancing operations, the rates on the marginal lending facility, and the deposit facility - in four steps to 2.5%, 2.75%, and 2.0%, respectively. The ECB also announced that the asset purchase program portfolio will decrease from the beginning of March 2023, as the Eurosystem will not reinvest all principal payments from maturing securities.

The invasion of Ukraine was met with repeatedly tightened sanctions against Russia by the European Union, the U.S., and other countries. Sanctions were also imposed on Belarus for its involvement in the conflict. These had a negative impact on the availability of high-quality cell phones and network components in that country. The national currency, the Belarusian ruble, depreciated sharply as a result of the conflict, but was able to recover its losses over the course of the year and even appreciate against the euro for long periods.

On January 1, 2023, Croatia adopted the euro as its currency, making it the twentieth member of the Eurozone. Croatia also joined the passport-free Schengen area, which allows freedom of travel and movement between participating countries. Joining the borderless Schengen area is expected to give a boost to Croatia's important tourism industry, which accounts for 20 percent of its gross domestic product.

GDP growth and inflation in the markets of A1 Group (in %)¹⁾

	2021		2022e		2023e	
	GDP	Inflation	GDP	Inflation	GDP	Inflation
Austria	4.6	2.8	4.7	7.7	1.0	5.1
Bulgaria	4.2	2.8	3.9	12.4	3.0	5.2
Croatia	10.2	2.6	5.9	9.8	3.5	5.5
Belarus	2.3	9.5	-7.0	16.5	0.2	13.1
Slovenia	8.2	1.9	5.7	8.9	1.7	5.1
Serbia	7.4	4.1	3.5	11.5	2.7	8.3
North Macedonia	4.0	3.2	2.7	10.6	3.0	4.5

¹⁾ Source: IMF, <https://www.imf.org/en/Publications/WEO/Issues/2022/10/11/world-economic-outlook-october-2022> (February 2, 2023), page 42. Forecast data at the country level are from October 2022.

Financial key performance indicators

Total assets as of December 31, 2022 amounted to EUR 8,944 million (prior year: EUR 9,486 million). Long-term assets decreased to EUR 8,071 million in the financial year 2022 (previous year: EUR 8,416 million) mainly due to the impairment of shares in mobilkom Belarus Beteiligungsverwaltung GmbH.

The decrease in current assets by EUR 196 million to EUR 870 million as of December 31, 2022 is mainly due to lower cash pooling receivables from subsidiaries.

Revenues increased by 4.1% to EUR 37 million.

The operating result decreased to EUR -44 million in financial year 2022 (previous year: EUR -41 million).

Income from investments decreased to EUR 471 million (previous year: EUR 689 million). This is mainly due to a lower dividend payment by A1 Telekom Austria than in 2021.

Expenses for financial assets of EUR 310 million (previous year: income of EUR 522 million) related to impairments at mobilkom Belarus Beteiligungsverwaltung. In 2021 there were no impairments of shares in affiliated companies, but reversals of impairments at mobilkom Belarus Beteiligungsverwaltung (EUR 270 million), mobilkom Kroatien Beteiligungsverwaltung (EUR 251 million) and mobilkom Mazedonien BV (EUR 0.3 million). Interest expenses decreased by approximately EUR 20 million to EUR 40 million.

As a result of the factors described above, profit before taxes decreased to EUR 79 million (previous year: EUR 1,109 million).

Income tax income of EUR 35 million was recorded in 2022 (prior year: EUR 74 million), mainly resulting from the Group tax allocation.

Net income for 2022 amounted to EUR 114 million (previous year: EUR 1,183 million). In the reporting period, retained earnings of EUR 251 million were released (previous year: allocation of EUR 951 million).

Subject to the approval of the Supervisory Board, the Executive Board plans to propose to the Annual General Meeting that a dividend of EUR 0.32 (previous year: EUR 0.28) per dividend-bearing share be distributed from the net income.

The most important financial and performance indicators of Telekom Austria AG are discussed below:

- The equity ratio pursuant to Section 23 of the Austrian Company Reorganization Act (URG) amounted to 75.3% as of December 31, 2022 (December 31, 2021: 71.8%). This ratio is calculated by dividing stockholders' equity by total assets.
- The notional debt repayment period pursuant to Section 24 URG amounted to 7.3 years as of December 31, 2022 (previous year: 4.9 years). The "notional debt repayment period" shows how many years it will theoretically take to repay the total debt on the basis of the result before income taxes.
- The return on equity (ratio of EBIT to stockholders' equity) amounted to 1.7% (previous year: 17.2%). The return on assets (ratio of EBIT to liabilities and stockholders' equity) amounted to 1.3% (previous year 12.3%).
- Net debt is the balance of interest-bearing liabilities and cash and cash equivalents. At December 31, 2022, net debt amounted to EUR 2,119 million (previous year: EUR 2,638 million).
- The cash flow from operating activities increased to EUR 670 million (previous year: EUR -273 million).
- The cash flow from investing activities amounted to EUR 35 million (previous year: EUR -14 million).
- The cash flow from financing activities decreased to EUR -705 million (previous year: EUR 286 million) due to repayments of financing and a higher dividend payment.

Equity investments

In addition to Austria, the A1 Telekom Austria Group is successfully positioned in another six European Countries as of December 31, 2022²:

	Inhabitants	GDP/capita	Mobile subscribers		RGUs	
	in million	in USD	in million	market position	in million	market position
Austria	9.0	58,400	5.2	#1	2.9	#1
Bulgaria	6.9	27,900	3.8	#1	1.2	#2
Croatia	3.9	34,300	2.0	#2	0.7	#2
Belarus	9.3	21,700	4.9	#2	0.8	#2
Slovenia	2.1	43,600	0.7	#2	0.2	#4
Serbia	6.8	21,500	2.4	#3	n.a.	n.a.
North Macedonia	2.1	18,200	1.1	#1	0.4	#2

At the end of 2022, A1 Group provided mobile communication services to approximately 23.9 million customers (2021 : 22.8 million); in the fixed-line business the number of revenue generating units (RGUs) amounted to approximately 6.2 million, representing an increase of 2.1% compared to the previous year.

A1 Bulgaria EAD, the largest mobile operator in Bulgaria, had approximately 3.8 million subscribers at the end of 2022 (+0.7%). In the fixed line business, the number of RGUs increased by 5.0% to around 1.2 million in 2022.

Unitary enterprise A1, the second-largest mobile operator in Belarus, had approximately 4.9 million subscribers at the end of 2022 (-0.9%). In the fixed line business, the number of RGUs increased by 21.3% to around 0.8 million in 2022.

A1 Hrvatska, d.o.o., the second-largest mobile operator in Croatia, had approximately 2.0 million subscribers at the end of 2022 (+1.3%). In the fixed line business, the number of RGUs increased by 3.6% to around 0.7 million in 2022.

A1 Srbija d.o.o., the third-largest mobile operator in Serbia, had approximately 2.4 million subscribers at the end of 2022 (-0.4%).

A1 Slovenija d.d., the second-largest mobile operator in Slovenia, had approximately 0.7 million subscribers at the end of 2022 (-0.1%). In the fixed line business, the number of RGUs increased by 1.8% to around 0.2 million in 2022.

A1 Makedonija DOOEL had approximately 1.1 million subscribers at the end of 2022 (+1.9%). In the fixed line business, the number of RGUs increased by 2.5% to around 0.4 million in 2022.

Outlook for financial year 2023

A1 Group expects to achieve **revenue growth of around 4%** in the 2023 financial year. The main growth drivers are price increases due to higher inflation, upselling in the retail business, and a strong development of the solutions business. A further decline in voice business and international wholesale business in Austria as well as lower interconnection revenues due to regulatory cuts of termination rates will have a dampening effect on growth. Management also expects roaming revenues to grow at a significantly lower rate than in the strong financial year 2022. While the Belarusian ruble appreciated on average in 2022, supporting revenue growth, the currency is expected to depreciate against the euro in 2023.

At the same time, electricity costs are forecasted to increase strongly and management assumes that workforce costs will increase by around 5% at the Group level. To counter cost increases, A1 Group will implement efficiency projects and transformational initiatives. For this reason, A1 Group expects **further EBITDA growth**, albeit at a lower rate than revenue growth.

Management expects **CAPEX** before investments in spectrum to be **around EUR 950 mn**. A1 Group will continue its commitment to fiber roll-out in Austria as well as to further expansion of its 5G networks both in Austria and internationally. In terms of spectrum, tenders are expected in Croatia (renewal of spectrum: 800 MHz, 900 MHz, 1.8 GHz, 2.1 GHz, and 2.6 GHz), Bulgaria (700 MHz, 800 MHz) and Serbia (700 MHz, 3.6 GHz). This list of tenders neither claims to be exhaustive nor does it allow any conclusions to be drawn

² Source for inhabitants as well as GDP/capita (PPP, current international USD): <https://data.worldbank.org> (February 2, 2023), data for most recent year: 2021, figures rounded

regarding the actual implementation of these auctions or A1's intention to participate in the tenders listed. A1 Group does not comment on this matter.

