



Results for the Fourth Quarter and the Full Year 2021

Vienna, February 8, 2022 – Today, A1 Telekom Austria Group (VSE: TKA, OTC US: TKAGY) announces its results for the fourth quarter and the full year 2021, ending December 31, 2021.

Key performance indicators

in EUR million	Q4 2021	Q4 2020	% change	2021	2020	% change
Total revenues	1,241.8	1,185.6	4.7	4,748.3	4,549.4	4.4
Total Service revenues	1,011.5	961.4	5.2	3,956.5	3,804.5	4.0
Total Equipment revenues	207.7	195.7	6.1	709.5	659.4	7.6
Other operating income	22.7	28.5	-20.4	82.4	85.5	-3.7
Wireless revenues	737.2	691.7	6.6	2,816.0	2,664.6	5.7
service revenues	560.0	516.8	8.4	2,181.1	2,071.1	5.3
equipment revenues	177.3	174.9	1.4	634.9	593.6	7.0
Fixed-line revenues	481.9	465.4	3.6	1,850.0	1,799.2	2.8
service revenues	451.5	444.6	1.6	1,775.4	1,733.5	2.4
equipment revenues	30.4	20.8	46.3	74.6	65.8	13.3
EBITDA before restructuring	421.0	387.0	8.8	1,790.3	1,661.3	7.8
% of total revenues	33.9%	32.6%		37.7%	36.5%	
EBITDA	399.9	364.5	9.7	1,706.1	1,576.8	8.2
% of total revenues	32.2%	30.7%		35.9%	34.7%	
EBIT	158.9	129.3	22.9	753.4	638.9	17.9
% of total revenues	12.8%	10.9%		15.9%	14.0%	
Net result	40.2	43.2	-6.8	455.0	388.8	17.0
% of total revenues	3.2%	3.6%		9.6%	8.5%	
Wireless indicators	Q4 2021	Q4 2020	% change	2021	2020	% change
Wireless subscribers (thousands)	22,765.5	21,864.2	4.1	22,765.5	21,864.2	4.1
Postpaid	18,890.4	17,822.4	6.0	18,890.4	17,822.4	6.0
Prepaid	3,875.1	4,041.9	-4.1	3,875.1	4,041.9	-4.1
ARPU (in EUR)	8.2	7.9	3.6	8.1	8.1	1.0
Mobile churn (%)	1.6%	1.3%		1.3%	1.4%	
Wireline indicators	Q4 2021	Q4 2020	% change	2021	2020	% change
RGUs (thousands)	6,081.8	6,050.3	0.5	6,081.8	6,050.3	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.

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

Q4 2021 Analysis

Group Summary

A1 Telekom Austria Group concluded the year 2021 with another strong set of quarterly results. EBITDA growth was achieved across almost the entire footprint in the fourth quarter of 2021. Service revenues increased in almost all markets, capitalizing on continued positive trends and successful strategy execution. In all A1 Group's markets, solid demand was still present for high-bandwidth products, mobile WiFi routers, as well as ICT solutions.

While the new virulent strain of the COVID-19 prompted all governments in the footprint to review their pandemic policies at the end of the year, lockdown measures were implemented in Austria for only a short period of time in December 2021. Roaming traffic was comparatively higher versus the same period last year and, together with the period-average FX development in Belarus, had a positive impact on the Q4 2021 financials.

The presentation for the conference call and key figures of A1 Telekom Austria Group in Excel format ('Fact Sheet Q4 2021') are available on the website at www.a1.group.

- Group total revenues increased by 4.7% year-on-year, driven by service revenue growth in all markets except Slovenia.
- Equipment revenues were higher, as increases in all international markets, especially Belarus, more than outweighed volume-driven decline in Austria.
- Mobile service revenues increased by 8.4% on a Group level, due to the solid performance of mobile core business, mobile WiFi routers, as well as a partial recovery of roaming results.
- Fixed-line service revenues rose by 1.6% on a Group level, as solid growth in Bulgaria and Belarus more than compensated for the decline in Austria. Continued traction of solution and connectivity business added to this.
- The Internet@home subscriber base grew by 5.0%, driven by mobile WiFi routers in all markets.
- The number of mobile subscribers rose by 4.1%, driven by the higher number of M2M subscribers as well as the higher number of mobile WiFi routers in all markets.
- Fixed-line RGUs increased slightly (+ 0.5%), as a growth in high-bandwidth broadband RGUs outweighed a decline of low-bandwidth broadband and fixed voice RGUs.
- Roaming revenues grew in Q4 year-on-year (positive impact yoy: ~ 1 % of revenues; ~ 2 % of EBITDA versus approx. 2 % in EBITDA in Q3 2021) due to more travelling across the footprint, while still being below pre-COVID 19 levels.
- Group EBITDA before restructuring charges grew by 8.8% (reported: 9.7%) as higher service revenues and improved equipment margin more than compensated for higher core OPEX. Excluding one-off and FX effects as well as restructuring charges, Group EBITDA increased by 9.4%.
 - In Austria, EBITDA before restructuring charges increased by 7.3% (reported: 8.7%) driven by higher service revenues, improved core OPEX and a better equipment margin.
 - Excluding FX and one-offs, EBITDA in international operations increased by 10.1% (reported +8.8%). Contribution was strong from Belarus and Bulgaria in particular.
- Net result declined by 6.8% year-on-year in the fourth quarter of 2021, as solid operational performance could not fully compensate for higher income tax expenses.
- Free cash flow declined in the quarter under review despite improved operational performance, due to capital expenditures recovery after the low 2020 comparable and higher income taxes paid.
- Outlook 2022: close to 3% Group total revenue growth; approx. 1.5% y-o-y increase in CAPEX excluding spectrum investments and acquisitions.

