

Results for the Second Quarter and First Half 2021

Vienna, July 22, 2021 – 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 2021, ending June 30, 2021 as well as the condensed consolidated financial statements.

Key performance indicators

in EUR million	Q2 2021	Q2 2020	% change	1-6 M 2021	1-6 M 2020	% change
Total revenues	1,165.8	1,095.7	6.4	2,301.3	2,221.7	3.6
Service revenues	976.4	939.5	3.9	1,932.1	1,889.3	2.3
thereof mobile service revenues	532.2	509.5	4.5	1,051.2	1,030.3	2.0
thereof fixed-line service revenues	444.2	430.0	3.3	881.0	859.0	2.6
Equipment revenues	166.8	136.7	22.0	328.9	294.8	11.6
Other operating income	22.6	19.5	15.9	40.3	37.6	7.1
EBITDA before restructuring	448.6	415.1	8.1	868.0	811.7	6.9
% of total revenues	38.5%	37.9%		37.7%	36.5%	
EBITDA	427.7	390.1	9.6	826.0	770.7	7.2
% of total revenues	36.7%	35.6%		35.9%	34.7%	
EBIT	187.4	151.6	23.6	350.7	299.0	17.3
% of total revenues	16.1%	13.8%		15.2%	13.5%	
Net result	125.0	113.8	9.8	233.8	203.1	15.1
% of total revenues	10.7%	10.4%		10.2%	9.1%	
Wireless indicators	Q2 2021	Q2 2020	% change	1-6 M 2021	1-6 M 2020	% change
Wireless subscribers (thousands)	22,324.6	21,207.5	5.3	22,324.6	21,207.5	5.3
Postpaid	18,368.5	17,194.7	6.8	18,368.5	17,194.7	6.8
Prepaid	3,956.1	4,012.9	-1.4	3,956.1	4,012.9	-1.4
MoU (per Ø subscriber)	428.8	440.3	-2.6	429.3	418.5	2.6
ARPU (in EUR)	8.0	8.0	0.0	8.0	8.1	-1.6
Mobile churn (%)	1.2%	1.4%		1.3%	1.4%	
Wireline indicators	Q2 2021	Q2 2020	% change	1-6 M 2021	1-6 M 2020	% change
RGUs (thousands)	6,071.6	6,104.7	-0.5	6,071.6	6,104.7	-0.5

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

Table of Contents

Q2 2021 Analysis	3
Half-year Analysis	9
Outlook	13
Detailed figures	15
Additional information	22
Condensed Consolidated Financial Statements	23
Condensed Consolidated Statements of Comprehensive Income	23
Condensed Consolidated Statements of Financial Position	24
Condensed Consolidated Statements of Cash Flows	25
Capital Expenditures	26
Condensed Consolidated Statements of Changes in Stockholders' Equity	26
Net Debt	27
Condensed Operating Segments	28
Selected Explanatory Notes (unaudited)	29
Statement of all Legal Representatives	34

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

Q2 2021 Analysis

Group Summary

In the second quarter of 2021, rising revenue and EBITDA numbers in basically all of A1 Telekom Austria Group's markets underpin the continuation of solid operational trends. The Group again benefited from successful strategy execution in terms of the monetization of its attractive portfolio of products and services in the course of the digital transformation and its acceleration amidst the COVID-19 crisis as well as ongoing efficiency improvements. Demand continued to be strong for high-bandwidth products, the mobile WiFi router as well as in the solutions and connectivity business.

While the first quarter of the year was still marked by severe lockdowns throughout the footprint, governments started to ease their COVID-19 measures during Q2 2021 amidst lower infection rates and a steady vaccination progress. That was accompanied by easing travel restrictions, leading to roaming slowly picking up again with increases in a year-on-year comparison. At the same time, equipment sales were higher year-on-year across the Group, especially in Q2 2021 after a weak comparable due to strict lockdowns in Q2 2020.

The presentation for the conference call and key figures of A1 Telekom Austria Group in Excel format ('Fact Sheet Q2 2021') are available on the website at www.a1.group.

- Group total revenues rose by 6.4 %; Service revenues in local currency terms increased in all markets, except for slight decrease in Slovenia, while all segments contributed to equipment revenue growth apart from an FX driven decline in Belarus.
 - Mobile service revenues increased by 4.5 % on a Group level due to strong growth in Austria, Bulgaria, Croatia and Serbia. The growth was driven by mobile core business but also by the strong performance of mobile WiFi routers.
 - Fixed-line service revenues rose by 3.3 %, driven by growth in all segments, above all in Austria and Bulgaria. Especially, the strong solutions & connectivity business contributed to this trend.
 - Equipment revenues grew by 22.0 % on the back of strong increases in Austria and Bulgaria, mostly due to returning handset sales after a COVID-related decline in the comparison period.
- Growth in Internet@home subscriber base of 5.2 % driven by mobile WiFi routers.
- The number of mobile contract subscribers rose by 6.8% due to a higher number of M2M subscribers but also due to growth in mobile WiFi routers and a shift from prepaid to postpaid.
- Fixed-line RGUs decreased slightly by 0.5 %, as the growth in high-bandwidth broadband and TV RGUs was outweighed by declining numbers of low-bandwidth broadband and fixed voice RGUs.
- Roaming revenues returned to growth in Q2 (positive impact yoy: <1 % of revenues; approx. 1 % of EBITDA versus approx. -3 % in Q1 2021) amidst the eased travel restrictions in the whole footprint.
- Group EBITDA before restructuring charges increased by 8.1 % (reported: 9.6 %) due to higher service revenues outweighing an increased cost base. Excluding one-off and FX effects as well as restructuring charges, Group EBITDA increased by 9.5 %.
 - In Austria EBITDA before restructuring charges increased by 4.5 % (reported: 6.8 %), driven by both higher services revenues and an improved equipment margin offsetting increased costs and expenses.
 - EBITDA in the international operations increased by 11.0 %, with strong growth in all markets while EBITDA in Belarus was flat due to negative FX effects.
- Net result increased by 9.8 % in the second quarter of 2021, driven by the improved operational performance.
- Free cash flow decreased from EUR 140.3 mn to EUR 123.8 mn in the quarter under review, as the strong operating result and lower working capital needs were more than offset by higher CAPEX which grew on the back of increased network investments and acquired frequencies. CAPEX in the comparison period were reduced as a precautionary measure given the COVID-19 outbreak.

- Spectrum acquired in April 2021 : 3.6 Ghz for EUR 2.4 mn in Bulgaria and 700 MHz, 1.4 GHz, 2.1 GHz, 3.6 GHz, 26 GHz for EUR 43.6 mn (incl. acquisition related costs) in Slovenia; no further spectrum acquired since Q1 results.
- Following the rebranding of Vip mobile to A1 in Serbia in April 2021 , A1 Telekom Austria Group completed the Group-wide roll-out of the A1 brand.
- Outlook 2021 raised: 2-3 % Group total revenue growth (before: approx. +1%); CAPEX excluding spectrum investments and acquisitions of approx. EUR 800 mn unchanged.

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

- Negative FX effects amounted to EUR 13.2 mn in total revenues, EUR 9.7 mn in service revenues and EUR 6.4 mn in EBITDA in Q2 2021 , stemming entirely from Belarus, offsetting a small positive effect in Croatia.
- There were no one-off effects in total revenues and EBITDA in the comparison period, while there was a minor one-off in Q2 2021 in EBITDA (+0.6 mn in Serbia).
- Restructuring charges in Austria amounted to EUR 20.9 mn in Q2 2021 (Q2 2020: EUR 25.0 mn).

Mobile Subscribers and Fixed-line RGUs

Internet@home continued to grow: +5.2 % year-on-year in Q2 2021

In mobile communications, the number of subscribers of the A1 Telekom Austria Group rose by 5.3 % to a total of 22.3 million in the second quarter of 2021 . The number of contract customers rose in almost all markets driven by strong growth in M2M subscribers. Otherwise, the growth was also driven by the ongoing strong demand for mobile WiFi routers as well as the continued shift from prepaid to contract offers. The number of A1 Digital M2M customers further increased in Q2 2021 .

The number of revenue-generating units (RGUs) in the Group's fixed-line business declined slightly by 0.5 % year-on-year. The declining number of RGUs in Austria was driven by reduced low-bandwidth broadband and voice RGUs and was partially offset by the ongoing strong demand for high-bandwidth products also in Q2 2021 . In the international markets, the number of RGUs rose due to increasing TV and broadband RGUs.

Overall, Internet@home customer base increased by 5.2 % in the Group, driven by a 19.6 % increase in mobile WiFi router numbers.