The Management Board plans to propose a dividend of EUR 0.32 (2021: EUR 0.28) per share to the Annual General Meeting, subject to the approval of the Supervisory Board.

Risk and opportunity management

Principles and methods

A1 Group's risk management system systematically analyzes risk areas, assesses potential impact and improves risk avoidance and risk remediation measures. In doing so, A1 Group relies on close cooperation between Group managers and local risk managers. The risk management system is divided into four risk categories: (1) macroeconomic, competitive and strategic risks, (2) ESG risks, (3) financial risks, and (4) technological risks. The Executive Board reports relevant developments to the Supervisory Board.

The starting point for A1 Group's Enterprise Risk Management (ERM) is strategic discussions with the Supervisory Board. In these discussions, the Management Board presents business risks and their relevance to A1 Group as well as mitigating activities. It also presents planning assumptions (strategic orientation for the coming business plan period, priority setting, and planned measures for realizing opportunities).

Subsequently, the business plan maps out the expectations for business success (and necessary costs and investments) and also evaluates assumed risks of higher-level goals (growth-related but also expenditure-related).

For risk management, the development of effective risk awareness and risk reduction measures is critical. Updates are made, among other things, on the basis of monthly performance calls or leadership meetings of the extended Management Board and following analysis of critical deviations from the targets set or the effectiveness of countermeasures taken. The overall risk situation for each risk category is derived from the totality of individual risks.

A1 Group is active in Austria and six other countries as a top telecommunications company. This means a geographical diversification. The risks in the respective markets vary, which is why risk management (and above all the mitigation of risks) is the responsibility of the local operating units. Risk management is controlled by the holding company. In addition to regular management meetings and strategic discussions, A1 Group has a multi-year plan. The close integration of the multi-year plan with risk management ensures adequate risk management. The risk management of A1 Group is monitored by the Audit Committee of the Supervisory Board.

Risks in connection with the COVID-19 pandemic

In 2022, no relevant negative impacts resulted from the COVID-19 pandemic. On the one hand, possible implications (expiry of state aid, short-time work) on companies are being observed, while on the other the transformation of daily life through increased digitization of work and learning has already become firmly established.

Risks in connection with the conflict in Ukraine

As a disruptive event, the focus in 2022 was on the conflict in Ukraine and its impact on risks and opportunities. In the course of this, a comprehensive risk assessment was carried out. This took into account both the short-term cash flow impact of the conflict and the impact of sanctions. Risks and supply and demand effects that have already occurred with an impact on cash flow include sharply increased electricity and energy costs and supply chain disruptions.

In response to the conflict, numerous sanctions were imposed and implemented, in some cases at very short notice. Therefore, A1 Group has swiftly adapted and implemented the procedure for monitoring sanctions concerning Russia and Belarus. The Group Compliance and Legal team monitors the sanctions and works closely with the affected units within A1 Group to ensure compliance. No A1 Group company - with the exception of A1 Belarus - was found to have direct business relationships with legal entities sanctioned by the EU. Export sanctions led to short-term delays in the delivery of hardware, software, and services to Belarus, but without jeopardizing operations - and thus our service to non-sanctioned individuals and companies. Sanctions management in A1 Group ensures the supply of goods and services exempt from sanctions. Risk management also places a special focus on the impact of sanctions on A1 Belarus' cash flow and ability to pay dividends. The established procedures are applied for the duration of the conflict.

Risks and opportunities

From the totality of risks identified for A1 Group, the most important risk categories and single risks that could have a significant impact on the net assets, financial position, and results of operations are explained below:

(1) Risks and opportunities at the macroeconomic, competitive and strategic levels

Macroeconomic risks and opportunities

Macroeconomic risks and opportunities arise, on the one hand, from economic developments in the markets in which A1 Group operates and their knock-on effects (for example, a sharp rise in inflation affects interest rate levels, exchange rates, demand, etc.). On the other, economic policy conflicts (e.g., punitive tariffs, supply stops, and production bottlenecks) can have direct or indirect effects. While macroeconomic developments are easier to forecast and assess, trade policy decisions are more difficult to predict. In this context, A1 Group mitigates potential supply bottlenecks wherever possible by using a multi-vendor strategy and geo-redundant sourcing. In the case of scarce goods, A1 Group improves its attractiveness with suppliers through long-term purchase guarantees or increases inventories to bridge delivery shortfalls.

During the reporting period, inflation increased significantly, which entails a number of risks. Price increases due to inflation-related indexation of tariffs on the one hand and lower real income and wealth on the other may lead to a decline in demand. In addition, A1 Group faces the risk that new technologies will be marketed without a premium and that sustainable volume growth (for example, due to changes in forms of work and learning) will not lead to an adequate increase in revenue. Cost items such as energy are specifically affected in the current planning horizon. The shortage of energy supply combined with the way prices are set has led to excessive price increases here, which even telecommunications companies cannot compensate for without stepping up countermeasures.

Competition

In recent years, competition in the provision of infrastructure by OAN (Open Access Network) providers has increased. This trend could intensify further in view of the entry of new market players. In addition, competition from MVNOs (Mobile Virtual Network Operators) remains a risk. MVNOs can offer their services without their own infrastructure and the associated high level of investment and can therefore act flexible in the market. At the same time, this offers A1 Group business opportunities in the wholesale market and enables it to better utilize its own networks.

New growth areas

One challenge in the telecommunications industry is the ever-shorter intervals at which companies have to adapt their offerings to include new services and products. Cloud services, over-the-top services and machine-to-machine communications are just a few examples of growth potential in new business areas that A1 Group is striving to tap. However, shorter innovation cycles are also associated with innovation risks. The biggest challenge is the scaling of services, different levels of maturity, and demand in A1 Group's markets. As part of the América Móvil Group, A1 Group is involved in the exchange and discourse on innovation.

Regulatory risks

In the current reporting period, regulatory risks (focused on telecommunications) are only region-specific. They relate to the roaming regulation in the Western Balkans.

Net neutrality: Although the Body of European Regulators for Electronic Communications (BEREC) has issued guidelines on net neutrality to implement the Net Neutrality Regulation, uncertainties remain that could have a financial impact.

Budget and business plan risks

The business plan reflects the assessment of the planning assumptions and incorporates external effects as much as possible. High inflation and its economic impact on companies and households represent a risk for 2023 and subsequent years. This was discussed with the country organizations in the planning process and mapped in risk management in the macroeconomic risks category. Budgetary risks primarily relate to internal targets for further increasing cost, investment and human resource efficiency that have not yet been consistently backed up with measures. Opportunities in 2023 include the mitigation of energy costs. This is mainly manageable through reduction of energy consumption. For example through the modernization of equipment (e.g., Radio Access Network [RAN]) and infrastructure or through the increased use of electricity from renewable sources.

Public image

Risks in connection with the public image arise from ordinary business activities (throughout the life cycle of the customer relationship) and from social discussions or topics raised by opinion leaders (influencers). A standard procedure does not go far enough here. Absolutely professional communication and corresponding expertise are essential prerequisites for avoiding negative effects.

(2) ESG risks and opportunities

ESG (Environmental, Social, Governance) risks represent another category of ERM. It is necessary to comply with the relevant legal requirements and to survey and assess the corporate risks in relation to the sustainability strategy. A1 Group updated its climate scenario analysis in 2022. This involved reassessing the impact of more extreme scenarios (outlier scenarios) on the business model using current energy prices. Other topics already considered on an ongoing basis include digitalization, diversity, labor shortages, compliance, and legal risks. The company addresses relevant topics in terms of risk potential and avoidance from both an internal and external perspective.

Environmental (E) - Environmental risks and opportunities

Climate change can pose risks to A1 Group's network infrastructure (rising average temperatures, heavy rainfall, and natural events such as floods and mudslides). For this reason, A1 Group has carried out a climate scenario analysis. One scenario assumed a global warming of $< 2^{\circ}\text{C}$ and a comparative scenario that calculated a temperature increase of 4°C . At the same time, different time periods were analyzed in both scenarios. While no significant differences were found in the short-term five-year assessment, the long-term comparison (up to 30 years) revealed larger differences in financial impact as expected. The year 2020 was used as the base year in each case. By their nature, differences over a long period of time are subject to greater uncertainty. It can be assumed, given the increasing attention on this issue, that mitigation measures will be initiated depending on actual development. Regardless, A1 Group is actively engaged in climate protection and is monitoring regional developments in order to be able to initiate measures to protect its infrastructure if necessary. The impact on finances and service availability of this risk category has been marginal in recent years. The scenario analysis does not result in any changes relevant to the valuation.

Social (S) - Social risks and opportunities

The Social category includes risks and opportunities related to social, employee, and human rights issues. This includes risks and opportunities such as the social impact of Internet use and media consumption or high-performance and sustainable networks.

Social impact of Internet use and media consumption: Progressive digitization in all areas of life is fundamentally changing people's everyday lives. Whether it is work, education and training, administrative procedures or everyday shopping, analog activities are being replaced by digital and virtual steps. Fast access to information and education at any time and from any location is becoming increasingly important. However, increasing digitization not only brings benefits, but also poses risks such as excessive use, cyber-bullying, and cyber-crime.