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

- Positive FX effects amounted to EUR 9.0 mn in total revenues, EUR 6.4 mn in service revenues and EUR 4.4 mn in EBITDA in Q4 2021, stemming almost entirely from Belarus.
- There were no one-off effects in total revenues and EBITDA in the reporting period, while there were total positive one-off effects of EUR 6.9 mn in total revenues (EUR 4.2 mn in Croatia, EUR 2.4 mn in Serbia and minor in Slovenia) and EUR 5.9 mn in EBITDA (EUR 5.8 mn in Croatia, EUR - 2.2 mn in Slovenia and EUR 2.4 mn in Serbia) in the comparison period.
- Restructuring charges in Austria amounted to EUR 21.2 mn in Q4 2021 (Q4 2020: EUR 22.6 mn).

Mobile Subscribers and Fixed-line RGUs

Internet@home continued to grow: + 5.0% year-on-year in Q4 2021

In mobile communications, the number of subscribers of the A1 Telekom Austria Group rose by 4.1% to a total of 22.8 million in the fourth quarter of 2021. The growth was mainly driven by a strong increase in M2M subscribers. Also, the growth in contract customers (ex M2M) was driven by the mobile core business and the continued shift from prepaid to contract offers as well as solid demand for mobile WiFi routers. The number of A1 Digital M2M customers continued to increase in Q4 2021. The development of M2M subscribers is also the reason for the rather flattish development of Group ARPU in the full year 2021 (which is diluted by low-ARPU M2M subscribers), while segment ARPUs can be found in section "Detailed figures".

The number of revenue-generating units (RGUs) in the Group's fixed-line business increased slightly (+0.5%) year-on-year. In Austria, the number of RGUs declined, driven by fewer low-bandwidth broadband and voice RGUs, which was partially offset by the continued solid demand for high-bandwidth products in Q4 2021. In the international markets, the number of RGUs rose mainly due to increasing high-bandwidth broadband RGUs, particularly in Belarus and Bulgaria, while TV RGUs also grew in most of the markets.

Overall, the Internet@home customer base increased by 5.0% in the Group, driven by the increase in mobile WiFi router numbers in all markets. Bulgaria, Belarus and Croatia contributed to that growth in particular.

Comments on Operating Segments for Q4 2021 – Revenues and EBITDA

Austria

Key performance indicators

Financials

in EUR million	Q4 2021	Q4 2020	% change	2021	2020	% change
Total revenues	681.5	681.6	0.0	2,677.6	2,622.1	2.1
Total Service revenues	596.2	587.8	1.4	2,369.3	2,317.3	2.2
Total Equipment revenues	71.4	80.3	-11.0	257.7	256.2	0.6
Other operating income	13.9	13.5	3.0	50.6	48.7	4.0
Wireless revenues	309.7	301.5	2.7	1,197.5	1,158.3	3.4
service revenues	250.6	234.2	7.0	979.8	940.0	4.2
equipment revenues	59.1	67.3	-12.1	217.7	218.3	-0.3
Fixed-line revenues	357.9	366.6	-2.4	1,429.5	1,415.1	1.0
service revenues	345.6	353.6	-2.2	1,389.5	1,377.3	0.9
equipment revenues	12.3	13.0	-5.3	40.0	37.8	5.8
EBITDA before restructuring	255.1	237.7	7.3	1,075.3	1,021.2	5.3
% of total revenues	37.4%	34.9%		40.2%	38.9%	
EBITDA	233.9	215.1	8.7	991.1	936.7	5.8
% of total revenues	34.3%	31.6%		37.0%	35.7%	
EBIT	94.6	82.9	14.1	441.4	413.7	6.7
% of total revenues	13.9%	12.2%		16.5%	15.8%	
Wireless indicators	Q4 2021	Q4 2020	% change	2021	2020	% change
Wireless subscribers (thousands)	5,072.5	5,061.2	0.2	5,072.5	5,061.2	0.2
ARPU (in EUR)				16.2	15.6	4.1
Mobile churn (%)	1.0%	0.9%		1.3%	1.2%	
Wireline indicators	Q4 2021	Q4 2020	% change	2021	2020	% change
RGUs (thousands)	3,038.8	3,117.3	-2.5	3,038.8	3,117.3	-2.5

In Q4 2021, market environment in Austria continued to be rather unchanged throughout most of the quarter. A1 in Austria offered 5G in the majority of the A1 mobile tariffs with hardware as a part of the Christmas promotion campaign that ended on January 9, 2022. Apart from the campaign, 5G tariffs are sold with a premium over LTE tariffs and the overall share of these tariffs in the portfolio continued to rise solidly. Demand for mobile WiFi routers remained solid, as was the appeal for higher-bandwidth products, and the new Internet@home portfolio launched in September with the flattened pricing curve was instrumental in customer acquisition and the upselling. Growth momentum also continued in the solution and connectivity business.

New Internet@Home portfolio instrumental in customers upselling

Total revenues in the Austrian segment remained flat in the reporting period, as higher service revenues were offset by lower equipment revenues which declined due to lower quantities sold following the calm market environment and less subsidy provided.

Mobile service revenues rose on the back of improved roaming results amidst more travelling compared to the same period last year, continued solid demand for mobile WiFi routers, high and low-value tariffs as well as inflation-linked pricing measures from April 2021. All that also resulted in higher ARPU.