Comments on Operating Segments for Q2 2021 – Revenues and EBITDA

Austria

Key performance indicators

Financials

in EUR million	Q2 2021	Q2 2020	% change	1-6 M 2021	1-6 M 2020	% change
Total revenues	666.2	635.9	4.8	1,323.6	1,283.4	3.1
Service revenues	590.6	574.1	2.9	1,171.7	1,151.6	1.7
thereof mobile service revenues	240.3	232.4	3.4	476.9	469.8	1.5
thereof fixed-line service revenues	350.3	341.7	2.5	694.8	681.8	1.9
Equipment revenues	61.2	51.0	20.0	126.3	109.8	15.1
Other operating income	14.4	10.9	32.9	25.6	22.1	15.9
EBITDA before restructuring	270.1	258.3	4.5	520.0	497.7	4.5
% of total revenues	40.5%	40.6%		39.3%	38.8%	
EBITDA	249.2	233.3	6.8	478.1	456.7	4.7
% of total revenues	37.4%	36.7%		36.1%	35.6%	
EBIT	109.0	100.8	8.1	203.2	195.6	3.9
% of total revenues	16.4%	15.9%		15.3%	15.2%	

Wireless indicators	Q2 2021	Q2 2020	% change	1-6 M 2021	1-6 M 2020	% change
Wireless subscribers (thousands)	5,023.1	5,003.7	0.4	5,023.1	5,003.7	0.4
Mobile churn (%)	1.3%	1.3%		1.5%	1.4%	

Wireline indicators	Q2 2021	Q2 2020	% change	1-6 M 2021	1-6 M 2020	% change
RGUs (thousands)	3,086.0	3,193.7	-3.4	3,086.0	3,193.7	-3.4

In Austria, the market environment remained pretty unchanged versus previous quarters. On the back of a general push towards digitization as a consequence of the COVID-19 crisis, the broadband market continued to see strong demand for higher bandwidth products albeit at a slower pace than in previous quarters. Mobile WiFi routers continued to be the driving force for the ongoing growth in the Internet@home subscriber numbers (1.0 % year-on-year) which include pure fixed-line broadband RGUs, hybrid modems and mobile WiFi routers. In the mobile market, the focus continued to be on high-end tariffs and 5G tariffs coming with a premium. At the same time, roaming is picking up again after Q1 2021 still registered losses, since eased lockdown measures and relaxed travelling restrictions resulted in increased in- and outbound tourism. The solution and connectivity business continued to profit from re-started projects that had been stopped last year as well as from new projects.

Roaming revenues return to growth on the back of eased travel restrictions

Total revenues in the Austrian segment increased by 4.8 %, driven by growth in service and equipment revenues as well as by a higher other operating income as parameter changes positively impacted the valuation of asset retirement obligations. Equipment revenues recovered from a lower number of equipment sold in the comparison period driven by the imposed COVID-19 lockdowns. The growth in service revenues was driven by the solutions and connectivity business as well as the mobile business.

The increase in mobile service revenues in a year-on-year comparison was driven by continued strong demand for mobile WiFi routers and some pricing adjustments for mobile customers, especially inflation-linked price measures implemented in April 2021. That together with roaming slightly returning drove also ARPU higher.

Fixed-line service revenues increased by 2.5 % in Q2 2021, entirely due to the solutions and connectivity as a result of the above-mentioned continuation of its strong start into the year. Retail fixed-line revenues declined in the reporting period due to the decrease in voice revenues after a COVID-19 related strong Q2 2020, while the impact from the decline in low-bandwidth RGUs could be offset by solid upselling and

some pricing measures. ARPL increased due to successful upselling activities and the recent price adjustments.

Service revenue increase translated into EBITDA before restructuring growth of 4.5 %

EBITDA before restructuring increased by 4.5 % (reported: 6.8 %), driven by higher service revenues and an increased equipment margin. OPEX increased due to higher costs for maintenance as the comparison period profited from COVID-related savings as well as increased product-related costs like licences and content. Total workforce costs remained flat despite lower restructuring costs as negative non-cash relevant effects drove total employee costs higher in Q2 2021.

Restructuring charges amounted to EUR 20.9 mn, a decrease of EUR 4.1 mn compared to the same quarter in the previous year (EUR 25.0 mn), as the previous year was marked by a COVID-19-related shift of restructuring charges from Q1 to Q2 2020.

International operations

Key performance indicators

Financials

in EUR million	Q2 2021	Q2 2020	% change	1-6 M 2021	1-6 M 2020	% change
Total revenues	506.8	465.9	8.8	990.5	951.3	4.1
Service revenues	392.4	371.5	5.6	772.4	750.6	2.9
thereof mobile service revenues	293.7	278.6	5.4	577.5	563.6	2.4
thereof fixed-line service revenues	98.7	92.9	6.3	194.9	187.0	4.2
Equipment revenues	105.5	85.7	23.1	202.2	184.6	9.5
Other operating income	8.9	8.7	2.0	15.9	16.0	-0.6
EBITDA	190.9	172.0	11.0	373.5	343.5	8.7
% of total revenues	37.7%	36.9%		37.7%	36.1%	
EBIT	92.5	67.6	36.8	176.2	136.0	29.6
% of total revenues	18.3%	14.5%		17.8%	14.3%	

Wireless indicators	Q2 2021	Q2 2020	% change	1-6 M 2021	1-6 M 2020	% change
Wireless subscribers (thousands)	14,840.6	14,517.5	2.2	14,840.6	14,517.5	2.2

Wireline indicators	Q2 2021	Q2 2020	% change	1-6 M 2021	1-6 M 2020	% change
RGUs (thousands)	2,985.6	2,911.0	2.6	2,985.6	2,911.0	2.6

Excluding FX and one-off effects, EBITDA increased by 14.4 % in CEE markets

In Q2 2021, all international operations of A1 Telekom Austria Group posted revenue and EBITDA growth except for Belarus where the negative development of the Belarusian ruble weighed on the otherwise solid operational performance. The main contributors to growth were Bulgaria, Croatia and Serbia. Negative FX effects amounted to EUR 13.2 mn in total revenues and EUR 6.4 mn in EBITDA, stemming entirely from Belarus, offsetting a very small positive effect in Croatia. Excluding FX and one-off effects, the latter only minor, international operations grew by 11.6 % and 14.4 % in total revenues and in EBITDA, respectively. Service revenues excl. FX effects posted a growth of 8.2 % year-on-year.

Bulgaria

After the acquisition of frequencies in the first half of the year (EUR 5.6 mn for 2.1, 2.6 and 3.6 GHz), A1 Bulgaria launched its 5G portfolio beginning of June. The tariffs come with a premium on the regular 4G tariffs, which are still being offered separately. Results continued to show a sustainable growth path in the second quarter of 2021, with strong service revenue trends both in the mobile and the fixed-line business, as well as higher equipment sales. Mobile service revenues increased again due to successful upselling as well as continued high demand for mobile WiFi routers and a growth in the prepaid segment. The retail

fixed-line business grew mainly on the back of continued upselling activities in the broadband segment as well as due to the high demand for exclusive TV content. Additionally, the growth in the solutions and connectivity business was driven by ongoing high demand for security services and IT solutions.

Overall, total revenues grew by 19.5 %, driven by both the service revenue (+9.1 %) and equipment revenue increase. The latter grew to a large extent on the back of a sizeable transaction with a large customer as well as returned handset sales after a COVID-related decline in Q2 2020. This led to a corresponding increase in equipment costs, which is the main driver for the growth in total costs and expenses. Excluding this effect, all other expenses and costs remained relatively stable compared to prior year. Overall, increased revenues outweighed higher costs resulting in EBITDA growth of 15.2 % compared to the previous year.

Croatia

The competitive environment in Croatia remained intense during the second quarter of 2021. The mobile market continued to be shaped by the ongoing strong demand for mobile WiFi routers and the slight return of roaming amidst lifted travelling restrictions. A1 Croatia continued to focus on its redesigned mobile portfolio with attractive equipment and increased subsidies, while the market saw new offers from competition centered on the low to mid-value segments. In the fixed-line business, a new competitor entered the market, while migration to advanced speeds and TV propositions featuring exclusive sports content were still in focus.

In Q2 2021, total revenues in the Croatian segment increased by 9.5 %, driven by higher service revenues as well as increased equipment revenues due to a higher number of handsets sold. Service revenues rose primarily due to the mobile business on the back of ongoing strong demand for mobile WiFi routers as well as rising roaming revenues. Retail fixed revenues increased slightly in the reporting period since successful upselling activities to higher bandwidth products more than offset the continued shift of customers from fixed-line bitstream accesses to mobile WiFi routers. Total costs and expenses increased due to higher equipment costs as well as increased advertising and commissions expenses which could not be outweighed by lower bad debt and decreased frequency and content fees. EBITDA increased by 16.4 % since increased revenues more than compensated for the higher cost base and negative equipment margin.

Belarus

In the second quarter of 2021, the competitive landscape in Belarus remained mostly unchanged with all operators focusing on subscriber retention and upselling of their existing customer base to higher-value offers as customer acquisition continued to be challenging. As in the previous quarters, a strong operating performance in local currency both in the fixed and the mobile business was overshadowed by political uncertainties. In June, the European Union imposed wide-ranging economic sanctions on Belarus, targeting especially its main export industries and access to finance. Still, the imposed measures did not impact the telecommunications industry. The inflation rate reached 9.9 % year-on-year and 5.8 % cumulative since the beginning of the year by the end June 2021. The Belarusian ruble depreciated by 12.9 % (period average) in Q2 2021 versus the second quarter of 2020 albeit being pretty stable since the beginning of the year.

Total revenues increased by 11.3 % on a local currency basis on the back of a strong service revenue growth, while they declined in euro terms by 2.7 % being hit by negative FX effects of EUR 13.9 mn. Mobile service revenues continued to benefit from upselling to highly demanded convergent plans, an increased subscriber base as well as the positive impact from inflation-linked price adjustments in Q3 2020. The fixed-line business grew on the back of continued successful upselling to multi-play offers, growth in broadband access lines and price adjustments done in the last year. OPEX came in higher than previous year in local currency terms, yet benefited from the FX development in euro terms. Increased corporate network costs based on higher traffic as well as increased IT maintenance, employee and content costs outweighed lower bad debt and network maintenance costs. In local currency terms, EBITDA increased by

14.4 % as higher OPEX were more than compensated by increased service revenues and an improved equipment margin. In euro terms, EBITDA was flat due to negative FX effects.