A1 Group is actively committed to offering people the opportunity to learn new digital skills on the one hand and to educating them about risks such as cyber-crime on the other. Numerous initiatives such as workshops, online information and training courses, are offered for this purpose.

High-performance and future-proof networks: Advancing digitalization and ever-growing data volumes are increasing the pressure on A1 Group to provide secure and stable connectivity everywhere and at all times. In recent years, this infrastructure had undergone a strong and rapid expansion due to the COVID-19 pandemic. Home office, home schooling and more agile forms of virtual collaboration further reinforce this trend. With its high-performance and future-proof networks, A1 Group offers a reliable basis for increasingly digitized working and learning and living environments.

A1 Group sees an opportunity to cover the further increase in speed and data volume requirements in the future. To this end, the Group is investing heavily in broadband expansion (fiber-optic network and 5G). These new technologies can be operated more energy-efficiently and thus have the potential to reduce energy consumption. Less efficient technologies, such as 2G, 3G, or communication via copper cable, may be replaced in the future.

Governance (G) - risks and opportunities

Governance risks and opportunities include topics such as compliance, corruption prevention, data protection as well as legal risks and opportunities.

Compliance risks: The annual compliance risk assessment process is a key element of A1 Group's compliance management system. As part of this process, relevant compliance risks are identified on the basis of structured management interviews and workshops, and risk-minimizing measures are defined. A1 Group relies on prevention through training, uncompromising application of internal and external guidelines (for example in the area of capital market compliance) as well as a compliance focus at management level (clear commitment to compliance by the management). In addition, the compliance management system (CMS) is regularly reviewed internally and externally.

Data protection risks: A1 Group's products and services are subject to data protection and data security risks. This relates in particular to access by unauthorized persons to data belonging to customers, employees and corporate partners. Possible violations of the EU General Data Protection Regulation (GDPR), which has been in force since May 2018, can result in significant legal and financial risks. To minimize risks, A1 Group has been implementing the EU General Data Protection Regulation in interdisciplinary projects since the beginning of 2016. Furthermore, technical and organizational measures were implemented on the basis of risk assessments. All A1 Group companies are committed to complying with the highest data protection and data security standards.

Legal risks: A1 Group companies are parties to several court and out-of-court proceedings with authorities, competitors, and other parties. Dialog with the stakeholders involved and an ongoing exchange of information on issues that could pose a risk to the company enable problems to be identified at an early stage and countermeasures developed.

Monitoring legal risks facilitates the assessment of potential payments in connection with legal proceedings. This position is updated quarterly and is based on the ongoing assessment of the success of the proceedings.

(3) Financial risks and opportunities

A1 Group is exposed to risks in terms of liquidity, credit, foreign exchange and interest rates. These risks are further discussed in Chapter 33 "Financial instruments" of the Notes of the consolidated financial statements. Tax risks are also part of the risk assessment.

Liquidity risk: Due to the business model, this risk is increased only in investment-intensive periods (e.g. spectrum acquisition), but it can be mitigated by precise planning, cash pooling and the possibility of intercompany financing.

Credit risk: As in 2021, one focus in the reporting year was on invoice and receivables management. Against the background of the expiry of government support payments for companies in 2022, open invoices will continue to be monitored with increased attention. If customers change their payment behavior, A1 Group anticipates customer liquidity so that effective and efficient countermeasures can be taken if necessary.

Exchange rate risks: The Belarus segment contributed approximately 9% to total revenue and approximately 12% to EBITDA of A1 Group in the financial year 2022. Changes in the exchange rate of the Belarusian ruble against the euro are even more difficult to forecast than before due to the Ukraine conflict. They can have positive and negative effects on A1 Group.

Interest rate risk: Inflation-driven interest rate increases maintain interest rate risk for 2023 due to continued unstable macroeconomic environment.

Tax risks: In order to identify tax risks and take the necessary action, the Group Tax department conducts a quarterly internal tax review with all national companies. In the fourth quarter, an external review is performed and reported to Group Tax. No significant tax risk issues were reported in 2022.

Financial reporting: A tight network of SOX (U.S. Sarbanes-Oxley Act) controls, results analysis, and monthly top management review of results as well as a CFO results review leave no room for the risk of material misreporting.

(4) Technological risks and opportunities

This category covers the following focus areas:

Availability and continuity

Maintaining the availability of and access to telecommunications services and other services offered is one of the focal points of operational risk management. Various threats such as natural disasters, major technical disruptions, third-party influences from construction activity, hidden defects or criminal acts can impair availability and even lead to a business interruption. Long-term planning takes technical developments into account. The redundant design of critical components ensures a high level of fail-safety. Efficient organizational structures for operations and security serve to safeguard high-quality standards. A Group policy also ensures a uniform methodology for identifying and managing key risks. The ongoing identification and assessment of risks culminates in a decision as to whether measures are taken to minimize the risk or whether the potential risk is borne by A1 Group. In the event of any major disruption, the causes are clarified, and it is determined how a recurrence can be avoided. A centralized approach to insurance against physical damage minimizes the financial impact.

IT changes and digital transformation

In the area of BSS (Business Support Systems) and OSS (Operations Support Systems), modernization and complexity reduction are shaping up as a long-term task. The renewal of older infrastructure and software enables sustainable risk reduction. The overarching integration of platforms reduces complexity and is intended to ensure openness for new services and partners. Associated risks are analyzed in terms of IT security, flexibility in service delivery, and the associated medium-term costs.

Cyber security risks

A1 Group places particular emphasis on the implementation of data security standards. A number of internal guidelines and processes are in place for this purpose. In critical situations, these are controlled by specific responsibilities, implemented and monitored for their effectiveness. A special focus is placed on risk prevention in the area of critical and important network elements as well as in BSS and OSS. A1 Group follows the international IT standards for security techniques (ISO 27001) and has established uniform state-of-the-art information security standards and guidelines.

An essential element in the management of cyber risks are continuous checks and software updates of the infrastructure to be protected as well as training courses for employees. The A1 Telekom Austria Security Committee is made up of highly qualified security experts from all countries of the A1 Group and regularly exchanges information on current local, regional and global cyber risks and cyber-attacks. In addition, this working group also informs and coordinates cross-country protective measures in acute cases of need.

Internal control system for financial reporting

Telekom Austria Aktiengesellschaft has an internal control system (ICS) for financial reporting in accordance with applicable legal requirements. The ICS is designed to provide reasonable assurance regarding the reliability and accuracy of external financial reporting in accordance with international and national standards. Regular internal reporting to management as well as audits of the ICS by Internal Audit also ensure that weaknesses are identified in good time and communicated and remedied accordingly. The most important contents and principles apply to all companies of the A1 Group. The effectiveness of the ICS system is analyzed and evaluated at periodic intervals. At the end of each year, an evaluation of the ICS is carried out by management for relevant Group companies with the involvement of the responsible specialist departments. Based on the findings of this assessment and the defined criteria, management has assessed the internal control system over financial reporting as effective as of December 31, 2022.

The listing of the (indirect) majority owner América Móvil on the New York Stock Exchange (NYSE) requires compliance with the Sarbanes-Oxley Act (SOX). The internal control system includes the relevant requirements of this U.S. law.

Other information

Disclosure in accordance with Section 243a of the Austrian Commercial Code (UGB): Shareholder structure and capital disclosures

At the end of 2022, a total of 51.00% or 338,895,000 shares of Telekom Austria Aktiengesellschaft were held by América Móvil B.V., Netherlands ("América Móvil B.V."), a wholly owned subsidiary of América Móvil, S.A.B. de C.V. ("América Móvil"). The Republic of Austria held 28.42% via Österreichische Beteiligungs AG ("ÖBAG"), while the remaining 20.58% of the shares were in free float. This includes 415,159 treasury shares as well as 572,850 employee shares that are held in a collective custody account. The voting rights associated with employee shares are exercised by a custodian (notary).

The total number of no-par value shares remains at 664,500,000. As of December 31, 2022, 92,966 shares were underlying an American Depositary Receipts (ADR) program. An ADR is a security that represents securities of foreign companies in the U.S., can be traded on stock exchanges, is denominated in U.S. dollars, and pays dividends in U.S. dollars. The program was set up for Telekom Austria as part of the IPO in order to appeal to U.S. investors. The relevance of ADRs declined for European issuers with the increasing establishment of the euro on the world market and for Telekom Austria also due to significant decrease in ADR volume. Therefore, the Management Board has decided to end the ADR program as of March 31, 2023.

The majority of financial agreements are subject to standard change-of-control clauses that could ultimately lead to the termination of contracts. None of these clauses came into effect in the 2022 financial year or up to the date this report was prepared.

