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# Annual Financial Report 2023

A1 Group

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# Group Report 2023

A1 Group



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

# Group Management Report

## Business environment

Overall economic development remained under high pressure in 2023. In addition to geopolitical crises, the year under review was characterized by persistently high, albeit somewhat lower inflation rates than last year, which continue to weigh on purchasing power and overall economic demand. In general, economic growth slowed further and the global economic outlook was revised downwards compared to the previous forecast.

Starting from a high level at the end of 2022, inflation rates fell over the course of 2023 in both the U.S. and Europe. In the U.S., inflation fell from a high of 9.1% in June 2022 to 6.45% at the beginning of 2023, before reaching its lowest level since March 2021 at 3.2% in October 2023. In the eurozone, inflation peaked at 10.6% in October 2022 and fell over the course of 2023, from 8.6% at the beginning of the year to 2.4% in November 2023.

In the year under review, the U.S. Federal Reserve raised its key short-term interest rate in four steps from a range of 4.25% to 4.50% to between 5.25% and 5.50%<sup>1)</sup>. The European Central Bank carried out a total of six interest rate hikes in 2023, increasing the rates on the main refinancing operations, the rates on the marginal lending facility, and the deposit facility from 2.5%, 2.75% and 2.0% to 4.5%, 4.75% and 4.0%, respectively. On June 15, 2023, the ECB also announced that the reinvestment of assets in the Asset Purchase Program (APP) would be discontinued from July 2023. As far as the Pandemic Emergency Purchase Program (PEPP) is concerned, net purchases were discontinued at the end of March 2022, but reinvestments of the repayment amounts due from PEPP holdings are to be made at least until the end of 2024 and can be reinvested flexibly<sup>2)</sup>.

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

According to the World Economic Outlook published by the IMF in January 2024, global economic growth was expected to fall from 3.5% in 2022 to an average of 3.1% in 2023 as well as in 2024. However, there are significant changes in the underlying growth curves of the major economies, with stronger forecasts for the U.S. and downward revisions for China and the eurozone. Growth in the eurozone is expected to fall from 3.3% in 2022 to 0.5% in 2023, before rising to 0.9% in 2024. The forecast has been revised downwards by 0.2 and 0.3 percentage points compared to previous projections from October 2023 for 2023 and 2024 respectively. Here, too, there is a divergence in growth between the major economies in the eurozone in 2023<sup>3)</sup>.

## Development of real GDP and inflation in the markets of the A1 Group (in %)<sup>4)</sup>

	2022		2023e		2024e	
	GDP	Inflation	GDP	Inflation	GDP	Inflation
Austria	4.8	8.6	0.1	7.8	0.8	3.7
Bulgaria	3.4	13.0	1.7	8.5	3.2	3.0
Croatia	6.2	10.7	2.7	8.6	2.6	4.2
Belarus	-3.7	15.2	1.6	4.7	1.3	5.7
Serbia	2.3	12.0	2.0	12.4	3.0	5.3
Slovenia	2.5	8.8	2.0	7.4	2.2	4.2
North Macedonia	2.1	14.2	2.5	10.0	3.2	4.3

<sup>1)</sup> Source: [https://www.federalreserve.gov/monetarypolicy/publications/mpr\\_default.htm](https://www.federalreserve.gov/monetarypolicy/publications/mpr_default.htm)

<sup>2)</sup> Source: <https://www.oenb.at/isawebstat/stabfrage/createReport?lang=DE&report=2.2;>  
[https://www.ecb.europa.eu/pub/projections/html/ecb.projections202309\\_ecbstaff-4eb3c5960e.de.html](https://www.ecb.europa.eu/pub/projections/html/ecb.projections202309_ecbstaff-4eb3c5960e.de.html)

<sup>3)</sup> Source: <https://www.imf.org/en/Publications/WEO/Issues/2024/01/30/world-economic-outlook-update-january-2024>

<sup>4)</sup> Source: <https://www.imf.org/en/Publications/WEO/Issues/2023/10/10/world-economic-outlook-october-2023>

## Industry trends and competition

As part of its strategy process, A1 Group identified the following trends:

**Artificial intelligence (AI) and the analytical use of data** are advancing at a tremendous pace. Real-time analytics-based decisions will be standard in all business units in the not-too-distant future.

**Data traffic is growing strongly.** The progress of digitalization as well as the popularity of over-the-top (OTT) content are driving the increase in data volumes.

**Broadband rollout** (fiber and 5G) is progressing in order to be able to provide customers with a nationwide infrastructure.