Other segments

In Slovenia, competitive intensity remained quite unchanged in Q2 2021. After A1 Slovenia has successfully acquired spectrum (EUR 43.6 mn for 700 MHz, 1.4, 2.1, 3.6 and 26 GHz) in the multi-band spectrum auction in April, the preparation for the 5G network launch has started. Equipment revenues grew at a slower pace versus the previous quarter, since subsidy levels were decreased, though positively impacting the margin. Service revenues declined only slightly (-0.5 %) as higher fixed-line revenues, which grew on the back of an increased RGU base, almost offset lower mobile service revenues. As total costs and expenses decreased slightly, since lower bad debt and advertising expenses more than outweighed increased total workforce costs, EBITDA increased by 4.2 %.

In Serbia, the mobile market continued to be shaped by the ongoing strong demand for mobile WiFi routers albeit at a slightly slower pace as well as for bundles with unlimited voice and increased data allowance. While this was the main driver for the increase in service revenues, roaming also picked up again. The rise in costs and expenses was driven by increased advertising costs due to rebranding activities, while employee costs were also higher. EBITDA rose by 20.5 % due to service revenue growth combined with an improved equipment margin.

In North Macedonia, the mobile market continued to be characterized by a more-for-more concept with increased data volumes, while attractive convergent offers continued to shape the fixed-line market. A1's service revenues profited from the ongoing strong demand for mobile WiFi routers, an increased subscriber base both in residential and business as well as growing roaming revenues. Higher subsidies led to increased equipment revenues. EBITDA grew by 12.9 %, driven by service revenue growth, while equipment margin remained flat.

Half-year Analysis

Highlights

- Group total revenues increased by 3.6 %, driven by both higher service revenues and equipment revenues. Excluding FX and one-off effects, total revenues increased by 5.3 %.
 - Mobile service revenues grew by 2.0 %, driven by growth in Austria, Bulgaria, Croatia and Serbia, in total on the back of the ongoing strong demand for mobile WiFi routers.
 - Fixed-line service revenues rose by 2.6 %, as all markets except Croatia posted growth, stemming from increased demand for high-bandwidth products as digitization gained pace due to the COVID-19 pandemic and growth in the solutions & connectivity business.
- In the first half of 2021, the negative roaming impact was only minor in revenues (negative impact of less than 1 % of revenues in yoy comparison), the negative effect in EBITDA was approx. 1%. Overall, negative effects in Q1 more than offset better trends in Q2.
- Group EBITDA before restructuring charges increased by 6.9 %, driven by higher service revenues, despite a lower equipment margin. Excluding also one-off and FX effects, EBITDA increased by 9.1 %.
 - In Austria, EBITDA before restructuring improved by 4.5 %, as solid service revenues and higher other operating income outweighed roaming losses and a negative equipment margin.
 - In international markets, EBITDA grew by 8.7 % which was driven by growth in all markets except for an FX related decline in Belarus.
- Net result increased by 15.1 % in the first half of 2021, driven by the improved operational performance.
- Free cash flow grew by 16.0 % to EUR 297.8 mn in the reporting period, driven by a strong operative performance and lower working capital needs, while CAPEX increased as investments in the comparison period were cut as a precautionary measure due to the COVID-19 pandemic. Furthermore, the Group acquired spectrum in Bulgaria and Slovenia in the first half of 2021.

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

- Negative FX effects amounted to EUR 39.0 mn in total revenues, EUR 28.7 mn in service revenues and EUR 18.0 mn in EBITDA in the first half of 2021, stemming almost entirely from Belarus and to a small extent from Croatia.
- There were no one-off effects in total revenues and EBITDA in the comparison period, while there was a minor one-off in Q2 2021 in EBITDA (+0.6 mn in Serbia).
- Restructuring charges in Austria amounted to EUR 41.9 mn in the first half of 2021 (H1 2020: EUR 41.0 mn).

Segment Austria

In Austria, total revenues grew by 3.1 % in the first half of 2021, as both service and equipment revenues registered growth, while other operating income increased as well due to parameter changes positively impacting the valuation of asset retirement obligations. Service revenues increased on the back of growth both in the fixed-line and mobile business. Equipment revenues rose as the comparison period was hit by COVID-19 related lockdown measures and shop closures.

Fixed-line service revenues increased due to the strong growth in solutions and connectivity revenues owing to the very successful start into the year as previously stopped projects were resumed and new projects were won. Retail fixed-line revenues declined slightly as positive effects from upselling to higher bandwidth

products and some pricing measures could not compensate for the decrease in voice revenues and a lower number of low-bandwidth RGUs.

Mobile service revenues increased, mainly driven by the continued strong demand for mobile WiFi routers as well as price adjustments implemented at the beginning of the second quarter of 2021. Lockdown measures and the lack of winter tourism weighed on roaming revenues, which declined in the first half of 2021 in a year-on-year comparison.

EBITDA excluding restructuring charges increased by 4.5 % (reported: 4.7 %) as higher service revenues more than outweighed higher OPEX and a negative equipment margin. Total costs and expenses grew due to higher equipment costs as well as due to the fact that some of the COVID-19 related costs savings in the comparison period vanished and product-related costs like content and licences costs increased. That was only partially mitigated by lower bad debt. The latter decreased as the comparison period was impacted by a precautionary increase in the valuation allowance due to the COVID-19 pandemic. The equipment margin declined due to higher subsidy levels both for retention and acquisition in the first quarter of 2021 while levels improved in Q2.

International operations

In the first half of 2021, total revenues in the international operations increased by 4.1 % (excluding FX & one-offs: +8.2 %), driven by both fixed-line and mobile service revenue growth. Service revenues grew by 2.9 % despite negative FX effects (excluding FX & one-offs: +6.7 %), with Bulgaria and Serbia as the main positive contributors. EBITDA increased by 8.7 % (excluding FX & one-offs: +13.8 %), particularly driven by Bulgaria and Croatia.

Segment Bulgaria

In the Bulgarian segment, total revenues grew by 11.3 % in the first half of 2021, driven by the strong service revenue growth in the fixed-line and the mobile business as well as increased equipment revenues. The growth in the fixed-line business was derived from continued broadband speed upgrades and the ongoing high demand for exclusive TV content as well as for solution and connectivity services. Mobile service revenues continued to benefit from successful upselling activities of existing customers and the high demand for mobile WiFi routers.

Total costs and expenses increased at a lower pace than revenues with lower bad debt only partially offsetting higher equipment costs, which grew on the back of returned handset sales after the comparison period was hit by COVID-related lockdown measures, while remaining costs and expenses stood mostly stable. In total, EBITDA grew by 18.1 % year-on-year.

Segment Croatia

In Croatia, total revenues increased by 7.1 % year-on-year, driven by higher equipment revenues following increased handset sales as well as higher mobile service revenues. The latter grew mainly due to a higher number of mobile core subscribers as well as the continued strong demand for mobile WiFi routers.

Total costs and expenses decreased by 4.7 % year-on-year, driven mainly by lower bad debt and declined frequency fees and content costs, while advertising and commissions expenses grew as the comparison period was impacted by COVID-19 related savings. EBITDA increased by 11.8 % as higher services revenues more than outweighed a negative equipment margin.

Segment Belarus

In the Belarusian segment, positive operational trends continued, increasing revenues in local currency terms by 9.1 %. However, as negative FX impact weighed on revenues, they declined by 9.5 % year-on-year

in euro terms. While mobile service revenues increased in local currency terms on the back of attractive mobile propositions and a higher number of subscribers, the fixed-line business continued to profit from upselling of existing customers to convergent offers. Both mobile and fixed-line revenues benefitted from an inflation-linked price adjustment in late 2020.

The Belarusian ruble remained stable during the first half of 2021. However, it depreciated by 17.0 % against the euro (period average) on a year-on-year comparison resulting in a negative FX impact of EUR 38.7 mn on revenues and EUR 17.9 mn on EBITDA in the first half of 2021.

Total costs and expenses increased as lower bad debt could only partially compensate for higher costs for IT maintenance, workforce and content. On a local currency basis, EBITDA increased by 13.3 % year-on-year, while in euro terms, it declined by 6.0 %.

Other segments

In Slovenia, total revenues rose by 3.2 % due to increased equipment and fixed-line service revenues, while mobile service revenues declined during the first half of 2021. Fixed-line service revenues grew owing to an increasing RGU base stemming from redesigned propositions with higher speeds and non-binding options. Mobile service revenues declined mainly due to lower interconnection revenues. Total costs and expenses rose by 2.4 % year-on-year driven by higher cost of equipment, while advertising expenses and bad debt came in lower. This together led to an EBITDA increase of 5.2 %.

In the Serbian segment, total revenues increased by 6.3 % versus the comparison period entirely driven by higher service revenues. The main growth driver continued to be the high demand for bundles with unlimited voice and increased data allowance as well as for mobile WiFi routers, although being slightly lower in Q2 2021 versus previous quarters. Costs and expenses increased on the back of higher advertising expenses due to the rebranding to the A1 brand in April 2021 which was only partially mitigated by lower bad debt. In total, increased service revenues and a flat equipment margin led to EBITDA growth of 18.0 % in the first half of the year.

In North Macedonia, total revenues increased by 9.7 %, driven by both higher service and increased equipment revenues. The former continued to benefit from successful upselling activities to higher-value tariffs, the ongoing strong demand for mobile WiFi routers as well as an increased subscriber and RGU base. While costs and expenses remained flat, the equipment margin worsened due to higher subsidy levels provided in the first half of 2021. In total, EBITDA increased by 8.0 % year-on-year.

Group profit and loss – below EBITDA

In the first half of 2021, **depreciation and amortization** (incl. rights of use) was almost stable (-0.8 %) at EUR 475.3 mn.

Operating income increased by 17.3 % from EUR 299.0 mn in the first half of 2020 to EUR 350.7 mn in the first half of 2021.