The following information concerning the shareholders' agreement is based solely on publicly available information. The company does not have any additional information. The shareholders' agreement between ÖBAG, América Móvil, and América Móvil B.V. came into force on June 27, 2014. Under the terms of the shareholders' agreement, the parties have undertaken to jointly pursue a long-term policy with regard to the management of Telekom Austria Aktiengesellschaft by exercising their voting rights on a concerted basis. The shareholders' agreement also contains provisions on the joint exercise of voting rights in the committees of the company for the election of Supervisory Board and Management Board members and restrictions on the sale of shares. The Supervisory Board of the company consists of ten shareholder representatives, of which eight members are nominated by América Móvil B.V. and two by ÖBAG. ÖBAG has the right to nominate the Chairman of the Supervisory Board. América Móvil B.V. has the right to nominate the Deputy Chairman. The Management Board of the company consists of three members. Two members are nominated by América Móvil B.V., while one member of the Management Board, namely the Chief Executive Officer (CEO), is nominated by ÖBAG. The Extraordinary General Meeting on August 14, 2014, also amended the Articles of Association to state that, as long as the Republic of Austria directly or indirectly holds at least 25% plus one share of the share capital of the company, resolutions on capital increases and the issue of instruments containing a conversion right or a conversion obligation for shares of the company and amendments to the provisions of the Articles of Association relating to capital increases and such instruments shall require a majority of at least three quarters of the share capital represented at the vote on the respective resolution.

ÖBAG and América Móvil B.V. have agreed that at least 24% of the shares of the company should be held in free float while the shareholders' agreement is in place. This minimum free float requirement is based on ÖBAG's maximum equity interest of 25% plus one share. If ÖBAG holds an equity interest in the company of more than 25% plus one share, the minimum free float requirement is reduced accordingly so that América Móvil can retain an equity interest in the company of 51%. If the number of shares in free float falls below the minimum while the shareholders' agreement is in place,

- (i) América Móvil B.V. undertakes to sell shares within the next 24 months and
- (ii) América Móvil undertakes to ensure that neither it nor its subsidiaries purchase any additional shares until the minimum free float requirement is restored.

As long as ÖBAG holds 25% plus one share or more of the share capital of Telekom Austria Aktiengesellschaft, ÖBAG shall have the following rights of codetermination in accordance with the voting rights agreement: the right to veto capital increases of Telekom Austria Aktiengesellschaft and its subsidiaries, the issue of certain convertible instruments, the appointment of the auditor of the financial statements, the conclusion of related party transactions, the relocation of the registered office of the company and material business functions, including research and development, the disposal of the company's core business, and changes to the name of Telekom Austria Aktiengesellschaft and the brands of Telekom Austria Aktiengesellschaft, among other things. ÖBAG shall also be granted the blocking minority rights accruing by law to a minority shareholder with an equity interest of 25% plus one share. ÖBAG's veto rights in

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connection with capital increases and the issue of certain convertible instruments are also set out in the Articles of Association of the company. If ÖBAG's equity interest falls below 20% but remains above 10%, ÖBAG shall retain certain veto rights. The voting rights agreement shall expire automatically if the equity interest held by one of the parties falls below 10%.

Vienna, February 3, 2023

The Management Board of Telekom Austria AG



Thomas Arnoldner
Chief Executive Officer



Alejandro Plater
Chief Operating Officer



Siegfried Mayrhofer
Chief Financial Officer

Financial Statements 2022

Telekom Austria AG

Separate financial statements according to Austrian Commercial Code – UGB

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Statement of Financial Position as of December 31, 2022

Annex I/1: Assets

		31.12.2022 EUR	31.12.2021 TEUR
A.	Long-term assets		
I.	Financial assets		
1.	Investments in affiliated companies	8,070,490,987.29	8,415,291
2.	Other investments	543,341.86	543
3.	Other loans granted	337,842.77	330
		8,071,372,171.92	8,416,164
B.	Current assets		
I.	Stocks		
1.	Work in progress	1,155,631.81	1,529
II.	Receivables		
1.	Accounts receivable - trade	12,795.37	42
	<i>thereof with a remaining maturity of > 1 year:</i>	<i>0.00</i>	<i>0</i>
2.	Receivables - affiliated companies	868,098,666.83	1,063,547
	<i>thereof with a remaining maturity of > 1 year:</i>	<i>0.00</i>	<i>0</i>
3.	Other accounts receivable	327,938.34	138
	<i>thereof with a remaining maturity of > 1 year:</i>	<i>0.00</i>	<i>0</i>
		868,439,400.54	1,063,727
III.	Cash and cash equivalents	1,140.70	1
		869,596,173.05	1,065,257
C.	Prepaid expenses	2,092,597.27	3,353
D.	Deferred tax assets	1,213,637.60	1,648
		8,944,274,579.84	9,486,422

Annex I/2: Liabilities and Stockholders' Equity

		31.12.2022 EUR	31.12.2021 TEUR
A.	Stockholders' equity		
I.	Common stock issued		
	Common stock	1,449,274,500.00	1,449,275
	less Treasury shares	-905,461.78	-905
		1,448,369,038.22	1,448,369
II.	Additional paid-in capital		
1.	Appropriated	1,582,004,573.67	1,582,005
2.	Appropriated for treasury shares	905,461.78	905
		1,582,910,035.45	1,582,910
III.	Retained earnings		
1.	Other reserves (unrestricted reserves)	3,070,812,356.14	3,321,955
IV.	Net income	634,585,000.00	455,030
	<i>thereof carried forward:</i>	<i>269,086,244.52</i>	<i>222,803</i>
		6,736,676,429.81	6,808,264
B.	Provisions		
1.	Provisions for severance obligations	6,616,485.47	6,830
2.	Tax provisions	68,459,710.03	21,405
3.	Other provisions	11,083,218.74	10,062
		86,159,414.24	38,297
C.	Liabilities		
1.	Liabilities to banks	300,249,100.00	800,000
	<i>thereof with a remaining maturity of < 1 year:</i>	<i>249,100.00</i>	<i>800,000</i>
	<i>thereof with a remaining maturity of > 1 year:</i>	<i>300,000,000.00</i>	<i>0</i>
2.	Accounts payable - trade	3,460,655.55	4,040
	<i>thereof with a remaining maturity of < 1 year:</i>	<i>3,460,655.55</i>	<i>4,040</i>
	<i>thereof with a remaining maturity of > 1 year:</i>	<i>0.00</i>	<i>0</i>
3.	Liabilities due to affiliated companies	1,815,938,462.76	1,833,959
	<i>thereof with a remaining maturity of < 1 year:</i>	<i>1,065,938,462.76</i>	<i>783,959</i>
	<i>thereof with a remaining maturity of > 1 year:</i>	<i>750,000,000.00</i>	<i>1,050,000</i>
4.	Other liabilities	1,790,517.48	1,863
	<i>thereof with a remaining maturity of < 1 year:</i>	<i>1,790,517.48</i>	<i>1,863</i>
	<i>thereof with a remaining maturity of > 1 year:</i>	<i>0.00</i>	<i>0</i>
	<i>thereof from taxes:</i>	<i>0.00</i>	<i>0</i>
	<i>thereof to social security:</i>	<i>723,345.84</i>	<i>674</i>
	<i>thereof with a remaining maturity of < 1 year:</i>	<i>723,345.84</i>	<i>674</i>
	<i>thereof with a remaining maturity of > 1 year:</i>	<i>0.00</i>	<i>0</i>
Liabilities		2,121,438,735.79	2,639,862
	<i>thereof with a remaining maturity of < 1 year:</i>	<i>1,071,438,735.79</i>	<i>1,589,862</i>
	<i>thereof with a remaining maturity of > 1 year:</i>	<i>1,050,000,000.00</i>	<i>1,050,000</i>
		8,944,274,579.84	9,486,422

Annex II: Statement of Profit or Loss for the Year 2022

	EUR	2022 EUR	2021 TEUR
1. Revenues		36,752,350.17	35,300
2. Other operating income			
a) Income from the reversal of accruals	46,500.00		542
b) Other	493,771.47	540,271.47	690
3. Personnel expenses			
a) Salaries	-39,024,701.25		-36,422
b) Social security contributions	-8,724,994.79		-8,591
<i>thereof pension expense:</i>	<i>-1,068,929.02</i>		<i>-1,035</i>
aa) Expenses for severance payments and payments to staff contribution plans:	107,396.13		-199
bb) Expenses for statutory social security and payroll related taxes and contributions:	-7,627,372.74		-7,278
		-47,749,696.04	-45,013
4. Other operating expenses		-33,737,381.51	-32,895
<i>thereof from taxes:</i>	<i>-37,811.09</i>		<i>-32</i>
5. Subtotal from line 1 to 4 (operating result)		-44,194,455.91	-41,376
6. Income from investments		470,548,577.05	689,252
<i>thereof from affiliated companies:</i>		<i>470,151,257.05</i>	<i>688,785</i>
7. Other interest income		3,206,527.78	0 *
<i>thereof from affiliated companies:</i>		<i>0.00</i>	<i>0</i>
8. Income from the reversal of impairment losses of financial assets		0.00	521,500
9. Expenses for financial assets		-309,800,000.00	0
<i>thereof: a) impairment losses:</i>		<i>-309,800,000.00</i>	<i>0</i>
<i>thereof: b) expenses from affiliated companies:</i>		<i>-309,800,000.00</i>	<i>0</i>
10. Interest and similar expenses		-40,389,102.86	-59,990
<i>thereof from affiliated companies:</i>		<i>-40,139,859.72</i>	<i>-59,885</i>
11. Subtotal from line 6 to 10 (financial result)		123,566,001.97	1,150,761
12. Result before income taxes (Subtotal from line 5 and line 11)		79,371,546.06	1,109,385
13. Income taxes		34,984,688.34	73,767
<i>thereof deferred taxes:</i>		<i>-434,356.02</i>	<i>-283</i>
<i>thereof additional charges to group parent:</i>		<i>122,789,530.16</i>	<i>114,278</i>
14. Earnings after income taxes		114,356,234.40	1,183,152
15. Release to retained earnings		251,142,521.08	0
16. Transfer from net income to other reserves		0.00	-950,925
17. Profit carried forward from prior year		269,086,244.52	222,803
18. Retained Profit		634,585,000.00	455,030