The **end-to-end customer experience** is becoming a key differentiator. At the heart of this are personalized offers at any time and at any touch point.

**Ecosystems**, comprising complex and dynamic networks of interconnected companies, services and technologies, are the future drivers of the economy. Telecommunications companies must therefore increasingly redefine their roles in them and actively shape their platforms and partnerships.

Telecommunications companies are at the epicenter of **digitization**. From network design, automation, virtualization, and cloud to digital services: Software is the foundation for making their own business more efficient and can also represent a further business opportunity for telecommunications companies at the same time.

**Cyber security** requires specially trained employees, investments in the company's hardware and software, and well-developed risk management. In addition, it also offers a business opportunity to telecommunications companies because customer demand is growing, especially in the business customer segment.

**Environmental, Social, and Governance (ESG)** aspects have become a mandatory requirement to compete in the market. Sustainability is becoming a factor in decision-making.

The **competitive landscape** is expanding to include OTT providers and companies offering satellite-based Internet, as well as fiber network providers.

**Separating business areas**, such as the infrastructure business, that have the potential to be attractive to other investors as well. The sum of the different valuations of the core business and the separated business may exceed that of the original company.

## Competitive environment

A1 Group is primarily active in seven regional markets in Central and Eastern Europe<sup>5)</sup>:

	Inhabitants <sup>1)</sup>	GDP/capita <sup>1)</sup>	Mobile subscribers		RGUs	
	in million	in USD	in million	market position	in million	market position
Austria	9.0	67,900	5.2	#1	2.9	#1
Bulgaria	6.5	33,800	3.8	#1	1.2	#2
Croatia	3.9	40,200	2.0	#2	0.7	#2
Belarus	9.2	22,600	4.9	#2	0.8	#2
Serbia	6.7	23,900	2.4	#3		
Slovenia	2.1	48,300	0.7	#2	0.2	#4
North Macedonia	2.1	20,300	1.1	#1	0.4	#2

<sup>5)</sup> Source for inhabitants as well as GDP/capita (PPP, current international USD): <https://data.worldbank.org> (November 21, 2023), data for most recent year: 2022, figures rounded

## Regulation

A1 Group is subject to various legal and regulatory frameworks in its markets. A1 Austria, representing the largest Group segment in terms of revenues and EBITDA, is classified as a provider with significant market power in the wholesale market for Ethernet and dark fiber in certain regions of Austria, so the company is subject to corresponding regulatory measures including on network access and price regulations.

The international subsidiaries of A1 Group are also subject to far-reaching regulatory provisions in their respective national markets. In addition, Group companies in countries that are part of the European Union (i.e., Austria, Bulgaria, Croatia, and Slovenia) must comply with European regulations, for instance guaranteeing harmonized conditions within the EU. This applies especially to the EU-level roaming and net neutrality regulations as well as the harmonization of mobile and fixed-line termination rates as a result of the European Electronic Communications Code (EECC) and applies equally to all EU Member States.

### Fixed-line regulation

#### Market regulation in Austria

Since October 11, 2022, the wholesale markets for broadband access have been fully deregulated. Regulation was replaced by the new voluntary contracts for Virtual Unbundling of Local Access (VULA 2.0) and for Very High-Capacity Networks (VHCN). The regulator's experts and the European Commission welcomed these contracts. Since then, more than 50 wholesale partners have signed such contracts with A1 Austria, including its largest competitors.

This deregulation paves the way to additional investment and thus further accelerates large-scale broadband and fiber-optic infrastructure roll-outs throughout Austria. The Austrian regulator and the Federal Competition Authority will further closely monitor the wholesale markets for local and central access. However, some smaller Internet service providers have contested the deregulation decision of the national regulator and have initiated proceedings before the Federal Administrative Court. This procedure commenced in 2023 and a result or decision is not expected before the second half of 2024.

In the first quarter of 2023, the market for certain stand-alone (voice) business tariffs was also fully deregulated at end customer level.

The market analysis procedure for the wholesale market for high-quality access (wholesale markets for both Ethernet services and dark fiber), which was initiated in April 2021, was completed in August 2023. With this final decision by the regulator, further deregulation steps have been implemented in many geographical areas (municipalities). In predominantly rural regions, however, A1 Austria remains regulated in this market and is therefore subject to corresponding regulatory measures including network access and price regulations.

#### Fixed-line termination rates<sup>6)</sup>

The European Commission set the fixed-line termination rate for all operators in the European Economic Area (EEA) to a uniform EUR 0.0007 per minute as of January 1, 2022. Following this measure, the Austrian regulator has deregulated the fixed termination market on a national level.