Fixed-line service revenues declined, as continued solid traction of solution and connectivity business could not fully compensate for lower retail-fixed line service revenues. The latter came in lower due to fewer low-bandwidth and voice RGUs, while the positive effects of broadband speed upgrades and the inflation-linked

price increase could partially mitigate the decline. ARPL remained stable as successful upselling to high-bandwidth products and the positive effects of the pricing measures made up for voice-driven revenue decline amidst fewer RGUs.

EBITDA before restructuring increased by 7.3%

EBITDA before restructuring growth of 7.3% year-on-year (reported: + 8.7%) was driven by higher service revenues, improved core OPEX and a better equipment margin. Core OPEX declined mainly due to improved bad debt, lower network maintenance as well as lower corporate network costs.

International operations

Key performance indicators

Financials

in EUR million	Q4 2021	Q4 2020	% change	2021	2020	% change
Total revenues	565.7	509.9	11.0	2,101.7	1,955.8	7.5
Total Service revenues	419.7	380.3	10.4	1,615.7	1,514.7	6.7
Total Equipment revenues	136.2	115.0	18.4	451.3	402.2	12.2
Other operating income	9.8	14.6	-33.1	34.7	38.9	-10.9
Wireless revenues	429.0	391.1	9.7	1,626.9	1,512.7	7.6
service revenues	310.8	284.0	9.5	1,209.9	1,138.0	6.3
equipment revenues	118.2	107.1	10.3	417.0	374.6	11.3
Fixed-line revenues	127.0	104.1	21.9	440.1	404.2	8.9
service revenues	108.9	96.3	13.1	405.8	376.6	7.7
equipment revenues	18.1	7.9	129.4	34.3	27.6	24.3
EBITDA	177.9	163.5	8.8	763.2	697.4	9.4
% of total revenues	31.4%	32.1%		36.3%	35.7%	
EBIT	77.7	62.2	25.0	366.2	288.7	26.9
% of total revenues	13.7%	12.2%		17.4%	14.8%	
Wireless indicators	Q4 2021	Q4 2020	% change	2021	2020	% change
Wireless subscribers (thousands)	14,921.8	14,737.4	1.3	14,921.8	14,737.4	1.3
Wireline indicators	Q4 2021	Q4 2020	% change	2021	2020	% change
RGUs (thousands)	3,042.9	2,933.1	3.7	3,042.9	2,933.1	3.7

EBITDA increased by 8.8% in CEE markets

In Q4 2021, the international operations of A1 Telekom Austria Group posted strong service revenue and EBITDA growth reflecting the continuation of solid operational trends. Excluding one-off and FX effects, service revenues and EBITDA grew in all markets except for Slovenia. The main contributors to EBITDA growth in the reporting period were Belarus, aided with the positive period-average FX development, as well as Bulgaria. Excluding FX and one-off effects, EBITDA in international operations grew by 10.1%.

Bulgaria

In Bulgaria, market dynamics remained mostly unchanged and positive trends prevailed also in the fourth quarter of 2021. Solid demand for high-value tariffs continued to shape mobile business, while in the fixed-line business TV bundles with higher broadband speeds were highly sought-after. A1 continued to offer their new mobile portfolio with 5G tariffs, having the premium in place over the regular LTE tariffs. During the Christmas promotion, A1 included 5G in its mobile contract tariffs, however for a limited time. Solution and connectivity business remained an important growth driver, as solid momentum continued also in the period under the review.

Total revenues increased by 11.0% on the back of strong service revenue growth both in the mobile and the fixed-line business, while equipment revenues rose slightly. Total costs and expenses also went up, mainly due to elevated electricity costs, increased taxes and use of rights costs as well as higher content and license costs. As the strong service revenue growth more than compensated the above-mentioned increases in costs and expenses, EBITDA rose by 8.8% in the reporting period.

Croatia

In Croatia, market dynamics remained largely unchanged compared to the previous quarter. The mobile market was competitive and A1 tackled it with redesigned mobile portfolio with 5G propositions, attractive hardware and higher subsidy levels. The broadband RGU base stabilized as the growth in high-bandwidth RGUs compensated for the ongoing decline in voice RGUs.

Total revenues remained stable as solid service revenue growth and slightly higher equipment revenues were offset by lower other operating income. The latter was lower due to a positive one-off effect of EUR 4.2 mn in revenues (EBITDA effect: positive EUR 5.8 mn) in the comparison period, stemming from the income related to an agreement on network infrastructure rental. EBITDA declined by 6.9% in the reporting period, mainly due to the above mentioned positive-one off effect and slightly negative equipment margin, partially compensated by service revenue growth and operational cost decline. The latter was driven by lower bad debt and lower network maintenance costs. Excluding one-offs, EBITDA increased by 12.6% in the reporting period.

Belarus

In Belarus, encouraging operational trends continued in the fourth quarter of 2021 and the positive FX developments additionally contributed to the results. In the mobile business, A1 Belarus remained focused on customer acquisition, while the successful upselling to higher speeds and multi-play services depicted activities in the fixed-line business. The solution and connectivity business showed solid traction in the reporting period, driven mainly by IT and cloud services. The Belarusian Ruble appreciated 7.7% year-on-year (period average) in Q4 2021, while inflation stood at 9.97% year-on-year. In December 2021, the European Union imposed another round of economic sanctions targeting main export industries and access to financing. The imposed sanctions did not have any significant direct impact on A1 Belarus. At the same time, it should be noted that macroeconomic uncertainties remain with certain risks, such as increased inflation or stronger pressure on the Belarusian currency.