*small amount

Annex III: Notes to the Financial Statements for the Year 2022

1 The company

Telekom Austria Aktiengesellschaft ("Telekom Austria AG") is headquartered in Austria at Lassallestrasse 9, 1020 Vienna and is a registered stock corporation within the meaning of the Austrian Stock Corporation Act („AktG"). It is a company of public interest in accordance with Section 189a of the Austrian Commercial Code ("UGB"). Therefore, it is a large corporation in accordance with Section 221 UGB and a parent company required to prepare consolidated financial statements in accordance with Section 244 UGB. The consolidated financial statements of Telekom Austria AG are filed with the commercial register at the Commercial Court in Vienna.

Telekom Austria AG is part of the group held by América Móvil, S.A.B. de C.V., Mexico City („América Móvil"), and is a related party to its subsidiaries. Since July 1, 2014 Telekom Austria AG is fully consolidated in América Móvil's consolidated financial statements, which are the largest group of companies for which group financial statements are prepared. América Móvil Group is listed on the Mexican Stock Exchange and on the New York Stock Exchange. Consolidated financial statements of América Móvil are filed with the SEC (U.S. Securities and Exchange Commission) in Washington, D.C.

All related party transactions were effected at arm's-length.

2 Accounting principles

2.1 General principles

The financial statements have been prepared in accordance with the provisions of the Austrian UGB, taking into account the generally accepted accounting principles of Austria and the general principle of providing a true and fair view of the net assets, financial position and result of operations of the Company.

The financial statements were prepared by adhering to the principle of completeness. The reporting date is December 31.

The principles of individual measurement and going concern were complied with in measuring assets and liabilities.

The principle of prudence was observed in that only profits realized as of the reporting date were recognized. All identifiable risks and impending losses were taken into account.

The statement of profit or loss was prepared in accordance with the total cost format. The amounts presented in the notes to the financial statements are shown in thousands of euros (TEUR). The use of automated calculation systems may give rise to rounding differences.

2.2 Long-term assets

Investments in affiliated companies and other investments are measured at acquisition cost respectively loans receivable at their nominal value. Impairment losses are recognized if the fair value at the reporting date is lower than the carrying amount of the asset and only if the impairment is expected to be permanent. Impairment losses are reversed if the reason for the impairment no longer exists.

Fair values are determined on the basis of the discounted cash flow method. Significant assumptions of the calculation are made for the development of revenues, cost drivers, working capital changes, capital expenditure for maintenance and replacement of assets, growth rate and discount rate. The applied discount rates before taxes range between 6.4% and 35.2% (previous year: 4.0% and 13.5%). These rates are based on market data for each cash-generating unit, taking into account risks related to the cash-generating unit. The growth rates applied for the perpetual annuity range between 1.5% and 5.7% (previous year: 1.2% and 7.2%) and are based on the general growth rate, the Company's historical revenue growth and detailed plans. Cash-Flow estimates are based on a five year business plan.

2.3 Current assets

Receivables are measured at their nominal value unless the lower realizable net value is recognized in the event of identifiable individual risks. Specific valuation allowances are recognized to account for risks of default. Receivables denominated in foreign currencies are measured at the euro reference rate of the European Central Bank at the date of recognition or at the lower rate of the euro reference rate of the European Central Bank at the reporting date.

Work in progress is measured at cost.

2.4 Provisions

Provisions for severance obligations are recognized for legal and contractual obligations to members of the Management Board and for employees, whose employment with Telekom Austria AG started before January 1, 2003. The calculation is based on the principles of actuarial mathematics using the projected unit credit method according to the basis of actuarial calculation of retirement insurance for employees issued by the Austrian Actuarial Association (Tafelwerk AVÖ 2018 P Angestellte – Rechnungsgrundlagen für die Pensionsversicherung – Pagler & Pagler) applying the following parameters:

	2022	2021
Discount rate	3.75%	1.00%
Rate of compensation increase – employees	3.40%	3.00%
Employee turnover rate	0.50%	0.50%
Duration in years	8.01	9.38

The discount rates are determined on the basis of the yields of senior, fixed-interest corporate bonds. The retirement age is calculated in compliance with the retirement age according to the Austrian Ancillary Budget Act (Budgetbegleitgesetz) 2011, using 62 years for female and male employees considering the transitional provisions. The service cost for severance related to retirement is distributed over the period from the entry into service until the earliest date of the calculated pension age and the 25th year of service.

In the previous years, the calculation of employee benefit obligations was based on historical salary increases only. Due to the current situation, particularly with regard to inflation, the calculation model had to be adapted. The estimated inflation forecast is now included in the salary increase and the duration per provision is taken into account.

As in the previous year, no long-term tax provisions were recognized.

Other provisions are recognized at the estimated amount of the obligation and take into account identifiable risks as well as uncertain amounts of liabilities incurred. As in the previous year, no long-term provisions were recorded except for the LTI Program (see 4.2).

Provisions for service awards are included in other provisions and are measured in the same way as the provision for severance obligations, calculated with the following parameters:

	2022	2021
Discount rate	3.75%	0.25%
Rate of compensation increase – employees	4.60%	3.00%
Rate of compensation increase – civil servants	5.30%	4.00%
Duration in years	5.95	7.26

2.5 Liabilities

Liabilities are recognized at the settlement amount taking into account the principle of prudence. Foreign currency liabilities are measured at the rate of the Euro reference rate of the European Central Bank at the date of recognition or at the higher rate of the Euro reference rate of the European Central Bank at the reporting date.

2.6 Impacts related to COVID-19 and the conflict in Ukraine

Due to the outbreak of the conflict in Ukraine, the country risk premium and other valuation parameters of the investments increased. As a result, the investment in mobikom Belarus Beteiligungsverwaltung GmbH had to be impaired, while the continuing coronavirus pandemic

(COVID-19) and the related measures did not result in any material effects in connection with the financial position and results of operations.

3 Notes to the Statement of Financial Position

3.1 Long-term assets

The development of the fixed asset items is shown in the asset table (Appendix 1).

The detail of investments in affiliated companies is shown in the investment table (Appendix 2).

Telekom Austria AG concluded a profit and loss exclusion agreement with its wholly owned subsidiary Telekom Finanzmanagement GmbH, which took effect on January 1, 2018. It can be terminated in writing by either party with effect from the end of a business year, subject to six months' notice.

At the reporting date, loans to employees amount to TEUR 338 (previous year: TEUR 330). The related interest was recognized in personnel expenses. Loans with a remaining term of up to one year amount to TEUR 0 (previous year: TEUR 34).

3.2 Receivables

Receivables due from related parties comprise:

in TEUR, at December 31	2022	2021
Accounts receivable – trade	7,578	4,771
Financial assets	860,514	1,058,776
Other assets	7	0
Receivables - affiliated companies	868,099	1,063,547

As in the previous year, other receivables do not include any material earnings for which payment will be received after the reporting date.

3.3 Work in progress

Due to an internal project concerning the whole A1 Group work in progress includes services not yet invoiced in the amount of TEUR 1,156 (previous year: TEUR 1,529).

3.4 Prepaid expenses

Prepaid expenses mainly comprise discounts for intra-company loans granted resulting from the issuance of bonds by Telekom Finanzmanagement GmbH (TFG).

3.5 Deferred tax assets

in TEUR, at December 31	2022	2021	Change
Deferred tax assets	1,214	1,648	-434

According to Section 198 (9) of the Austrian Commercial Code large corporations are obliged to recognize a deferred tax asset if differences between the carrying amount and its tax base arise. The most important differences causing a deferred tax asset are costs for the procurement of funds as well as employee benefit obligations.

Deferred taxes as of December 31, 2022 are measured using the future tax rate of 23% provided for in the Corporate Income Tax Act as of 2024. The expected reverse effects in 2023 (24% corporate income tax rate) are not material for the financial statements. At December 31, 2021, the tax rate of 25% was applied.