Net result increased by 15.1 % from EUR 203.1 mn in the first half of 2020 to EUR 233.8 mn in the reporting period, mainly due to improved operational and financial result with the latter being mainly driven by a better foreign currency exchange result. Income tax expenses came in higher, as the comparison period was positively impacted by a tax case in Bulgaria as well as due to an increased corporate income tax rate in Belarus since January 2021.

**Net result increased by
15.1 % in the first half of
2021**

Balance Sheet

As of June 30, 2021, the balance sheet total increased by 1.4 % compared to December 31, 2020, driven by the growth of current assets, while non-current assets declined slightly. Current assets increased mainly due to higher cash and cash equivalents. The increase in current liabilities is attributable to a reclassification of long-term to short-term debt due to the upcoming maturity of the outstanding bond due in Q2 2022 as well as higher accounts payable as investments are back to normal level in the reporting period. Non-current liabilities declined on the back of the aforementioned reclassification of debt as well as due to lower lease liabilities. The increase in shareholders' equity was driven by higher retained earnings due to net income generation. The equity ratio as of June 30, 2021 amounted to 34.6%, after 34.0% as of December 31, 2020.

Net Debt

Net debt (excl. leases) declined by 4.3%, due to higher cash and cash equivalents in the reporting period. That together with improved operating results drove net debt (excl. leases) / EBITDA after leases (12 months) to 1.5x, down from 1.7x as of December 31, 2020.

in EUR million	Jun 30, 2021	Dec 31, 2020	% change
Net debt (excl. leases)	2,230.9	2,331.9	-4.3
Net debt (excl. leases) / EBITDA after leases (12 months)	1.5x	1.7x	

in EUR million	Jun 30, 2021	Dec 31, 2020	% change
Long-term debt	1,045.6	1,793.7	-41.7
Lease liability long-term	647.2	700.6	-7.6
Short-term debt	1,498.7	749.1	100.1
Lease liability short-term	159.2	154.4	3.1
Cash and cash equivalents	-313.4	-210.9	-48.6
Net debt (incl. leases)	3,037.2	3,186.8	-4.7
Net debt (incl. leases) / EBITDA (12 months)	1.9x	2.0x	

Cash flow

(in EUR million)	1-6 M 2021	1-6 M 2020	% change
EBITDA	826.0	770.7	7.2
Restructuring charges and cost of labor obligations	44.0	43.4	1.4
Lease paid (principal, interest and prepayments)	-96.6	-98.5	-1.9
Income taxes paid	-25.6	-18.9	35.1
Net interest paid	-31.3	-34.2	-8.5
Change working capital and other changes	70.6	-24.5	n.m.
Capital expenditures	-442.1	-323.5	36.7
Free Cash Flow (FCF) before social plans	345.0	314.5	9.7
Social plans new funded*	-47.2	-57.8	-18.3
FCF after social plans new	297.8	256.7	16.0

* Cost for social plans granted after January 1, 2019.

In the first half of 2021, free cash flow increased by 16.0 % year-on-year to EUR 297.8 mn as the improved operational performance as well as lower working capital needs more than outweighed higher capital expenditures. The changes in working capital and other changes came in at EUR 70.6 mn and were mainly driven by higher accounts payable as investments are back to normal level in the reporting period.

Capital expenditures

In the first half of 2021, capital expenditures grew by EUR 118.6 mn versus the comparison period and amounted to EUR 442.1 mn. Tangible capital expenditures increased by 18.6 % to EUR 317.2 mn, due to the ramp up of investments after cuts of some investments in the Group's entire footprint taken last year as a precautionary measure in the course of the pandemic.

Intangible capital expenditures increased by EUR 68.8 mn versus the comparison period to EUR 124.9 mn in the first half of 2021 mainly due to acquired frequencies in Bulgaria (2.1 GHz, 2.6 GHz and 3.6 GHz for EUR 5.6 mn) and Slovenia (700 MHz, 1.4 GHz, 2.1 GHz, 3.6 GHz, 26 GHz for EUR 43.6 mn).

Personnel

End of period (full-time equivalent)	Jun 30, 2021	Jun 30, 2020	% change
Austria	7,305	7,493	-2.5
International operations	10,323	10,276	0.5
Corporate & other	373	372	0.1
Total	18,000	18,141	-0.8

Group headcount was reduced year-on-year by 0.8 %, driven by the Austrian segment due to the ongoing restructuring measures. The overall number of employees in the CEE segments increased slightly.

A1 Telekom Austria Group outlook for the full year 2021 raised

In the first six months of 2021, A1 Telekom Austria Group's total revenues and EBITDA excl. restructuring increased by 3.6 % and 6.9 % in a year-on-year comparison, respectively, mainly driven by solid operative trends which are expected to remain intact for the rest of the year.

The Group continues to benefit from the ongoing needs for connectivity and accelerated digitalization triggered by the COVID-19 pandemic which fueled upgrades to higher bandwidth products as well as the sale of corresponding products and services. Furthermore, the strong demand for mobile WiFi routers continues to drive Internet@home subscriber numbers and positively contribute to service revenue growth. While the first quarter was still shaped by severe lockdowns, governments started to ease their COVID-19 measures and travel restrictions during the second quarter of 2021, which additionally helped both equipment sales and roaming picking up again after heavy hits in the previous year due to lockdown measures.

The previously anticipated signs of an economic recovery in the financial year 2021 were confirmed during the first half of the year: After severe slumps in GDP growth rates in 2020, a fast rebound was forecasted for 2021 and lifted even further after the strong start into the year. Nonetheless, it should be noted that the recovery could be slowed due to mutations of the COVID-19 virus that emerged since late 2020.

As expected, the market developments in 2020 mostly continued in the first half of the year 2021 and are expected to resume in the second half of the financial year 2021. Developments in Austria will continue to be dominated by convergent offers and intense competition on the mobile market. Following the 5G auction in fall 2020 and the advancing expansion of the new mobile generation, attention in the high-value customer segment is shifting to the 5G product portfolio. In the CEE countries as well, like last year, the focus is on the high-value customer segment, and management again expects strong demand for mobile broadband solutions. In 2021, the Group's fixed-line business should again benefit from demand for

New outlook 2021:
2-3 % increase of total revenues (vs previously approx. 1% growth), CAPEX outlook unchanged

higher bandwidths, the rising significance of TV content and fast-growing solutions and connectivity business.

In this business environment, the management of A1 Telekom Austria Group is committed to its growth strategy. The focus here continues to be on growth in the core business, leveraging earnings and efficiency potential from platform solutions and selective growth through acquisitions. As in previous years, results are expected to be supported by ongoing measures to continuously enhance operating efficiency.

A1 Telekom Austria Group announced with the publication of its Q3 2020 quarterly report that it is currently working on the development of alternatives that would allow to reap more benefits from its tower assets through a targeted management focus on internal efficiencies and higher tenancy ratios.

For the financial year 2021, the management of A1 Telekom Austria Group is confident that the strong operative performance of the first half of the year will mostly prevail also in the second half of 2021. The management's expectation of growth in Group revenues is thus increased to 2-3 % on the back of solid trends in most markets, especially on the back of strong demand for higher speeds, mobile WiFi routers and a strong solutions and connectivity business. Uncertainties continue to be centered around the development of the COVID-19 pandemic which could slow down the pace of the roaming traffic rebound as well as around the semiconductor markets and the macroeconomic situation in Belarus.

The development in Belarus could be negatively affected by the depreciation of the Belarusian ruble in 2021. The management of A1 Telekom Austria Group expects the currency to depreciate by around 10-15 % (period average) against the euro in 2021, though it should be noted that the predictability of the Belarusian ruble is limited.

A1 Telekom Austria Group is also committed to the fiber rollout in Austria and to the ongoing development of its mobile infrastructure in 2021, especially in terms of the roll-out of 5G. This will gather momentum in 2021 following the launch of the 5G network in January 2020 in Austria.

Capital expenditures before spectrum investments and acquisitions are still expected to come in at around EUR 800 mn in 2021.

Frequencies have already been acquired in Bulgaria (2.1 GHz, 2.6 GHz, 3.6 GHz) and in Slovenia (700 MHz, 1.4 GHz, 2.1 GHz, 2.3 GHz, 3.6 GHz, 26 GHz) in early 2021. The regulator in Croatia has launched its multi-band auction recently in mid-2021 (700 MHz, 3.6 GHz, 26 GHz). There were no further updates from regulators in other markets: The tenders in Serbia (700 MHz/3.6 GHz) and North Macedonia (700 MHz, 3.5 GHz) are still pending. Whether the regulators will launch the tenders still in 2021 remains unclear given the current COVID-19 pandemic. Please note that this is a list of spectrum award procedures. Whether A1 Telekom Austria Group is planning to participate and sees a need to acquire spectrum the company does not comment on.

To ensure its financial flexibility, A1 Telekom Austria Group is still committed to maintain a solid investment grade rating of Baa2 from Moody's and BBB from Standard & Poor's (currently Baa1 from Moody's and BBB+ from Standard & Poor's).