### Mobile communication regulation

#### Roaming

The European Union regulation on roaming in its current form has been in force since 2016. In the coming years, the EU roaming area is expected to be extended to EU candidate countries such as Ukraine and Moldova. The markets of Belarus, Serbia and North Macedonia are regulated to a varying degree.

#### Roaming agreements in the Western Balkans

Retail roaming charges within the region have been reduced following the introduction of a roaming agreement for the Western Balkans in 2019. In addition to that, A1 and other mobile operators have signed a voluntary agreement to lower rates between European Union and Western Balkan countries (Albania, Bosnia-Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia) as well.

<sup>6)</sup> The term termination rate refers to the amount that a telecommunications provider must pay for the termination (call termination, call completion) of a telephone call to a third-party network or for the acceptance of such a call from a third-party network in the case of network interconnection.

## European Union wholesale caps

Voice (outgoing), in eurocents/minute	July 1, 2022 - December 31, 2024: 2.20 January 1, 2025 - June 30, 2032: 1.90
SMS, in eurocents/SMS	July 1, 2022 - December 31, 2024: 0.40 January 1, 2025 - June 30, 2032: 0.30
Data, in EUR/GB	July 1 - December 31, 2022: 2.00 From January 1, 2023: 1.80 2024: 1.55 2025: 1.30 2026: 1.10 January 1, 2027 - June 30, 2032: 1.00

## Mobile termination

The European Commission has set mobile termination rates for all operators in the European Economic Area to a uniform EUR 0.002 per minute as of January 1, 2024. This value will be achieved by means of a glide path that provides for annual reduction steps. The Austrian regulator has deregulated the mobile termination market on a national level.

## Mobile termination rates

	Jan 1, 2022	Jan 1, 2023	Jan 1, 2024
EU-wide maximum (EUR)	0.0055	0.004	0.002
Serbia (RSD)	1.43	1.43	not yet determined
North Macedonia (MKD)	0.63	0.63	not yet determined
Belarus*) (BYN)	operator MTS 0.025/0.0125	operator MTS 0.025/0.0125	not yet determined
	operator BeST 0.018/0.009	operator BeST 0.018/0.009	

\*) Belarus values: prime time/downtime. MTS: Mobile TeleSystems; BeST: Belarus Telecommunications Network

## Net neutrality

The EU regulation on net neutrality has been in force since 2016. According to this regulation, providers of internet access services must treat all data traffic equally. Furthermore, specialized services can also be offered in addition to Internet access services, but these are subject to certain limitations.

The European Commission had to review the EU net neutrality provisions by April 30, 2023. However, the Body of European Regulators for Electronic Communications (BEREC) published an opinion in advance of this stating that the current regulation is suitable and does not need to be amended. The European Commission's final evaluation was the same and did not see any current need to amend the EU regulation on net neutrality.

## Retail charges for regulated intra-EU communication

Since May 15, 2019, retail charges charged to consumers for regulated intra-EU communications may not exceed EUR 0.19 per minute for calls and EUR 0.06 per text message (excluding VAT in each case). Regardless of this obligation, it is possible to offer consumers an explicit choice of alternative tariffs. Although the period of validity of this regulatory EU pricing requirement (Article 5a of the EU Regulation) ends on May 14, 2024, it is currently not expected that this requirement will be dropped without replacement. According to current developments, the existing price regime is likely to be extended for the time being.

## Spin-off of the "EuroTeleSites AG" ("EuroTeleSites") tower business

On September 22, 2023, the former tower business of Telekom Austria AG (tower business) was listed on the Vienna Stock Exchange under the newly established EuroTeleSites AG. The transferred companies form the EuroTeleSites Group, see notes (34). At the Extraordinary General Meeting on August 1, 2023, the shareholders of Telekom Austria AG approved the spin-off.

The shares in EuroTeleSites AG were issued to the shareholders of Telekom Austria AG on September 22, 2023 on a pro rata basis, making América Móvil the ultimate parent company of the EuroTeleSites Group, as in A1 Group. For every four shares in Telekom Austria AG, Telekom Austria AG shareholders received one EuroTeleSites share. Telekom Austria AG thus received 103,789 EuroTeleSites shares worth TEUR 514 for its own shares. Telekom Austria holds no other stake in EuroTeleSites.

The spun-off passive infrastructure of the towers comprises components that are not directly attributable to the mobile communications network, such as foundations and metal structures, containers, air-conditioning units, power supply and other supporting systems.