As a profit and loss elimination agreement was concluded between the company and TFG, there is no settlement of the tax allocation between these companies. According to the AFRAC expert opinion 30 (AFRAC Fachgutachten 30) the deferred tax assets of TFG are recognized in the parent company Telekom Austria AG (controlling company of the profit and loss elimination agreement). At the reporting date, no deferred tax assets had to be recognized for TFG.

3.6 Share capital

The share capital of Telekom Austria AG amounts to TEUR 1,449,275 and is divided into 664,500,000 bearer shares. The shares have no par value. ÖBAG holds 28.42%, América Móvil holds 51%, 20.52% of the shares are attributable to the free float and the remaining 0.06% are held as treasury shares. Treasury shares amount to TEUR 905 of the share capital, equal to 415,159 shares and were acquired in September 2007.

At the Annual General Meeting of Telekom Austria AG held on May 29, 2013, the Management Board was empowered to:

- (a) use these treasury shares to settle obligations under the share-based compensation plans disclosed in 4.2 and/or to transfer them for or without a consideration to employees, leading managers and members of the Management Board/management of Telekom Austria AG and of its affiliated companies;
- (b) use them as consideration for acquisitions, or
- (c) sell treasury shares at any time via the stock exchange or by public offer.

3.7 Distribution of dividend

The unappropriated retained earnings of Telekom Austria AG according to Austrian GAAP are not subject to a dividend limitation as the restrictions of Section 235 UGB do not apply. The Management Board plans to propose to the shareholders at the Annual General Meeting to distribute a dividend of euro 0.32 per share (prior year: euro 0.28) from unappropriated retained earnings.

3.8 Provisions

Other provisions include provisions for:

in TEUR, at December 31	2022	2021
Personnel	8,674	7,566
Long Term Incentive Program (LTI)	1,915	2,314
Other	495	182
Other provisions	11,083	10,062

3.9 Liabilities

At December 31, 2022 bank debt includes a long-term bank loan with a term until 2024 (previous year: three short-term bank loans). The variable interest rate of the bank debt amounts to 2.49% and is linked to the 1 month Euribor with a fixed margin of 0.80%.

In the reporting period as well as in the previous year no liabilities with a maturity of more than 5 years are recognized in neither accounts payable - trade nor in other liabilities.

Liabilities due to affiliated companies comprise:

in TEUR, at December 31	2022	2021
Accounts payable - trade	2,560	1,745
Financial liabilities	1,812,316	1,831,582
Other liabilities	1,062	632
Liabilities due to affiliated companies	1,815,938	1,833,959

In the reporting period the financial liabilities include liabilities due to affiliated companies in the amount of TEUR 0 (previous year: TEUR 750,000) with a maturity of more than 5 years.

As in the previous year, other liabilities do not include any material expenses for which payment is made after the reporting date.

3.10 Contingent liabilities

Guarantees related to issued bonds and liabilities to banks

Telekom Austria AG gave an unconditional and irrevocable guarantee in connection with the following bonds issued by TFG:

Interest rate	Maturity	2022	2021
		Face value in TEUR	
4,000%	2022	0	750,000
3,500%	2023	300,000	300,000
1,500%	2026	750,000	750,000
Guarantees related to issued bonds		1,050,000	1,800,000

Furthermore, Telekom Austria AG is liable for the following liabilities to banks recognized in the statement of financial position of TFG:

in TEUR, at December 31	2022	2021
Liabilities to banks	520,613	-

At December 31, 2022, TEUR 488,000 of these liabilities relate to the utilization of a committed credit line of TEUR 500,000 with a term until March 2025, for which Telekom Austria AG issued an unconditional and irrevocable guarantee.

Guarantees for other funding sources

Furthermore, Telekom Austria AG issued an unconditional and irrevocable guarantee with respect to the following committed credit lines and the Euro Commercial Paper Program:

- Syndicated committed credit line with a total volume of TEUR 1,000,000 (prior year: TEUR 1,000,000) and a term until July 2026 (prior year: July 2026) for TFG
- Committed credit line with a total volume of TEUR 15,000 (prior year: TEUR 15,000) and a maximum term until September 2023 (prior year: September 2022) for paybox Bank AG
- Committed credit line with a total volume of TEUR 200,000 (prior year: TEUR 0) and a term until October 2024 for TFG
- Euro Commercial Paper Program with a maximum volume of TEUR 1,000,000 (prior year: TEUR 1,000,000) for TFG

At December 31, 2022 and 2021, the credit lines were not utilized and no Commercial Papers were issued.

Other guarantees

All other guarantees in the amount of TEUR 71,319 (prior year: TEUR 74,819) are, as in the previous year, are issued for affiliated companies. On November 10, 2008, Telekom Austria AG signed a guarantee for Telekom Austria Personalmanagement GmbH (TAP), which ensures TAP that A1 Telekom Austria AG will perform its respective duties according to the profit and loss elimination agreement. Furthermore, in the case of non-fulfillment of the duties of A1 Telekom Austria AG, Telekom Austria AG guarantees to provide Telekom Austria Personalmanagement GmbH with sufficient liquidity to meet all its financial liabilities.

4 Notes to the Statement of Profit or Loss

4.1 Revenues

Revenues of TEUR 36,752 (previous year: TEUR 35,300) relate mainly to services such as public relations and communications work, coordinating product development and the technical infrastructure, legal and tax advice and investment controlling, services in conjunction with the Department of Human Resource and Civil Service Regulations (Beamtendienstrecht) together with salary and collective agreement negotiations that are predominantly charged to A1 Telekom Austria AG, A1 Digital International GmbH, Telekom Austria Personalmanagement GmbH, A1 Bulgaria EAD, A1 Slovenija d.d., A1 Srbija d.o.o, A1 Makedonija DOOEL, A1 Hrvatska d.o.o. and Unitary enterprise A1 on the basis of intercompany agreements.

4.2 Personnel expenses and employees

in TEUR	2022	2021
Salaries	39,025	36,422
Expenses for statutory social security and payroll related taxes and contributions	7,627	7,278
Severance expense	-582	-233
Pension expenses	1,069	1,035
Other social benefits	136	80
Payments to staff contributions plans	474	431
Personnel expenses	47,750	45,013

Salaries include an expense of TEUR 6 (previous year: income of TEUR 1) resulting from changes in the obligation for service awards.

Changes in provisions are presented in the statement of profit or loss in the following items:

- Other employee-related provisions in salaries
- Severance obligation in severance expenses and payments to staff contribution plans
- Pension expenses in other social benefits
- Payroll related expenses for other provisions in expenses for statutory social security and payroll related taxes and contributions

The average number of full-time employees was 310 (previous year: 307). The average number of full-time civil servants was 5 (previous year: 6).

4.3 Severance and pension expenses

Severance expense and payments to staff contribution plans as well as pension expense are allocated as follows:

in TEUR	2022	2021
Members of the Management Board	450	399
Senior staff	-8	40
Other employees	519	795
Severance and pension expenses	962	1,234

4.4 Other operating expenses

in TEUR	2022	2021
Other operating taxes	38	32
Other charges	6,963	5,165
Intercompany charges	115	110
Legal and other consulting	2,774	3,592
Other expense	23,848	23,996
Other Operating Expenses	33,737	32,895

Other operating expenses include other charges, intercompany charges and other expenses related to services of A1 Telekom Austria AG amounting to TEUR 13,600 (previous year: TEUR 15,632).

In accordance with the last sentence of Section 238 paragraph 1 No. 18 UGB, the right not to disclose information on expenses for the auditor, which is included in legal and other consulting expense, is exercised.

4.5 Income from investments

Income from investments of affiliated companies includes dividend income from the following companies (the contribution from TFG is due to the profit and loss elimination agreement):

in TEUR	2022	2021
A1 Telekom Austria	304,000	665,000
Mobilkom BV	15,000	15,000
mk Belarus BV	133,900	0
TFG	17,251	8,785
Income from investments of affiliated companies	470,151	688,785

For full name and company domicile see "Table of Shares in Affiliated Companies" (Attachment 2).

Income from other investments includes dividend income from CEESEG Aktiengesellschaft ("CEESEG AG") amounting to TEUR 397 (previous year: TEUR 467).

4.6 Income from the reversal of impairment losses of long-term financial assets

Pursuant to Section 208 (1) of the Austrian Commercial Code (UGB) the following reversals of previously recognized impairment losses were recognized:

in TEUR	2022	2021
Kroatien BV	0	251,400
mk Belarus BV	0	269,800
mk Mazedonien BV	0	300
Income from the Reversal of Impairment Losses of financial assets	0	521,500

For full name and company domicile see "Table of Shares in Affiliated Companies" (Attachment 2).

4.7 Expenses for long-term financial assets

Pursuant to Section 208 (1) of the Austrian Commercial Code (UGB) and based on current impairment testing, the following impairment losses were recognized:

in TEUR	2022	2021
mk Belarus BV	309,800	0
Expenses for financial assets	309,800	0

For full name and company domicile see "Table of Shares in Affiliated Companies" (Attachment 2).