Detailed Figures

Revenues

in EUR million	Q2 2021	Q2 2020	% change	1-6 M 2021	1-6 M 2020	% change
Austria	666.2	635.9	4.8	1,323.6	1,283.4	3.1
Bulgaria	145.1	121.5	19.5	277.3	249.0	11.3
Croatia	108.7	99.3	9.5	214.7	200.4	7.1
Belarus	95.7	98.3	-2.7	188.1	207.9	-9.5
Slovenia	51.2	50.8	0.8	102.6	99.4	3.2
Serbia	74.7	68.1	9.7	145.4	136.7	6.3
North Macedonia	32.0	28.3	13.4	63.5	57.9	9.7
Corporate & other, eliminations	-7.8	-6.4	n.m.	-13.8	-13.1	n.m.
Total revenues	1,165.8	1,095.7	6.4	2,301.3	2,221.7	3.6

Service Revenues

in EUR million	Q2 2021	Q2 2020	% change	1-6 M 2021	1-6 M 2020	% change
Austria	590.6	574.1	2.9	1,171.7	1,151.6	1.7
Bulgaria	108.0	99.0	9.1	213.9	197.7	8.2
Croatia	92.4	86.1	7.3	180.8	174.4	3.7
Belarus	70.5	72.5	-2.8	138.1	150.6	-8.3
Slovenia	38.4	38.6	-0.5	76.5	76.8	-0.4
Serbia	57.9	51.7	11.9	112.9	103.7	8.9
North Macedonia	25.8	23.8	8.1	51.0	48.1	6.0
Corporate & other, eliminations	-7.1	-6.3	n.m.	-12.7	-13.6	n.m.
Total service revenues	976.4	939.5	3.9	1,932.1	1,889.3	2.3

Mobile Service Revenues

in EUR million	Q2 2021	Q2 2020	% change	1-6 M 2021	1-6 M 2020	% change
Austria	240.3	232.4	3.4	476.9	469.8	1.5
Bulgaria	71.9	66.5	8.2	142.7	133.1	7.2
Croatia	61.0	55.3	10.3	118.5	111.5	6.3
Belarus	58.4	61.2	-4.7	114.5	127.5	-10.2
Slovenia	27.7	28.3	-2.2	55.1	56.4	-2.3
Serbia	55.6	49.5	12.5	108.8	99.3	9.6
North Macedonia	19.6	18.1	8.4	38.7	36.6	5.9
Corporate & other, eliminations	-2.3	-1.7	n.m.	-3.9	-3.8	n.m.
Total mobile service revenues	532.2	509.5	4.5	1,051.2	1,030.3	2.0

Fixed-Line Service Revenues

in EUR million	Q2 2021	Q2 2020	% change	1-6 M 2021	1-6 M 2020	% change
Austria	350.3	341.7	2.5	694.8	681.8	1.9
Bulgaria	36.1	32.6	10.9	71.2	64.7	10.1
Croatia	31.4	30.7	2.1	62.3	62.9	-0.9
Belarus	12.2	11.3	7.5	23.6	23.1	2.0
Slovenia	10.7	10.3	4.3	21.5	20.4	5.0
Serbia	2.2	2.3	-1.1	4.1	4.4	-5.9
North Macedonia	6.2	5.8	7.0	12.3	11.5	6.4
Corporate & other, eliminations	-4.8	-4.6	n.m.	-8.8	-9.8	n.m.
Total fixed line service revenues	444.2	430.0	3.3	881.0	859.0	2.6

Other Operating Income

in EUR million	Q2 2021	Q2 2020	% change	1-6 M 2021	1-6 M 2020	% change
Austria	14.4	10.9	32.9	25.6	22.1	15.9
Bulgaria	1.1	1.4	-26.6	2.3	2.2	0.9
Croatia	1.2	1.2	-0.4	2.3	2.3	-0.3
Belarus	4.6	4.4	5.7	6.9	7.3	-4.6
Slovenia	1.0	0.8	28.0	2.1	1.7	24.9
Serbia	1.0	0.8	26.9	1.9	1.7	17.4
North Macedonia	0.1	0.2	-24.1	0.5	0.3	68.7
Corporate & other, eliminations	-0.9	-0.1	n.m.	-1.3	0.1	n.m.
Total other operating income	22.6	19.5	15.9	40.3	37.6	7.1

EBITDA

in EUR million	Q2 2021	Q2 2020	% change	1-6 M 2021	1-6 M 2020	% change
Austria	249.2	233.3	6.8	478.1	456.7	4.7
Bulgaria	55.4	48.1	15.2	111.0	94.0	18.1
Croatia	39.3	33.8	16.4	75.1	67.1	11.8
Belarus	45.0	45.2	-0.2	87.1	92.6	-6.0
Slovenia	14.7	14.1	4.2	29.4	27.9	5.2
Serbia	24.9	20.7	20.5	48.5	41.1	18.0
North Macedonia	11.6	10.2	12.9	22.5	20.8	8.0
Corporate & other, eliminations	-12.4	-15.3	18.7	-25.6	-29.6	13.5
Total EBITDA	427.7	390.1	9.6	826.0	770.7	7.2

EBITDA After Leases*

in EUR million	Q2 2021	Q2 2020	% change	1-6 M 2021	1-6 M 2020	% change
Austria	229.3	213.1	7.6	438.5	416.4	5.3
Bulgaria	48.6	41.2	17.8	97.3	80.2	21.3
Croatia	35.6	30.0	18.7	67.6	59.6	13.4
Belarus	42.1	41.7	1.0	81.3	85.4	-4.9
Slovenia	10.0	9.6	3.9	19.9	18.9	5.4
Serbia	21.0	16.4	27.5	40.4	32.6	23.7
North Macedonia	10.0	8.6	16.5	19.4	17.6	10.5
Corporate & other, eliminations	-12.5	-15.4	18.7	-25.8	-29.8	13.5
Total EBITDA after leases	384.0	345.2	11.2	738.7	681.1	8.5

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

Depreciation and Amortization

in EUR million	Q2 2021	Q2 2020	% change	1-6 M 2021	1-6 M 2020	% change
Austria	140.2	132.5	5.8	274.9	261.1	5.3
Bulgaria	27.4	29.7	-7.6	56.3	58.9	-4.4
Croatia	24.9	26.1	-4.6	49.5	50.7	-2.4
Belarus	14.3	16.3	-12.3	28.4	33.9	-16.2
Slovenia	11.3	11.3	0.6	22.4	22.2	0.9
Serbia	13.8	13.8	0.1	27.2	27.2	-0.1
North Macedonia	6.9	7.5	-8.1	13.8	15.0	-8.0
Corporate & other, eliminations	1.5	1.3	15.1	2.7	2.6	3.9
Total D&A	240.3	238.5	0.8	475.3	471.7	0.8

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

in EUR million	Q2 2021	Q2 2020	% change	1-6 M 2021	1-6 M 2020	% change
Austria	270.1	258.3	4.5	520.0	497.7	4.5
Bulgaria	55.4	48.1	15.2	111.0	94.0	18.1
Croatia	39.1	33.8	15.7	75.2	67.1	12.0
Belarus	51.7	45.2	14.5	105.0	92.6	13.3
Slovenia	14.7	14.1	4.2	29.4	27.9	5.2
Serbia	24.4	20.7	17.8	47.9	41.1	16.6
North Macedonia	11.6	10.3	12.4	22.5	20.9	7.7
Corporate & other, eliminations	-12.4	-15.3	n.m.	-25.6	-29.6	n.m.
Total adjusted EBITDA	454.5	415.1	9.5	885.4	811.7	9.1

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

in EUR million	Q2 2021	Q2 2020	% change	1-6 M 2021	1-6 M 2020	% change
EBITDA	427.7	390.1	9.6	826.0	770.7	7.2
FX translation effect	6.4			18.0		
One-off effects	-0.6			-0.6		
Restructuring charges	20.9	25.0		41.9	41.0	
EBITDA - excl. FX-, one off effects and restructuring charges	454.4	415.1	9.5	885.4	811.7	9.1

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

in EUR million	Q2 2021	Q2 2020	% change	1-6 M 2021	1-6 M 2020	% change
EBITDA	249.2	233.3	6.8	478.1	456.7	4.7
One-off effects						
Restructuring charges	20.9	25.0		41.9	41.0	
EBITDA excl. one off effects and restructuring charges	270.1	258.3	4.5	520.0	497.7	4.5

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

in EUR million	Q2 2021	Q2 2020	% change	1-6 M 2021	1-6 M 2020	% change
EBITDA after leases	384.0	345.2	11.2	738.7	681.1	8.5
FX translation effect	6.4			18.0		
One-off effects	-0.6			-0.6		
Restructuring charges	20.9	25.0		41.9	41.0	
EBITDA after leases - excl. FX-, one-off effects and restructuring charges	410.7	370.2	10.9	798.1	722.1	10.5

EBIT

in EUR million	Q2 2021	Q2 2020	% change	1-6 M 2021	1-6 M 2020	% change
Austria	109.0	100.8	8.1	203.2	195.6	3.9
Bulgaria	28.0	18.4	52.1	54.7	35.0	56.1
Croatia	14.4	7.7	88.0	25.6	16.5	55.5
Belarus	30.7	28.8	6.6	58.6	58.7	-0.1
Slovenia	3.3	2.8	18.5	6.9	5.7	22.2
Serbia	11.2	6.9	61.0	21.2	13.8	53.5
North Macedonia	4.7	2.8	69.8	8.7	5.9	48.7
Corporate & other, eliminations	-13.9	-16.6	16.0	-28.3	-32.2	12.1
Total EBIT	187.4	151.6	23.6	350.7	299.0	17.3

Capital Expenditures

in EUR million	1-6 M 2021	1-6 M 2020	% change
Austria	252.6	226.1	11.7
Bulgaria	55.5	29.2	89.9
Croatia	32.5	27.7	17.4
Belarus	16.5	15.9	3.4
Slovenia	55.5	6.9	n.m.
Serbia	19.0	10.2	86.8
North Macedonia	8.3	6.0	39.2
Corporate & other, eliminations	2.4	1.5	54.0
Total capital expenditures	442.1	323.5	36.7

Capital Expenditures - Tangible

in EUR million	1-6 M 2021	1-6 M 2020	% change
Austria	197.6	184.9	6.9
Bulgaria	40.5	24.4	65.9
Croatia	29.3	24.7	18.6
Belarus	13.8	12.0	15.2
Slovenia	10.8	5.9	83.4
Serbia	17.4	9.6	79.9
North Macedonia	7.0	5.2	33.3
Corporate & other, eliminations	0.9	0.7	43.7
Total capital expenditures - tangible	317.2	267.4	18.6