Total revenues increased by 28.2% (in local currency +19.4%) equally driven by higher service revenues and higher equipment revenues. The latter was particularly strong in the period under review, as in addition to the elevated handset sales, the company realized ICT projects with corporate customers. Service revenues increased on the back of the strong performance of mobile high-value tariffs, upselling to multi-play offers and higher broadband speeds in the fixed-line business as well as the solid contribution from the solution and connectivity business. Additionally, inflation-linked price increases implemented in Q3 and early Q4 2021 in the fixed-line and those implemented in October 2021 for the smaller parts of the mobile business, contributed to the growth. A price increase for the larger part of mobile customers envisaged for November 2021 as described in Q3 was postponed and executed beginning of January 2022. As strong revenue growth more than compensated for higher total costs and expenses, which in addition to the rising equipment costs, were mainly driven by higher workforce costs and slightly higher bad debt, EBITDA rose by 27.2%. Excluding FX effects, EBITDA rose by 16.0%.

Other segments

In the Slovenian market, competition remained intense in the last quarter of the year with attractive Christmas promotions. In the mobile business, A1 continued to offer its redesigned mobile portfolio, which includes 5G propositions, while successful customer acquisition continued in the fixed-line business. Total

revenues increased slightly (+0.7%), as higher equipment revenues together with the higher other operating income outweighed lower service revenues. Coupled with the lower cost and expenses, which were mainly driven by lower corporate network costs owing to the negative one-off effect of EUR 2.2 mn in the comparison period, EBITDA increased by 3.9% in the reporting period. Excluding the one-off effect, EBITDA declined by 10.2%.

In Serbia, the market development continued to be encouraging and the success of NEO tariffs resulted in a strong service revenue growth in the fourth quarter of 2021. Equipment sales were higher, due to the COVID-19 related low comparable, and resulted in higher equipment revenues. Total costs and expenses increased, driven by higher equipment costs and slightly higher workforce costs. EBITDA increased by 8.2% year-on-year despite a positive one-off effect of EUR 2.4 mn in the comparison period, as higher service revenues more than compensated for increased costs and expenses.

In North Macedonia, A1 continued to successfully monetize a solid demand for high-value tariffs while attractive convergent offers continued to shape the fixed-line business. That resulted in higher service revenues as well as higher equipment revenues. EBITDA grew by 1.3% on the back of above-mentioned revenue growth, despite higher costs and expenses. The latter increased mainly due to higher employee costs as well as slightly higher bad debt.

Year-to-date Highlights

- Group total revenues increased by 4.4%, in large part driven by service revenue growth in almost all markets. Excluding FX and one-off effects, total revenues increased by 5.2%.
 - Mobile service revenues increased by 5.3% with growing numbers in all markets, apart from a slight decline in Slovenia and a stable FX-impacted development in Belarus. The growth was driven by strong mobile core business, continued high demand for mobile WiFi routers and the upselling activities in the high value segment.
 - Fixed-line service revenues rose by 2.4%, as all markets except Croatia posted growth, stemming from the strong demand for high-bandwidth products also related to accelerated digitization due to the COVID-19 pandemic and a growth in the Solutions & Connectivity business.
- In the financial year 2021, the positive roaming impact was only minor in revenues and EBITDA (both less than 1% in y-o-y comparison).
- Group EBITDA before restructuring charges increased by 7.8%, driven by growth in all markets, especially in Austria and Bulgaria. Excluding also one-off and FX effects, EBITDA increased by 9.1%.
 - In Austria, EBITDA before restructuring improved by 5.3%, due to the successful translation of service revenues, while total costs and expenses remained flat.
 - In international markets, EBITDA grew by 9.4% driven by growth in all markets, with particular strong contribution from Bulgaria, Croatia and Serbia.
- Net result increased from EUR 388.8 mn to EUR 455.0 mn, an increase of 17.0% compared to the previous year.
- Free cash flow was almost stable (-3.3%) in the financial year 2021, as solid operational performance and lower working capital needs could almost fully offset increased capital expenditures and higher income taxes paid.

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

- Negative FX effects amounted to EUR 32.1 mn in total revenues, EUR 22.4 mn in service revenues and to EUR 13.9 mn in EBITDA in the full year 2021. They came entirely from Belarus.
- There were no one-off effects in total revenues and EBITDA (minor one-off effect of EUR 0.6 mn) in the reporting period, while there were total positive one-off effects of EUR 6.9 mn in total revenues (with main effects EUR 4.2 mn in Croatia, EUR 2.4 mn in Serbia) and EUR 8.6 mn in EBITDA (EUR 8.4 mn in Croatia, EUR - 2.2 mn in Slovenia and EUR 2.4 mn in Serbia) in the comparison period
- Restructuring charges in Austria amounted to EUR 84.2 mn in 2021 compared to EUR 84.5 mn in 2020.

Group profit and loss – below EBITDA

In the financial year 2021, **depreciation and amortization** (incl. rights of use) increased slightly (+1.6%) and amounted to EUR 952.7 mn compared to EUR 937.9 in 2020.

Operating income increased by 17.9% from EUR 638.9 mn in 2020 to EUR 753.4 mn in the full year 2021.

Net result increased by 17.0% to EUR 455.0 mn in the financial year 2021, as solid operational result more than outweighed higher income tax expenses. The latter came in higher due to the improved operational result, reversal of impairment of investments in affiliated companies in Austria as well as the increased corporate income tax rates in Belarus and Serbia.