4.8 Income taxes

Income tax consists of the following items (income tax benefit: positive value; income tax expense: negative value):

in TEUR	2022	2021
Corporate income tax (other) current	-87,307	-40,270
Corporate income tax (group) current	122,790	114,278
Corporate income tax (other) previous periods	-50	41
Total corporate income tax	35,432	74,049
Changes in deferred tax assets	-434	-283
Withholding tax	-13	0
Income taxes	34,985	73,766

"Corporate income tax (group) current" includes a benefit from the tax group allocation

Telekom Austria AG is the head of a tax group as defined in Section 9 of the Austrian Corporate Tax Law (KStG) and concluded a group and tax allocation agreement with the following members of the tax group: A1 Telekom Austria Aktiengesellschaft, Telekom Austria Personalmanagement GmbH, Telekom Finanzmanagement GmbH (TFG), wedify GmbH, World-Direct eBusiness solutions Gesellschaft m.b.H., paybox Bank AG, mk Logistik GmbH and paybox Service GmbH and A1 Open Fiber GmbH (established in May 2022) A1 nowTV GmbH was liquidated in February 2022 and thus left the tax group.

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As of January 1, 2017, all group members have to pay a linear tax rate of 23% to the head of the tax group for all profits allocated to the head of the tax group independent of the actual tax paid by the head of the tax group.

Tax group members transferring a tax loss to the head of the group receive no compensation, but can carry forward this tax loss as an intra-group tax loss carry-forward and offset the entire amount with future taxable profit within the group. Therefore, tax allocation is not required for intragroup loss carry-forward. Intragroup loss carry-forwards not yet offset at the time the group member leaves the tax group are compensated to the extent required by Austrian corporate law upon termination of the agreement.

Starting January 1, 2023, a materially revised new tax group and tax compensation contract comes into effect. Starting 2023, the tax head has a right to positive tax compensation respectively the tax member has a right to negative tax compensation at the statutory corporate income tax rate less 0.5 percentage points. Existing tax group loss carry-forwards from years before 2023 can still be utilized.

Intragroup loss carry-forwards for which no provisions were recognized amount to TEUR 13,418 (previous year: TEUR 51,234). For all companies with a valid profit and loss elimination agreement with a group member no provisions for intragroup loss carry-forwards were recognized.

In the reporting year, there are no loss carry-forwards to be utilized by the group head (previous year: TEUR 392,417).

5 Other disclosures

5.1 Remuneration of the Management Board and Supervisory Board

The following table summarizes the remuneration of the members of the Management Board and Supervisory Board:

in TEUR	2022	2021
Base salary (incl. remuneration in kind)	1,680	1,682
Variable yearly remuneration (Short Term Incentive - "STI")	2,428	2,131
Multi-year share-based remuneration (Long Term Incentive Program)*	1,334	444
Remuneration Management Board	5,442	4,256
Remuneration Supervisory Board	365	376

*In 2022, the compensation relates to the payment of the LTI 2019 (2021: LTI 2018). Details on payments of each single LTI tranche are included in chapter 5.2.

5.2 Long-term incentive (LTI) program

A1 Telekom Austria Group introduced a long-term incentive program (LTI) in 2010. The members of the Management Board of Telekom Austria AG are the participants of this program. They are required to invest an amount depending on the annual gross basic salaries in Telekom Austria shares and to hold these shares until the end of the holding period (at least three years). For each tranche, the number of fictitious bonus shares granted is calculated based on the average Telekom Austria stock price for a defined period. The performance period for meeting the performance targets was determined to be three years. The target values for these key indicators were determined by the Supervisory Board. At the vesting date (at the earliest three years after the grant date), fictitious bonus shares will be allocated to the participants and will be settled in cash. The right is not transferrable. If the targets are fully met, fictitious bonus shares equal to the double personal investment will be allocated to the participants. If the targets are exceeded, proportionally additional fictitious bonus shares will be allocated up to a maximum of 350% of the personal investment in shares on a pro rata basis. This maximum amount of fictitious bonus shares is allocated if the targets are overachieved by 175% or more. In case of a significant underperformance, no bonus shares will be allocated.

For the 13th tranche (LTI 2022) the operating return on invested capital ("Operating 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. For the twelfth tranche (LTI 2021) and the eleventh tranche (LTI 2020) the operating return on invested capital ("Operating ROIC", weighted with 34%), the revenue market share of A1 Telekom Austria Group (weighted with 33%) and sustainable financing (long-term financing in the years 2021 to 2023 and 2020 to 2022, respectively, under a green bond or sustainable finance certificate, weighted with 33%) were defined as key performance indicators.

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The following table summarizes the significant terms and conditions for each tranche not yet settled:

	LTI 2022	LTI 2021	LTI 2020
Grant date	June 1, 2022	June 1, 2021	August 1, 2020
Start of the program	January 1, 2022	January 1, 2021	January 1, 2020
End of vesting period	December 31, 2024	December 31, 2023	December 31, 2022
Vesting date	June 1, 2025	June 1, 2024	August 1, 2023
Personal investment at grant date	70,342	81,387	75,770
Personal investment at reporting date	70,342	81,387	75,770
Expected performance	110.00%	118.50%	102.70%
Expected bonus shares	154,750	192,887	155,630
Maximum bonus shares*	246,194	284,855	265,192
Fair value of program in TEUR	859	1,094	900

* Taking into account the allocation of fictitious bonus shares equal to the double personal investment.

The personal investment held by the members of the Management Board at the reporting date is presented in the following table:

in number of shares	LTI 2022	LTI 2021	LTI 2020
Thomas Arnoldner	23,252	26,970	25,046
Alejandro Plater	25,577	29,667	27,551
Siegfried Mayrhofer	21,513	24,750	23,173
Personal investment at reporting date	70,342	81,387	75,770

For the tenth tranche (LTI 2019) and the ninth tranche (LTI 2018) the return on invested capital (ROIC) and the revenue market share of A1 Telekom Austria Group (weighted with 50% each) were defined as key performance indicators. The significant terms and conditions and the actual performance are summarized in the subsequent table. The settlement was effected in cash in the current and the previous reporting year.

	LTI 2019	LTI 2018
Grant date	August 1, 2019	September 1, 2018
Start of the program	January 1, 2019	January 1, 2018
End of vesting period	December 31, 2021	December 31, 2020
Vesting date	August 1, 2022	September 1, 2021
Personal investment at grant date	77,618	58,719
Personal investment at the end of the vesting period	77,618	58,719
Actual performance	112.80%	62.50%
Allocated bonus shares per share of personal investment	2.26	1.25
Allocated bonus shares	175,106	73,399
Average stock price at end of vesting period in euro	7.62	6.05
Share-based compensation in TEUR	1,334	444

The personal investment held by the members of the Management Board at the end of the vesting period is presented in the following table:

in number of shares	LTI 2019	LTI 2018
Thomas Arnoldner	26,534	17,439
Alejandro Plater	26,534	22,421
Siegfried Mayrhofer	24,550	18,859
Personal investment at the end of the vesting period	77,618	58,719

As of the reporting date, a provision, measured at fair value for the portion of the expected future expense of the LTI program that has already vested, was recognized. The fair value of the liability is measured based on the expected target achievement and the expected share price, as determined by applying a binomial calculation model generally used for share price analysis, taking into account expected dividends. The provision is recognized over the vesting period.

An expense of TEUR 935 (previous year: TEUR 1,422) was recognized in the income statement for the LTI program respectively an income from the reversal of TEUR 0 (previous year: TEUR 246).

5.3 Subsequent events

No significant events occurred after the balance sheet date that have an impact on the balance sheet or the income statement.

6 Members of the Management Board and Supervisory Board

Management Board

Thomas Arnoldner
Alejandro Plater
Siegfried Mayrhofer

Chairman of the Management Board
Deputy Chairman

Supervisory Board

Edith Hlawati
Carlos García Moreno Elizondo
Karin Exner-Wöhrer
Peter Hagen
Carlos M. Jarque
Alejandro Cantú Jiménez
Peter F. Kollmann
Oscar Von Hauske Solís
Daniela Lecuona Torras
Werner Luksch
Gottfried Kehrer
Alexander Sollak
Renate Richter
Gerhard Bayer
Christine Catasta