Capital Expenditures - Intangible

in EUR million	1-6 M 2021	1-6 M 2020	% change
Austria	55.0	41.2	33.4
Bulgaria	15.0	4.8	211.3
Croatia	3.2	3.0	7.5
Belarus	2.7	4.0	-32.4
Slovenia	44.6	1.0	n.m.
Serbia	1.6	0.5	216.5
North Macedonia	1.4	0.8	80.2
Corporate & other, eliminations	1.4	0.9	61.7
Total capital expenditures - intangible	124.9	56.1	122.6

Wireless Subscribers

in thousands	Q2 2021	Q2 2020	% change
Austria	5,023.1	5,003.7	0.4
Bulgaria	3,737.1	3,758.5	-0.6
Croatia	1,990.5	1,871.9	6.3
Belarus	4,935.3	4,863.9	1.5
Slovenia	705.6	699.4	0.9
Serbia	2,387.7	2,272.6	5.1
North Macedonia	1,084.4	1,051.1	3.2
Total wireless subscribers	22,324.6	21,207.5	5.3

RGUs

in thousands	Q2 2021	Q2 2020	% change
Austria	3,086.0	3,193.7	-3.4
Bulgaria	1,099.7	1,074.9	2.3
Croatia	667.8	676.1	-1.2
Belarus	660.8	618.1	6.9
Slovenia	213.2	208.4	2.3
North Macedonia	344.1	333.5	3.2
Total RGUs	6,071.6	6,104.7	-0.5

Mobile churn

in %	1-6 M 2021	1-6 M 2020
Austria	1.5%	1.4%
Bulgaria	1.3%	1.4%
Croatia	1.8%	1.9%
Belarus	1.0%	1.1%
Slovenia	1.1%	1.1%
Serbia	2.1%	2.5%
North Macedonia	1.2%	1.7%

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 2021	1-6 M 2020	% change
Austria	15.8	15.5	1.7
Bulgaria	6.4	5.8	9.2
Croatia	10.1	10.0	1.5
Belarus	3.9	4.4	-11.0
Slovenia	13.0	13.4	-2.8
Serbia	7.7	7.2	6.4
North Macedonia	6.0	5.7	5.7
Group ARPU	8.0	8.1	-1.6

ARPL (reported)

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 2021	1-6 M 2020	% change
Austria	33.4	32.2	3.5
Bulgaria	14.4	13.4	7.3
Croatia	31.9	31.3	2.0
Belarus	5.7	6.1	-5.3
Slovenia	32.6	33.4	-2.3
Serbia	n.a.	n.a.	n.a.
North Macedonia	11.0	10.8	2.2

ARPL-relevant revenues (in EUR million)	1-6 M 2021	1-6 M 2020	% change
Austria	372.6	376.6	-1.1
Bulgaria	47.5	44.3	7.2
Croatia	53.2	53.6	-0.7
Belarus	13.4	14.0	-3.9
Slovenia	17.7	16.9	5.0
Serbia	n.a.	n.a.	n.a.
North Macedonia	10.3	10.0	3.7

Access lines (in '000)	1-6 M 2021	1-6 M 2020	% change
Austria	1,835.8	1,929.7	-4.9
Bulgaria	554.0	552.3	0.3
Croatia	277.0	281.8	-1.7
Belarus	393.6	380.9	3.3
Slovenia	90.7	85.9	5.6
Serbia	n.a.	n.a.	n.a.
North Macedonia	157.2	153.5	2.4

Belarus Key Financials 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 2021	Q2 2020	% change	1-6 M 2021	1-6 M 2020	% change
Total revenues	95.7	98.3	-2.7	188.1	207.9	-9.5
Total costs and expenses	-50.6	-53.2	4.8	-101.0	-115.3	12.3
EBITDA	45.0	45.2	-0.2	87.1	92.6	-6.0

in BYN million	Q2 2021	Q2 2020	% change	1-6 M 2021	1-6 M 2020	% change
Total revenues	294.4	264.5	11.3	583.7	535.1	9.1
Total costs and expenses	-155.8	-143.3	-8.7	-313.5	-296.7	-5.7
EBITDA	138.6	121.2	14.4	270.2	238.4	13.3

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 Combined Annual Report 2020, pp. 85 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.

Contacts

Investor Relations
Susanne Aglas-Reindl
Head of Investor Relations
Tel.: +43 (0) 50 664 39420
Email: susanne.aglas-reindl@a1.group

Corporate Communications
Michael Höfler
Director Group Communication
Tel.: +43 (0) 50 664 30362
Email: michael.hoefler@A1.group

Condensed Consolidated Interim Financial Statements A1 Telekom Austria Group

Condensed Consolidated Statement of Comprehensive Income

in EUR million, except per share information	Q2 2021 unaudited	Q2 2020 unaudited	1-6 M 2021 unaudited	1-6 M 2020 unaudited
Service revenues	976.4	939.5	1,932.1	1,889.3
Equipment revenues	166.8	136.7	328.9	294.8
Other operating income	22.6	19.5	40.3	37.6
Total revenues (incl. other operating income)	1,165.8	1,095.7	2,301.3	2,221.7
Cost of service	-329.2	-322.0	-652.8	-648.8
Cost of equipment	-162.8	-134.5	-327.0	-288.9
Selling, general & administrative expenses	-243.5	-246.8	-490.2	-508.4
Other expenses	-2.5	-2.3	-5.2	-4.9
Total cost and expenses	-738.1	-705.6	-1,475.3	-1,451.0
Earnings before interest, tax, depreciation and amortization - EBITDA	427.7	390.1	826.0	770.7
Depreciation and amortization	-199.6	-197.4	-394.3	-390.0
Depreciation of right-of-use assets	-40.7	-41.1	-81.0	-81.8
Operating income - EBIT	187.4	151.6	350.7	299.0
Interest income	1.2	0.7	2.2	2.0
Interest expense	-24.5	-26.0	-49.5	-52.4
Interest on employee benefits and restructuring and other financial items, net	-1.6	5.6	-3.1	5.3
Foreign currency exchange differences, net	3.1	4.8	2.6	-11.6
Equity interest in net income of associated companies	0.0	-11.4	0.0	-11.4
Financial result	-21.9	-26.3	-47.8	-68.1
Earnings before income tax - EBT	165.5	125.3	303.0	230.8
Income tax	-40.5	-11.5	-69.2	-27.8
Net result	125.0	113.8	233.8	203.1
Attributable to:				
Equity holders of the parent	124.9	113.7	233.5	202.9
Non-controlling interests	0.1	0.1	0.3	0.1
Earnings per share attributable to equity holders of the parent in euro*	0.19	0.17	0.35	0.31
Weighted-average number of ordinary shares outstanding	664,084,841	664,084,841	664,084,841	664,084,841
Other comprehensive income items:				
Items that may be reclassified to profit or loss:				
Effect of translation of foreign entities	8.0	17.3	13.4	-44.7
Realized result on hedging activities, net of tax	1.1	1.1	2.2	2.2
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit obligations, net of tax	-0.3	12.0	3.5	3.3
Total other comprehensive income (loss)	8.8	30.4	19.1	-39.2
Total comprehensive income (loss)	133.7	144.3	253.0	163.9
Attributable to:				
Equity holders of the parent	133.6	144.2	252.7	163.7
Non-controlling interests	0.1	0.1	0.3	0.1

* basic and diluted

Condensed Consolidated Statement of Financial Position

in EUR million	June 30, 2021 unaudited	Dec. 31, 2020 audited
ASSETS		
Current assets		
Cash and cash equivalents	313.4	210.9
Short-term investments	194.9	164.8
Accounts receivable: Subscribers, distributors and other, net	771.9	774.7
Receivables due from related parties	6.1	8.4
Inventories, net	104.1	90.8
Income tax receivable	1.4	0.9
Other current assets, net	156.1	152.4
Contract assets	102.6	106.8
Total current assets	1,650.5	1,509.7
Non-current assets		
Property, plant and equipment, net	2,792.3	2,753.1
Right-of-use assets, net	814.6	853.1
Intangibles, net	1,678.5	1,678.0
Goodwill	1,285.2	1,284.0
Long-term investments	11.2	12.4
Deferred income tax assets	70.2	96.5
Other non-current assets, net	24.9	25.1
Total non-current assets	6,676.9	6,702.2
TOTAL ASSETS	8,327.4	8,212.0
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Short-term debt	1,498.7	749.1
Lease liabilities short-term	159.2	154.4
Accounts payable	773.7	685.8
Accrued liabilities and current provisions	237.0	246.4
Income tax payable	44.6	24.0
Payables due to related parties	0.6	0.2
Contract liabilities	208.9	188.7
Total current liabilities	2,922.7	2,048.4
Non-current liabilities		
Long-term debt	1,045.6	1,793.7
Lease liabilities long-term	647.2	700.6
Deferred income tax liabilities	3.2	4.1
Other non-current liabilities	41.8	53.9
Asset retirement obligation and restructuring	558.3	586.0
Employee benefits	228.4	231.5
Total non-current liabilities	2,524.5	3,369.8
Stockholders' equity		
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	1,094.4	1,026.9
Other comprehensive income (loss) items	-757.7	-776.9
Equity attributable to equity holders of the parent	2,878.3	2,791.6
Non-controlling interests	1.9	2.1
Total stockholders' equity	2,880.2	2,793.8
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	8,327.4	8,212.0