Net result increased by 17.0% in the reporting period

Balance Sheet

As of December 31, 2021, the balance sheet total increased by 4.4% compared to December 31, 2020, mainly due to higher current assets while non-current assets increased slightly. Current assets rose on the back of higher cash and cash equivalents owing to improved cash generation in the reporting period, which more than outweighed lower short-term investments. The latter declined due to a shift of certain investments into long-term bonds. Non-current assets increased due to the above-mentioned shift of investments as well as due to the higher property, plant and equipment following increased network investments. Right-of-use asset was lower mainly due to depreciation while deferred income tax assets declined due to the usage of tax loss carry forward in the reporting period in Austria.

Current liabilities rose, driven by higher short-term debt as a bond of EUR 750 mn maturing in April 2022 was reclassified from long-term to short-term debt. The increase in current liabilities, to a lesser extent, was also driven by higher accounts payable which rose due to the recovery of capital expenditures in the year under review after pandemic-related cuts in the previous year. Non-current liabilities were lower mainly due to the above-mentioned bond reclassification but also due to a decline of lease-liabilities owing to lease payments in the reporting period.

Net Debt

Net debt (excl. leases) declined by 11.4% year-on-year, driven by solid free cash flow generation. Net debt (excl. leases) / EBITDA after leases decreased from 1.7x as of December 31, 2020 to 1.3x as of December 31, 2021.

in EUR million	Dec 31, 2021	Dec 31, 2020	% change
Net debt (excl. leases)	2,064.9	2,331.9	-11.4
Net debt (excl. leases) / EBITDA after leases (12 months)	1.3x	1.7x	

in EUR million	Dec 31, 2021	Dec 31, 2020	% change
Long-term debt	1,046.1	1,793.7	-41.7
Lease liability long-term	606.1	700.6	-13.5
Short-term debt	1,553.2	749.1	107.4
Lease liability short-term	161.0	154.4	4.3
Cash and cash equivalents	-534.4	-210.9	-153.4
Net debt (incl. leases)	2,832.0	3,186.8	-11.1
Net debt (incl. leases) / EBITDA (12 months)	1.7x	2.0x	

Cash flow

(in EUR million)	2021	2020	% change
EBITDA	1706.1	1576.8	8.2
Restructuring charges and cost of labor obligations	91.5	92.4	-0.9
Lease paid (principal, interest and prepayments)	-171.5	-177.7	3.5
Income taxes paid	-106.5	-65.2	-63.3
Net interest paid	-77.8	-81.6	4.6
Change working capital and other changes	31.3	-92.9	n.m.
Capital expenditures	-891.5	-651.4	-36.8
Free Cash Flow (FCF) before social plans	581.7	600.4	-3.1
Social plans new funded*	-94.4	-96.7	2.4
FCF after social plans new	487.3	503.7	-3.3

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

In 2021, free cash flow remained almost stable (-3.3%) and amounted to EUR 487.3 mn as solid operational development and improved working capital almost offset increased capital expenditures and higher income taxes paid. While capital expenditures came in higher due to lower 2020 comparable associated with certain investments that were cut or postponed, higher income taxes paid came as a result of improved operational result and increased corporate profit taxes in Belarus and Serbia. Working capital improved mainly due to higher accounts payable in the reporting period as investments returned to a normal level.

Capital expenditures

In financial year 2021, capital expenditures rose by 36.8% year-on-year, an increase attributable to the COVID-19 related cuts in investments in Austria and CEE markets in the comparison period. In the financial year 2021, frequency spectrum paid amounted to EUR 65.3 mn (incl. fees), while in the previous year 2020 that amount was EUR 65.8 mn (incl. fees).

Tangible capital expenditures increased by 35.9% year-on-year to EUR 650.5 mn, driven by higher investments in network infrastructure, especially in Austria, Bulgaria and Croatia. Investments increased in the areas of 5G and fiber rollout, fixed and mobile network modernization as well as various IT projects and internal system upgrades. Intangible capital expenditures also increased, driven mainly by frequency spectrum acquisition in CEE markets in the reporting period, while in Austria they declined as the comparison period was influenced by the frequency acquisition.

A1 Telekom Austria Group outlook for the full year 2022

In the financial year 2021, A1 Telekom Austria Group successfully further executed its strategy and leveraged the high demand for digital services and products. This resulted in revenue and EBITDA growth of 4.4% and 8.2% in 2021 in a year-on-year comparison. Both the solid increase in service revenues of 4.0% and the ongoing strong focus on operational efficiency benefitted the result. The Group monetized the strong demand for higher bandwidth products, the successful monetization of 5G and the demand for ICT solutions and connectivity stemming from business customers.

However, the ongoing COVID-19 pandemic continued to weigh on roaming results which in total only slightly recovered versus the comparison period (positive effect of approx. 0.5% in revenues and EBITDA), staying well below pre-pandemic levels.

For the financial year 2022, there are positive signs that the overall economic situation maintains its good momentum with expected further growth in GDP rates also in 2022 after the recovery in 2021. In this context, uncertainties remain especially due to further mutations of the COVID-19 virus, which could also further limit travel activity and the chance of a further recovery in roaming results.

The market developments the Group saw in 2021 are likely to largely resume in the financial year 2022. Developments in Austria are expected to be dominated by convergent offers and 5G value propositions while in the low value segment offers are centered on data packages. In this context, A1 in Austria continues focus on the high-value customer segment, also with its attractive 5G product portfolio. In the CEE countries as well, like last year, the focus is on the high-value customer segment and up- and cross-selling with a more-for-more approach. In 2022, the Group's fixed-line business should again benefit from demand for higher bandwidths, the rising significance of TV content and the fast-growing solutions and connectivity business. On top, Management expects the strong demand for mobile broadband solutions to last also in 2022. On the regulatory side, termination rate cuts will have a slight negative impact on revenues (<1%; no EBITDA impact).