Chair of the Supervisory Board
Deputy Chairman

until December 31, 2022

Vienna, February 3, 2023

The Management Board

Thomas Arnoldner
CEO

Alejandro Plater
COO

Siegfried Mayrhofer
CFO

Attachment 1

Movement schedule of investments of the financial year 2022

in TEUR	Acquisition cost				Accumulated depreciation				Carrying amount at 31.12.22	Carrying amount at 31.12.21	
	Balance at 01.01.22	Additions	Disposals	Transfers	Balance at 31.12.22	Balance at 01.01.22	Additions	Disposals			
1. Shares in capital of affiliated companies											
A1 Telekom Austria	4,596,606	0	0	0	4,596,606	0	0	0	0	4,596,606	4,596,606
TFG	5,571	0	0	0	5,571	2,766	0	0	2,766	2,805	2,805
Kroatien BV	698,790	0	0	-153,734	545,056	0	0	0	0	545,056	698,790
Mobilkom BV	449,402	5,000	0	-89,880	364,522	0	0	0	0	364,522	449,402
mk CEE BV	0	0	0	281,705	281,705	0	0	0	0	281,705	0
mk Belarus BV	974,700	0	0	0	974,700	0	309,800	0	309,800	664,900	974,700
mk Mazedonien BV	260,040	0	0	-41,606	218,434	0	0	0	0	218,434	260,040
mk Bulgarien BV	1,040,682	0	0	-124,882	915,800	0	0	0	0	915,800	1,040,682
Tower Holding	135	0	0	0	135	0	0	0	0	135	135
Tower Bulgaria	0	0	0	124,882	124,882	0	0	0	0	124,882	0
Tower Croatia	0	0	0	153,734	153,734	0	0	0	0	153,734	0
Tower Macedonia	0	0	0	41,606	41,606	0	0	0	0	41,606	0
Tower Serbia	392,131	0	40,000	-281,705	70,426	0	0	0	0	70,426	392,131
Tower Slovenia	0	0	0	89,880	89,880	0	0	0	0	89,880	0
	8,418,057	5,000	40,000	0	8,383,057	2,766	309,800	0	312,566	8,070,491	8,415,291
2. Other investments											
CEESEG AG	543	0	0	0	543	0	0	0	0	543	543
3. Other loans granted											
Other loans											
granted	411	0	0	0	411	81	0	8	73	338	330
Financial assets	8,419,011	5,000	40,000	0	8,384,011	2,847	309,800	8	312,639	8,071,372	8,416,164

For full name and company domicile see "Table of Shares in Affiliated Companies" (Attachment 2).

Attachment 2

Table of shares in affiliated companies as of December 31, 2022

Name and company domicile	Used Abbreviation	Share in capital %	Stockholders' equity TEUR	Net result for the year TEUR
A1 Telekom Austria Aktiengesellschaft, Vienna	A1 Telekom Austria	100.0%	1,179,920	380,892
Telekom Finanzmanagement GmbH, Vienna	TFG	100.0%	2,803	17,251
Kroatien Beteiligungsverwaltung GmbH, Vienna	Kroatien BV	100.0%	468,134	-50,104
Mobilkom Beteiligungsgesellschaft mbH, Vienna	Mobilkom BV	100.0%	295,802	6
mobikom CEE Beteiligungsverwaltung GmbH, Vienna	mk CEE BV	100.0%	518,332	-66,306
mobikom Belarus Beteiligungsverwaltung GmbH, Vienna	mk Belarus BV	100.0%	664,950	-656,447
mobikom Mazedonien Beteiligungsverwaltung GmbH, Vienna	mk Mazedonien BV	100.0%	199,362	-25
mobikom Bulgarien BeteiligungsverwaltungsgmbH, Vienna	mk Bulgarien BV	100.0%	897,002	-28
A1 Tower Holding GmbH, Vienna	Tower Holding	100.0%	130	-1
A1 Towers Bulgaria Holding GmbH, Vienna	Tower Bulgaria	100.0%	122,408	-6
A1 Towers Croatia Holding GmbH, Vienna	Tower Croatia	100.0%	213,194	-6
A1 Towers Macedonia Holding GmbH, Vienna	Tower Macedonia	100.0%	37,969	-6
A1 Towers Serbia Holding GmbH, Vienna (2021: mobilkom CEE Beteiligungsverwaltung GmbH)	Tower Serbia	100.0%	147,526	-25
A1 Towers Slovenia Holding GmbH, Vienna	Tower Slovenia	100.0%	80,944	-6

As part of the separation of the A1 Towers companies, mobilkom CEE Beteiligungsverwaltung GmbH was renamed A1 Towers Serbia Holding GmbH

Declaration of the Management Board

We confirm to the best of our knowledge that the consolidated financial statements prepared according to the applicable accounting standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and that the management report describes the development and performance of the business and the position of the Group in a way that it gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the management report describes the principal risks and uncertainties of the Group.

Vienna, February 3, 2023

The Management Board of Telekom Austria AG



Thomas Arnoldner
Chief Executive Officer



Alejandro Plater
Chief Operating Officer



Siegfried Mayrhofer
Chief Financial Officer

Auditor's report*

Report on the Financial Statements

Audit opinion

We have audited the financial statements of

Telekom Austria Aktiengesellschaft, Vienna.

These financial statements comprise the balance sheet as of December 31, 2022, the income statement for the fiscal year then ended and the notes.

Based on our audit the accompanying financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Company as of December 31, 2022 and its financial performance for the year then ended in accordance with Austrian Generally Accepted Accounting Principles.

Basis for opinion

We conducted our audit in accordance with the regulation (EU) no. 537/2014 (in the following "EU regulation") and in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under those regulations and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained until the date of this auditor's report is sufficient and appropriate to provide a basis for our opinion by this date.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the fiscal year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We considered the following matter as key audit matter for our audit:

Valuation of investment

Description

Telekom Austria Aktiengesellschaft shows significant investments in subsidiaries (mEUR 8,070.5) in its single financial statements as of December 31, 2022 according to Austrian GAAP and recorded impairments (mEUR 309.8) in the 2022 income statement.

Telekom Austria Aktiengesellschaft's disclosures related to investment in subsidiaries as well as the corresponding impairments are included in Note 2.2 (Long-term Assets), Note 3.1 (Long-term Assets) as well as Note 4.7 (Impairment Losses on Long-Term Financial Assets).

We considered the valuation of investments as a key audit matter as the related asset amounts are significant and the assessment process itself is complex and requires judgment. The impairment tests include assumptions that are affected by future market and economic conditions. We refer in particular to the developments in 2022 as a result of the Ukraine-crisis which may have significant impacts on the impairment testing. Especially the Belarusian subsidiary, which is a relevant investment in subsidiaries for Telekom Austria Aktiengesellschaft, can be affected by these developments.

* This report is a translation of the original report in German, which is solely valid.

How our audit addressed the matter

Our audit procedures included, among others, the following:

We assessed the design and implementation of the controls over the impairment process.

Furthermore, we compared forecasted revenue and EBITDA margins as well as capital expenditure and changes in working capital for all entities with the Telekom Austria Group plans submitted to the audit committee and analyzed the main drivers for the future development included in the business plan to determine the appropriateness of the projections. We also verified the assumptions made in relation to discount rates and growth rates. We took especially the current developments as a result of the Ukraine-crisis into consideration. EY valuation specialists assisted us in performing the audit procedures.

Furthermore, we analyzed possible risks in the context of the political development in Belarus respectively their impact on the business model and critically discussed with the group management, the local management as well as the component auditor in order to evaluate the appropriateness of the projections in the valuation model for the Belarusian entity.

We also evaluated the adequacy of disclosures made regarding impairment.

Other information

The legal representatives are responsible for the other information. The other information comprises the information included in the annual financial report, but does not include the financial statements, the management report and the auditor's report thereon.

We received the consolidated non-financial report until the date of this audit opinion; the rest of the annual financial report is estimated to be provided to us after the date of the auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, to consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and of the Audit Committee for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with Austrian Generally Accepted Accounting Principles, for them to present a true and fair view of the assets, the financial position and the financial performance of the Company and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Comments on the Management Report

Pursuant to Austrian Generally Accepted Accounting Principles, the management report is to be audited as to whether it is consistent with the financial statements and as to whether the management report was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the management report in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the management report.

Opinion

In our opinion, the management report for the Company was prepared in accordance with the valid legal requirements, comprising the details in accordance with Section 243a Austrian Company Code UGB, and is consistent with the financial statements.

Statement

Based on the findings during the audit of the financial statements and due to the thus obtained understanding concerning the Company and its circumstances no material misstatements in the management report came to our attention.

Additional information in accordance with article 10 EU regulation

We were elected as auditor by the ordinary general meeting on June 27, 2022. We were appointed by the Supervisory Board on December 14, 2022. We are auditors without cease since 2015.

We confirm that the audit opinion in the Section "Report on the financial statements" is consistent with the additional report to the audit committee referred to in Article 11 of the EU regulation.

We declare that no prohibited non-audit services (article 5 par. 1 of the EU regulation) were provided by us and that we remained independent of the audited company in conducting the audit.

Responsible Austrian Certified Public Accountant

The engagement partner is Mr. Severin Eisl, Austrian Certified Public Accountant.

Vienna, February 3, 2023

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. (FH) Severin Eisl mp
Wirtschaftsprüfer / Certified Public Accountant

ppa Mag. Marion Raninger mp
Wirtschaftsprüferin / Certified Public Accountant

Disclaimer

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 or by “outlook”. 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 the A1 Group nor any other person assumes any liability for any such forward-looking statements. The A1 Group will not update these forward-looking statements, whether due to changed factual circumstances, changes in assumptions or expectations.

This document has been carefully prepared and all information has been carefully checked. Nevertheless, the possibility of layout and printing errors cannot be excluded. The use of automated calculation systems may result in rounding differences. The English version of this document is for convenience only; the German version is binding.

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