Condensed Consolidated Statement of Cash Flows

in EUR million	Q2 2021 unaudited	Q2 2020 unaudited	1-6 M 2021 unaudited	1-6 M 2020 unaudited
Earnings before income tax - EBT	165.5	125.3	303.0	230.8
Depreciation	136.3	133.1	266.0	260.9
Amortization of intangible assets	63.3	64.2	128.3	129.0
Depreciation of right-of-use assets	40.7	41.1	81.0	81.8
Equity interest in net income of associated companies	0.0	11.4	0.0	11.4
Result on sale/measurement of investments	0.1	-0.6	0.0	0.4
Result on sale of property, plant and equipment	1.4	0.3	2.9	1.5
Net period cost of labor obligations and restructuring	23.4	26.6	45.9	46.3
Foreign currency exchange differences, net	-3.1	-4.8	-2.6	11.6
Interest income	-1.2	-0.7	-2.2	-2.0
Interest expense	25.1	19.5	50.6	44.1
Other adjustments	-3.7	-3.8	-3.9	-1.7
Non-cash and other reconciliation items	282.3	286.5	566.1	583.3
Accounts receivable: Subscribers, distributors and other, net	-3.7	27.4	8.4	52.9
Prepaid expenses	-0.2	2.6	-0.8	3.9
Due from related parties	2.4	-0.5	2.3	0.3
Inventories	-9.8	18.4	-12.7	13.0
Other assets	2.9	0.7	1.0	0.7
Contract assets	3.9	12.0	4.4	22.2
Accounts payable and accrued liabilities	-10.8	-57.2	7.7	-89.1
Due to related parties	0.4	0.5	0.4	-0.4
Contract liabilities	5.0	1.9	20.1	13.8
Working capital changes	-9.8	5.8	30.8	17.3
Employee benefits and restructuring paid	-26.1	-26.5	-52.5	-55.7
Interest received	1.2	0.7	2.2	2.0
Income taxes paid	-21.8	-5.5	-25.6	-18.9
Net cash flow from operating activities	391.4	386.3	824.0	758.9
Capital expenditures paid	-201.3	-165.1	-402.3	-370.3
Proceeds from sale of plant, property and equipment	1.0	2.2	1.5	5.3
Purchase of investments	-172.9	-137.4	-198.0	-137.5
Proceeds from sale of investments	157.7	0.1	169.0	0.1
Net cash flow from investing activities	-215.5	-300.1	-429.7	-502.4
Interest paid	-34.5	-34.8	-40.1	-44.5
Change in short-term debt	0.8	0.8	1.6	-121.4
Dividends paid	-166.5	0.0	-166.5	-0.6
Lease principal paid	-33.5	-29.8	-87.8	-85.8
Net cash flow from financing activities	-233.7	-63.8	-292.9	-252.4
Adjustment to cash flows due to exchange rate fluctuations, net	0.7	1.7	1.1	-3.4
Net change in cash and cash equivalents	-57.2	24.1	102.5	0.7
Cash and cash equivalents beginning of period	370.6	116.9	210.9	140.3
Cash and cash equivalents end of period	313.4	141.0	313.4	141.0

Capital Expenditures

in EUR million	Q2 2021 unaudited	Q2 2020 unaudited	1-6 M 2021 unaudited	1-6 M 2020 unaudited
Capital expenditures paid	201.3	165.1	402.3	370.3
Reconciliation of additions in accounts payable	9.7	-13.1	45.1	-32.9
Reconciliation of government grants	6.5	-3.1	-3.1	-9.6
Reconciliation of right-of-use assets paid	-0.4	-1.6	-2.2	-4.4
Reconciliation deposit frequency auction Slovenia	21.0	0.0	0.0	0.0
Total capital expenditures	238.1	147.3	442.1	323.5
Thereof tangible	154.2	121.3	317.2	267.4
Thereof intangible	83.9	26.0	124.9	56.1

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 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. For the resulting increase in intangible capital expenditures, see "Intangible Assets".

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
At January 1, 2021	1,449.3	-7.8	1,100.1	1,026.9	-776.9	2,791.6	2.1	2,793.8
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
Total comprehensive income (loss)	0.0	0.0	0.0	233.5	19.1	252.7	0.3	253.0
Distribution of dividends	0.0	0.0	0.0	-166.0	0.0	-166.0	-0.5	-166.5
At June 30, 2021	1,449.3	-7.8	1,100.1	1,094.4	-757.7	2,878.3	1.9	2,880.2

in EUR million (unaudited)	Capital stock	Treasury shares	Additional paid-in capital	Retained earnings	Other comprehensive items	Total	Non-controlling interests	Total stockholders' equity
At January 1, 2020	1,449.3	-7.8	1,100.1	791.2	-689.3	2,643.6	2.4	2,645.9
Net Result	0.0	0.0	0.0	202.9	0.0	202.9	0.1	203.1
Other comprehensive income (loss)	0.0	0.0	0.0	0.0	-39.2	-39.2	0.0	-39.2
Total comprehensive income (loss)	0.0	0.0	0.0	202.9	-39.2	163.7	0.1	163.9
Distribution of dividends	0.0	0.0	0.0	0.0	0.0	0.0	-0.6	-0.6
At June 30, 2020	1,449.3	-7.8	1,100.1	994.1	-728.5	2,807.3	1.9	2,809.2

At June 30, 2020, EUR 2.4 million of the translation reserve, reported in other comprehensive items, related to the investment in Telecom Liechtenstein, which was realized at its sale on July 21, 2020.

Net Debt

in EUR million	June 30, 2021 unaudited	Dec. 31, 2020 audited
Net debt (excl. leases)		
Long-term debt	1,045.6	1,793.7
Short-term debt	1,498.7	749.1
Cash and cash equivalents	-313.4	-210.9
Net debt (excl. leases)	2,230.9	2,331.9
Net debt/EBITDA after leases (last 12 months)	1.5x	1.7x
EBITDA after leases (last 12 months)	1,456.0	1,398.4
Net debt (incl. leases)		
Long-term debt (incl. lease liability)	1,692.8	2,494.3
Short-term debt (incl. lease liability)	1,657.9	903.4
Cash and cash equivalents	-313.4	-210.9
Net debt (incl. leases)	3,037.2	3,186.8
Net debt/EBITDA (last 12 months)	1.9x	2.0x
EBITDA (last 12 months)	1,632.1	1,576.8

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 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
Total revenues (incl. OOI)	1,323.6	277.3	214.7	188.1	102.6	145.4	63.5	-13.8	2,301.3
Segment expenses	-845.5	-166.2	-139.6	-101.0	-73.2	-96.9	-41.0	-11.7	-1,475.3
EBITDA	478.1	111.0	75.1	87.1	29.4	48.5	22.5	-25.6	826.0
Depreciation and amortization	-274.9	-56.3	-49.5	-28.4	-22.4	-27.2	-13.8	-2.7	-475.3
Operating income - EBIT	203.2	54.7	25.6	58.6	6.9	21.2	8.7	-28.3	350.7
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
Earnings before income tax - EBT	190.8	53.3	24.8	57.0	6.4	20.2	8.3	-57.8	303.0
Income taxes									-69.2
Net result									233.8
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
Total capital expenditures	252.6	55.5	32.5	16.5	55.5	19.0	8.3	2.4	442.1

in EUR million (unaudited)	1-6 M 2020								Consolidated
	Austria	Bulgaria	Croatia	Belarus	Slovenia	Serbia	North Macedonia	Other*	
External revenues	1,275.2	246.1	198.2	207.9	98.0	135.2	57.4	3.6	2,221.7
Intersegmental revenues	8.3	2.9	2.2	0.0	1.3	1.5	0.5	-16.7	0.0
Total revenues (incl. OOI)	1,283.4	249.0	200.4	207.9	99.4	136.7	57.9	-13.1	2,221.7
Segment expenses	-826.7	-155.0	-133.3	-115.3	-71.5	-95.6	-37.1	-16.5	-1,451.0
EBITDA	456.7	94.0	67.1	92.6	27.9	41.1	20.8	-29.6	770.7
Depreciation and amortization	-261.1	-58.9	-50.7	-33.9	-22.2	-27.2	-15.0	-2.6	-471.7
Operating income - EBIT	195.6	35.0	16.5	58.7	5.7	13.8	5.9	-32.2	299.0
Interest income	0.9	0.0	0.5	0.2	0.1	0.1	0.1	0.1	2.0
Interest expense	-13.5	-1.5	-3.3	-3.9	-0.7	-1.5	-0.7	-27.3	-52.4
Other financial result	-3.0	9.3	-6.3	-5.4	0.0	0.0	-0.1	-0.9	-6.3
Earnings before income tax - EBT	180.0	42.8	7.4	49.5	5.1	12.4	5.1	-71.7	230.8
Income taxes									-27.8
Net result									203.1
EBITDA margin	35.6%	37.7%	33.5%	44.6%	28.1%	30.0%	36.0%	n.a.	34.7%
Capital expenditures - intangible	41.2	4.8	3.0	4.0	1.0	0.5	0.8	0.9	56.1
Capital expenditures - tangible	184.9	24.4	24.7	12.0	5.9	9.6	5.2	0.7	267.4
Total capital expenditures	226.1	29.2	27.7	15.9	6.9	10.2	6.0	1.5	323.5

*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, 2020. 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, 2020, except the following amendments to standards which are effective from January 1, 2021:

IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16 Amendments: Interest Rate Benchmark Reform (Phase 2)

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

Impacts of COVID-19

The COVID-19 pandemic and the resulting restrictions in public life continue to have a negative impact on the global economy. As a provider of essential communication services, A1 Telekom Austria Group's business has been impacted to a relatively low extent. Furthermore, by the end of the first half of 2021, COVID-19 measures have been gradually eased in all markets of A1 Telekom Austria Group.