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

A1 Telekom Austria Group announced at the end of 2020 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. In 2021, the Group established an organization for its towers business, which is currently being developed and carved-out the towers in Bulgaria and Croatia. That had no effects on the segment results.

For the financial year 2022, the management of A1 Telekom Austria Group expects to achieve growth in total revenues of close to 3% as well as a further increase in its EBITDA margin.

The development in Belarus could be negatively affected by the depreciation of the Belarusian ruble in 2022. The management of A1 Telekom Austria Group expects the currency to depreciate by 5-10% (period average) against the euro in 2022, 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 on Group-level to the ongoing development of its mobile infrastructure in 2022, especially in terms of the roll-out of 5G. The Group acquired respective spectrum in Bulgaria, Croatia and Slovenia in 2021 and thus will continue its 5G roll-out in 2022 in Austria and these three countries. In Austria, A1 will accelerate its smart fibre roll-out in 2022.

Overall, Group management expects capital expenditures before spectrum investments and acquisitions are expected to increase by approximately 15% in 2022. The increase versus last year's CAPEX results mainly from higher investments in Austria dedicated to more fibre build, and to a lesser extent to more IT CAPEX and the 5G roll-out.

With regard to frequencies, tenders are envisaged by regulators for the financial year 2022 in Slovenia (2.3 GHz, 20 MHz in 3.5 GHz (leftover from multi-band auction in 2021), 28 GHz), Serbia (700 MHz, 3.6 GHz) and Macedonia (700 MHz, 3.5 GHz). Further tenders by regulators are envisaged for the financial year 2022/2023 in Bulgaria (700 MHz, 800 MHz, 1,8 GHz), Croatia (800, 900, 1.8 GHz, 2.1 GHz, 2.6 GHz, 3.6 GHz, and 26 GHz). This list of frequency allocation procedures does not allow any conclusions to be drawn regarding intentions to participate in such procedures. The A1 Telekom Austria Group does not comment on such matters.

The A1 Telekom Austria Group pursues a conservative financial strategy centered on a solid investment grade rating in order to ensure financial flexibility. In the reporting year 2021, the A1 Telekom Austria Group's corporate ratings were confirmed by Moody's (Baa1; outlook "stable") and Standard & Poor's (BBB+; outlook "stable").

Detailed Figures

Reconciliation of Free Cash Flow

(in EUR million)	2021	2020	% change
FCF after social plans new	487.3	503.7	-3.3
Social plans new funded*	94.4	96.7	
Total social plans paid	-96.8	-98.5	
FCF - previously reported	484.9	501.9	-3.4

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

Revenues

in EUR million	Q4 2021	Q4 2020	% change	2021	2020	% change
Austria	681.5	681.6	0.0	2,677.6	2,622.1	2.1
Bulgaria	151.9	136.9	11.0	574.1	513.8	11.7
Croatia	115.8	115.8	0.0	452.0	428.1	5.6
Belarus	122.7	95.7	28.2	419.6	402.6	4.2
Slovenia	53.3	52.9	0.7	209.9	205.0	2.4
Serbia	86.7	75.7	14.4	315.3	286.2	10.2
North Macedonia	36.0	33.0	9.2	134.6	121.9	10.4
Corporate & other, eliminations	-6.2	-6.1	n.m.	-34.8	-30.3	n.m.
Total revenues	1,241.8	1,185.6	4.7	4,748.3	4,549.4	4.4

Service Revenues

in EUR million	Q4 2021	Q4 2020	% change	2021	2020	% change
Austria	596.2	587.8	1.4	2,369.3	2,317.3	2.2
Bulgaria	116.1	102.8	13.0	443.9	402.3	10.3
Croatia	93.5	89.0	5.0	379.4	359.0	5.7
Belarus	80.6	68.3	18.0	294.1	287.9	2.2
Slovenia	38.9	39.3	-1.0	154.8	155.1	-0.2
Serbia	63.6	55.4	14.7	239.5	214.1	11.9
North Macedonia	27.7	25.7	8.0	107.1	98.6	8.7
Corporate & other, eliminations	-5.1	-6.8	n.m.	-31.7	-29.7	n.m.
Total service revenues	1,011.5	961.4	5.2	3,956.5	3,804.5	4.0

Mobile Service Revenues

in EUR million	Q4 2021	Q4 2020	% change	2021	2020	% change
Austria	250.6	234.2	7.0	979.8	940.0	4.2
Bulgaria	75.1	69.0	8.8	293.7	271.0	8.4
Croatia	61.7	57.8	6.7	253.7	233.4	8.7
Belarus	65.8	56.8	15.8	242.3	242.3	0.0
Slovenia	27.8	27.9	-0.3	111.8	112.8	-0.9
Serbia	59.8	53.3	12.1	229.1	205.7	11.4
North Macedonia	21.3	19.4	9.8	82.3	75.0	9.7
Corporate & other, eliminations	-2.0	-1.6	n.m.	-11.6	-9.1	n.m.
Total mobile service revenues	560.0	516.8	8.4	2,181.1	2,071.1	5.3

Fixed-line Service Revenues

in EUR million	Q4 2021	Q4 2020	% change	2021	2020	% change
Austria	345.6	353.6	-2.2	1,389.5	1,377.3	0.9
Bulgaria	41.0	33.8	21.4	150.2	131.3	14.4
Croatia	31.8	31.3	1.7	125.7	125.6	0.0
Belarus	14.8	11.5	28.8	51.8	45.6	13.8
Slovenia	11.1	11.4	-2.5	43.1	42.3	1.8
Serbia	3.8	2.1	80.6	10.4	8.4	23.3
North Macedonia	6.4	6.3	2.5	24.9	23.6	5.4
Corporate & other, eliminations	-3.1	-5.3	n.m.	-20.1	-20.6	n.m.
Total fixed line service revenues	451.5	444.6	1.6	1,775.4	1,733.5	2.4

Other operating income

in EUR million	Q4 2021	Q4 2020	% change	2021	2020	% change
Austria	13.9	13.5	3.0	50.6	48.7	4.0
Bulgaria	2.5	1.2	113.4	6.1	4.5	35.8
Croatia	1.7	6.9	-75.0	5.3	10.2	-48.5
Belarus	3.0	1.9	59.9	14.2	13.3	6.9
Slovenia	1.4	1.0	41.1	4.6	3.8	21.7
Serbia	1.2	3.6	-67.4	4.1	6.1	-32.2
North Macedonia	0.1	0.2	-9.8	0.8	0.6	35.1
Corporate & other, eliminations	-1.1	0.3	n.m.	-3.3	-1.6	n.m.
Total other operating income	22.7	28.5	-20.4	82.4	85.5	-3.7

EBITDA

in EUR million	Q4 2021	Q4 2020	% change	2021	2020	% change
Austria	233.9	215.1	8.7	991.1	936.7	5.8
Bulgaria	50.4	46.3	8.8	218.3	192.4	13.4
Croatia	29.9	32.1	-6.9	155.7	143.4	8.6
Belarus	46.2	36.4	27.2	180.5	172.8	4.4
Slovenia	14.8	14.3	3.9	60.5	58.7	3.1
Serbia	25.7	23.8	8.2	102.1	87.6	16.5
North Macedonia	10.8	10.7	1.3	46.1	42.5	8.5
Corporate & other, eliminations	-11.9	-14.1	15.7	-48.2	-57.3	15.8
Total EBITDA	399.9	364.5	9.7	1,706.1	1,576.8	8.2
before Restructuring	421.0	387.0	8.8	1,790.3	1,661.3	7.8

EBITDA After Leases*

in EUR million	Q4 2021	Q4 2020	% change	2021	2020	% change
Austria	213.4	194.8	9.6	911.3	856.1	6.5
Bulgaria	43.3	39.5	9.7	190.7	165.1	15.5
Croatia	26.3	28.4	-7.4	140.9	128.4	9.8
Belarus	43.2	33.5	29.1	168.9	159.8	5.7
Slovenia	10.2	9.6	6.0	41.8	40.5	3.2
Serbia	21.9	19.2	14.3	86.1	70.3	22.6
North Macedonia	9.2	9.1	0.8	39.9	36.1	10.5
Corporate & other, eliminations	-12.0	-14.3	15.9	-48.6	-57.8	15.9
Total EBITDA after leases	355.7	319.9	11.2	1,530.9	1,398.4	9.5

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

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

in EUR million	Q4 2021	Q4 2020	% change	2021	2020	% change
Austria	255.1	237.7	7.3	1,075.3	1,021.2	5.3
Bulgaria	50.4	46.3	8.8	218.3	192.4	13.4
Croatia	29.7	26.4	12.6	155.5	134.9	15.3
Belarus	42.2	36.4	16.0	194.6	172.8	12.6
Slovenia	14.8	16.5	-10.2	60.5	60.9	-0.7
Serbia	25.7	21.4	20.3	101.5	85.2	19.1
North Macedonia	10.8	10.7	1.3	46.1	42.5	8.4
Corporate & other, eliminations	-11.9	-14.1	n.m.	-48.2	-57.3	n.m.
Total adjusted EBITDA	416.8	381.1	9.4	1,803.7	1,652.7	9.1

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

in EUR million	Q4 2021	Q4 2020	% change	2021	2020	% change
EBITDA	399.9	364.5	9.7	1,706.1	1,576.8	8.2
FX translation effect	-4.3	0.0	n.a.	13.9	0.0	n.a.
One-off effects	0.0	-5.9	100.0	-0.6	-8.6	93.4
Restructuring charges	21.2	22.6	-6.2	84.2	84.5	-0.4
EBITDA - excl. FX-, one off effects and restructuring charges	416.8	381.1	9.4	1,803.7	1,652.7	9.1

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

in EUR million	Q4 2021	Q4 2020	% change	2021	2020	% change
EBITDA	233.9	215.1	8.7	991.1	936.7	5.8
One-off effects	0.0	0.0	n.a.	0.0	0.0	n.a.
Restructuring charges	21.2	22.6	-6.2	84.2	84.5	-0.4
EBITDA excl. one off effects and restructuring charges	255.1	237.7	7.3	1,075.3	1,021.2	5.3

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

in EUR million	Q4 2021	Q4 2020	% change	2021	2020	% change
EBITDA after leases	355.7	319.9	11.2	1,530.9	1,398.4	9.5
FX translation effect	-4.3	0.0	n.a.	13.9	0.0	n.a.
One-off effects	0.0	-5.9	100.0	-0.6	-8.6	93.4
Restructuring charges	21.2	22.6	-6.2	84.2	84.5	-0.4
EBITDA after leases - excl. FX-, one-off effects and restructuring charges	372.6	336.5	10.7	1,628.4	1,474.3	10.5