Driven by the acceleration of digitalization due to COVID-19, A1 Telekom Austria Group's service revenues grew based on continuing demand for high-bandwidth products and mobile WiFi routers as well as increased solutions and connectivity business. With the ease of travel restrictions by the end of the first half of 2021, the decrease in roaming revenues recovered slightly.

In the first half of 2020, A1 Telekom Austria Group increased the general allowance for accounts receivable not yet due from subscribers as a result of a higher expected credit risk due to COVID-19 and the effect of the change in valuation allowance of EUR 5.2 million was recognized in bad debt expense in the line item "selling, general & administrative expenses". Since the beginning of the COVID-19 pandemic, A1 Telekom Austria Group has been monitoring customer payment behavior more closely. In 2020 and in the first half of 2021, no significant deteriorations were yet observed in this regard. However, forecasts related to expected insolvencies show a negative trend due to the expiration of government support as well as uncertainties regarding new mutations of COVID-19. A1 Telekom Austria Group continues to report the increased valuation allowance recognized last year, which resulted in lower bad debt expense in the statement of comprehensive income for the first half of 2021 than in the comparison period.

In the first half of 2021, A1 Telekom Austria Group recognized COVID-19-related government assistance in the amount of EUR 1.5 million (1-6 M 2020: EUR 0.9 million) in employee expenses for refunds for specified employees who were unable to work from home in Austria and for a government support in Serbia granted for each person employed. Furthermore, investment grants were introduced in Austria in the second

half of 2020 to stimulate the economy. In the reporting period, EUR 5.7 million were already deducted from acquisition cost of intangibles and property, plant and equipment.

Revenues

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

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
Service revenues	1,171.7	213.9	180.8	138.1	76.5	112.9	51.0	-12.7	1,932.1
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
Equipment revenues	126.3	61.1	31.6	43.1	23.9	30.5	12.1	0.2	328.9
Other operating income	25.6	2.3	2.3	6.9	2.1	1.9	0.5	-1.3	40.3
Total revenues (incl. OOI)	1,323.6	277.3	214.7	188.1	102.6	145.4	63.5	-13.8	2,301.3

in EUR million (unaudited)	1-6 M 2020								Consolidated
	Austria	Bulgaria	Croatia	Belarus	Slovenia	Serbia	North Macedonia	Other*	
Mobile service revenues	469.8	133.1	111.5	127.5	56.4	99.3	36.6	-3.8	1,030.3
Fixed-line service revenues	681.8	64.7	62.9	23.1	20.4	4.4	11.5	-9.8	859.0
Service revenues	1,151.6	197.7	174.4	150.6	76.8	103.7	48.1	-13.6	1,889.3
Mobile equipment revenues	95.4	47.2	22.9	38.5	19.6	31.4	9.2	0.0	264.2
Fixed-line equipment revenues	14.4	1.9	0.8	11.5	1.3	0.0	0.3	0.4	30.5
Equipment revenues	109.8	49.0	23.8	50.0	20.9	31.4	9.6	0.3	294.8
Other operating income	22.1	2.2	2.3	7.3	1.7	1.7	0.3	0.1	37.6
Total revenues (incl. OOI)	1,283.4	249.0	200.4	207.9	99.4	136.7	57.9	-13.1	2,221.7

*Other includes: Corporate, Other & Eliminations

In Belarus total revenues declined due to the depreciation of the Belarusian ruble against the euro by 17% (period average) versus 1-6 M 2020. On local currency basis total revenues increased by 9%.

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 2021	1-6 M 2020
Write-down/ reversals of write-down of inventories	-1.1	-1.4
Employee expenses, including benefits and taxes	-470.1	-467.1

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

In the first half of 2021, A1 Telekom Austria Group acquired spectrum in Slovenia in the 700 MHz, 1.4 GHz, 2.1 GHz, 3.6 GHz and 26 GHz bands for a total of EUR 43.6 million, including acquisition-related costs capitalized. The frequencies allocations are valid for 15 years and will be used to enhance existing and create new services in Slovenia. Furthermore, spectrum was acquired in Bulgaria for EUR 5.6 million in the 2.1 GHz, 2.6 GHz and 3.6 GHz bands.

On April 1, 2021, A1 Telekom Austria Group acquired the fixed telephony customers of the Alcatel Lucent voice business from NTT Austria GmbH, Vienna via its subsidiary A1 Telekom Austria. At the reporting date the total consideration was not yet final and an addition to customer base amounting to EUR 8.2 million was recognized.

Debt

A bond with a face value of EUR 750 million, becoming due in April 2022, was reclassified from long-term to short-term debt.

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, 2021 unaudited	Dec. 31, 2020 audited
Restructuring and social plans	387.9	395.4
Civil servants transferred to the government	7.4	8.1
Total restructuring	395.3	403.5
Discount rate		
Employees permanently leaving the service process	0.50%	0.25%
Social plans	0.25%	0.25%
Civil servants transferred to the government	0.50%	0.25%

In the first half of 2021 and 2020, the reduction of the provision for restructuring due to usage and the effect of the change in estimate for discount rates was mostly offset by additions due to new social plans.

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

Discount rate	June 30, 2021 unaudited	Dec. 31, 2020 audited
Service awards	0.50%	0.25%
Severance	1.00%	0.75%
Pensions	0.75%	0.50%

The change in discount rates led to a decrease in the provisions for severance and pensions of EUR 5.5 million (1-6 M 2020: decrease of EUR 5.3 million), which was recognized in other comprehensive income, and to a decrease in the provision for service awards of EUR 0.8 million (1-6 M 2020: decrease of EUR 0.8 million), which was recognized in employee expenses.

In the first half of 2021, 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, 2021	Dec. 31, 2020
Discount rate	0.6% - 9.8%	0.0% - 11.0%
Inflation rate	1.6% - 5.4%	1.5% - 5.0%

The parameters changed in the different segments within the ranges indicated above resulting in a decrease in the provision in the amount of EUR 18.8 million (1-6 M 2020: decrease of EUR 4.1 million). Thereof EUR 17.4 million (1-6 M 2020: EUR 2.8 million) led to a decrease of the underlying assets and EUR 1.4 million (1-6 M 2020: EUR 1.3 million) were recognized in other operating income as the related assets were already fully depreciated.

Income Taxes

	1-6 M 2021	1-6 M 2020
Effective income tax rate	22.8%	12.0%

in EUR million	June 30, 2021	Dec. 31, 2020
Net deferred tax assets/liabilities	67.0	92.4

In the first half of 2021, the effective income tax rate stayed at a level comparable to year-end 2020, while it was exceptionally low in first half of 2020 due to effects following Supreme Court decisions after a tax audit in Bulgaria. Additionally, starting in January 2021, the corporate income tax rate for mobile operators in Belarus was increased from 18% to 30%.

Net deferred tax assets/liabilities decreased as loss carry-forwards were used in the first half of 2021.

Stockholders' Equity

In May 2021, A1 Telekom Austria Group paid dividend to its shareholders in the amount of EUR 166.0 million, 0.25 euro per share. In 2020, the dividend of EUR 152.7 million, 0.23 euro per share, was paid in October as the Annual General Meeting was held later that year due to COVID-19.

Other comprehensive income (loss) items in the Condensed Consolidated Statements of Changes in Stockholders' Equity include the re-measurement 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 2021, EUR 11.9 million (1-6 M 2020: EUR -40.5 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 2020: depreciation).

Share-based Compensation

On June 1, 2021, the twelfth tranche of the long-term incentive program (LTI 2021) was granted and has a performance period from January 1, 2021 to December 31, 2023. As in the previous tranche, return on invested capital ("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 under a green bond or sustainable finance certificate, weighted with 33%) were defined as key performance indicators. At June 30, 2021 a liability amounting to EUR 0.2 million was recognized for LTI 2021, 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, 2021		Dec. 31, 2020	
	Carrying amount unaudited	Fair value unaudited	Carrying amount audited	Fair value audited
Cash and cash equivalents	313.4	n.a.*	210.9	n.a.*
Accounts receivable: Subscribers, distributors and other	771.9	n.a.*	774.7	n.a.*
Receivables due from related parties	6.1	n.a.*	8.4	n.a.*
Other current financial assets	4.3	n.a.*	4.0	n.a.*
Other non-current financial assets	13.7	n.a.*	16.2	n.a.*
Investments at amortized cost	198.2	n.a.*	168.1	n.a.*
Financial assets at amortized cost	1,307.7	n.a.*	1,182.2	n.a.*
Equity instruments at fair value through profit or loss - mandatory	3.8	3.8	5.1	5.1
Debt instruments at fair value through other comprehensive income - mandatory	2.5	2.5	2.5	2.5
Debt instruments at fair value through profit or loss - mandatory	1.6	1.6	1.5	1.5
Financial assets at fair value	8.0	8.0	9.2	9.2

* 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, 2021		Dec. 31, 2020	
	Carrying amount unaudited	Fair value unaudited	Carrying amount audited	Fair value audited
Bonds	2,544.3	2,665.5	2,542.7	2,709.4
Accounts payable - trade	550.0	n.a.*	504.8	n.a.*
Accrued interest	37.3	n.a.*	30.0	n.a.*
Payables due to related parties	0.6	n.a.*	0.2	n.a.*
Other current financial liabilities	34.3	n.a.*	34.9	n.a.*
Other non-current financial liabilities	39.9	40.6	52.6	52.4
Financial liabilities at amortized cost	3,206.5	n.a.*	3,165.2	n.a.*
Lease liabilities	806.3	n.a.*	854.9	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 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.

Vienna, July 22, 2021

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, 2021

The Management Board of Telekom Austria Aktiengesellschaft



CEO Thomas Arnoldner



COO Alejandro Plater



CFO Siegfried Mayrhofer