Depreciation and Amortization

in EUR million	Q4 2021	Q4 2020	% change	2021	2020	% change
Austria	139.3	132.2	5.4	549.7	523.0	5.1
Bulgaria	29.5	29.5	0.1	114.1	117.8	-3.1
Croatia	23.1	25.5	-9.6	97.5	100.3	-2.7
Belarus	15.4	14.6	5.4	58.2	63.5	-8.4
Slovenia	13.0	11.1	16.5	47.1	44.3	6.2
Serbia	12.6	13.9	-9.8	52.9	54.7	-3.4
North Macedonia	6.9	6.8	1.2	28.0	29.0	-3.1
Corporate & other, eliminations	1.3	1.4	-10.2	5.1	5.3	-3.1
Total D&A	241.0	235.2	2.5	952.7	937.9	1.6

EBIT

in EUR million	Q4 2021	Q4 2020	% change	2021	2020	% change
Austria	94.6	82.9	14.1	441.4	413.7	6.7
Bulgaria	20.9	16.8	24.2	104.1	74.6	39.5
Croatia	6.9	6.6	3.4	58.2	43.1	35.1
Belarus	30.8	21.7	41.9	122.4	109.3	11.9
Slovenia	1.9	3.1	-41.0	13.5	14.4	-6.6
Serbia	13.2	9.8	33.7	49.2	32.9	49.7
North Macedonia	3.9	3.8	1.5	18.1	13.6	33.4
Corporate & other, eliminations	-13.2	-15.5	15.2	-53.4	-62.6	14.8
Total EBIT	158.9	129.3	22.9	753.4	638.9	17.9

Capital Expenditures

in EUR million	2021	2020	% change
Austria	496.0	456.4	8.7
Bulgaria	102.9	57.2	80.0
Croatia	96.1	49.6	93.7
Belarus	40.4	26.8	50.8
Slovenia	78.8	17.7	o.A.
Serbia	48.2	26.9	79.3
North Macedonia	24.3	12.7	91.1
Corporate & other, eliminations	4.7	4.1	14.1
Total capital expenditures	891.5	651.4	36.8

Capital Expenditures - Tangible

in EUR million	2021	2020	% change
Austria	387.3	322.0	20.3
Bulgaria	76.1	46.5	63.6
Croatia	67.4	41.0	64.2
Belarus	28.1	19.1	47.2
Slovenia	30.0	14.9	101.4
Serbia	41.7	24.2	72.1
North Macedonia	17.2	10.3	67.8
Corporate & other, eliminations	2.5	0.7	240.2
Total capital expenditures - tangible	650.5	478.8	35.9

Capital Expenditures - Intangible

in EUR million	2021	2020	% change
Austria	108.7	134.4	-19.2
Bulgaria	26.9	10.7	151.1
Croatia	28.7	8.6	234.4
Belarus	12.3	7.7	59.7
Slovenia	48.8	2.8	n.m.
Serbia	6.5	2.7	144.0
North Macedonia	7.1	2.5	188.1
Corporate & other, eliminations	2.1	3.3	-36.2
Total capital expenditures - intangible	241.0	172.6	39.6

Wireless subscribers

in thousands	2021	2020	% change
Austria	5,072.5	5,061.2	0.2
Bulgaria	3,745.4	3,752.8	-0.2
Croatia	1,990.1	1,936.3	2.8
Belarus	4,938.0	4,916.1	0.4
Slovenia	711.9	707.1	0.7
Serbia	2,441.2	2,350.4	3.9
North Macedonia	1,095.3	1,074.7	1.9
Total wireless subscribers	22,765.5	21,864.2	4.1

RGUs

in thousands	2021	2020	% change
Austria	3,038.8	3,117.3	-2.5
thereof broadband	1,350.3	1,386.8	-2.6
Bulgaria	1,121.2	1,081.0	3.7
Croatia	681.5	671.9	1.4
Belarus	668.6	627.4	6.6
Slovenia	220.4	214.8	2.6
North Macedonia	351.2	337.9	3.9
Total RGUs	6,081.8	6,050.3	0.5
thereof broadband	2,598.1	2,553.3	1.8

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	2021	2020	% change
Austria	16.2	15.6	4.1
Bulgaria	6.5	6.0	9.1
Croatia	10.6	10.3	3.4
Belarus	4.1	4.1	-1.3
Slovenia	13.2	13.4	-1.6
Serbia	8.0	7.4	7.4
North Macedonia	6.3	5.8	7.4
Group ARPU	8.1	8.1	1.0

ARPL

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

in EUR	2021	2020	% change
Austria	33.3	32.6	2.2
Bulgaria	14.8	13.7	7.9
Croatia	32.0	31.6	1.4
Belarus	6.2	5.8	6.3
Slovenia	31.9	33.1	-3.6
Serbia	n.a.	n.a.	n.a.
North Macedonia	11.1	10.9	1.8

Belarus Key Financial in EUR and BYN

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

in EUR million	Q4 2021	Q4 2020	% change	2021	2020	% change
Total revenues	122.7	95.7	28.2	419.6	402.6	4.2
Total costs and expenses	-76.5	-59.4	-28.8	-239.1	-229.8	-4.1
EBITDA	46.2	36.4	27.2	180.5	172.8	4.4

in BYN million	Q4 2021	Q4 2020	% change	2021	2020	% change
Total revenues	353.1	295.7	19.4	1,260.9	1,122.2	12.4
Total costs and expenses	-221.2	-181.5	-21.9	-718.4	-640.4	-12.2
EBITDA	131.9	114.1	15.6	542.5	481.8	12.6

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.

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