### Operational impact

The spin-off of passive infrastructure not only enables the budget to be allocated more efficiently, but also permits a stronger focus on A1 Group's core business. A1 Group has contractually secured long-term access to the towers as anchor tenant via local master lease agreements with the local EuroTeleSites operating companies. The contract term is indefinite, but can be terminated by A1 Group at the end of the eighth, 16th and 24th contract year, by the EuroTeleSites Group for the first time at the end of the 24th contract year and after the 24th year by both parties subject to a 36-month notice period at the end of each calendar year. There is protection against inflation. The rent and other price elements are adjusted annually by 85% of the annual adjustment of the consumer price index, but by a maximum of 3% per year. The prices for steel components in case of additional modifications are to be adjusted in line with the steel price index.

For new towers to be erected, A1 Group is free to choose the radio tower company. However, A1 Group is currently planning to expand around one thousand sites over the next five years in cooperation with the EuroTeleSites Group. In the event of significant financial difficulties or the sale of a significant amount of infrastructure at or by an EuroTeleSites operating company in breach of contract, A1 Group has the right to repurchase the towers at country level. A1 Group will temporarily provide certain services to EuroTeleSites Group at market prices (e.g. SAP-related services).

As of June 30, 2023, the tower portfolio comprised 13,225 macro sites in Austria, Bulgaria, Croatia, Serbia, Slovenia and North Macedonia.

### Financial impact on A1 Group

The analysis of the financial impact on the A1 Group is based on a pro forma view, i.e. a view in which the tower business would have already been spun off for the respective period. In the "Further tables" section, the reported figures are compared in detail with the figures on a pro forma basis.

The impact on revenues (pro forma versus reported figures) for the full year 2023 was negligible (roughly -0.1%). EBITDA increased by roughly 1% due to operating costs, which are now reflected in the lease costs. EBITDA after leasing (EBITDA aL) decreased by around 7% due to higher leasing expenses. EBIT fell by around 7% due to higher depreciation and amortization. Net income dropped by around 14% as a result of lower interest on financing, but also higher interest in connection with rights of use and lower income tax.

Assets increased by around 7% due to right-of-use assets, while liabilities increased accordingly due to higher lease liabilities. Capital expenditures fell by around 4%.

Since EUR 1 billion in financial liabilities was transferred to EuroTeleSites as part of the spin-off, these were reduced by the same amount at A1 Group. Net debt excluding leases in relation to EBITDA aL has therefore more than halved to 0.4x.

## Business performance in the financial year 2023

In the financial year 2023, A1 Group posted another set of reassuring results and in a challenging environment proved the resilience of its business model. Inflationary pressures and soaring interest rates have led to price hikes in several industries. A1 Group, in both Austria and almost all CEE markets, announced value protecting measures to cope with growing costs.

Continued digitalization, a customer-centric approach and a clear focus on operational efficiency within A1 Group resulted in strong business performance in 2023. While some markets experienced challenges with an intensified competitive environment and rising energy and workforce costs, most of the markets in the footprint successfully grew their customer base, protected market shares and further improved offerings. With diligent spending approach and sustainable investing, A1 Group continued to grow its mobile and fixed-line network in all geographies. To meet ever growing demand for digital services and provide customers with personalized experiences, A1 continued its accelerated fiber roll-out in Austria as well as intensified fixed-line investments in its international segment. A1 Austria's network now comprises 73,000 km of fibre and provides 5G coverage to around 85% of the population. On top, A1 continued its 5G roll-out in its international footprint. In March 2023, A1 Croatia secured spectra in a public auction in the frequency bands 800 MHz, 900 MHz, 1800 MHz, 2100 MHz, 2600 MHz for a period of 15 years. These long-term resources, acquired for EUR 111 mn, will be the basis for further growth, enabling the best user experience and maximum national coverage in Croatia. In Bulgaria spectrum was acquired in the 700 MHz and 800 MHz frequency bands for a total of EUR 22 mn for a period of 15 years.

In 2023, A1 Group successfully completed the spin-off of its tower business and the listing of EuroTeleSites AG. This allows for an increased focus on the core business and at the same time unlocked value for shareholders of A1 Group (see section "Spin-off of the EuroTeleSites AG tower business").

In the wake of rising interest rates to curb inflation globally, the financial profile of companies came to a test and those with a conservative financial policy managed to secure an edge. A1 Group once again proved the strength of its balance sheet and by further deleveraging, supported by the debt transfer in the tower spin-off transaction, secured its place among top credit-rated peers in the industry. In June, Fitch rated Telekom Austria AG with an A- (positive outlook) for the first time. On top, in December 2023, Moody's upgraded A1 Group's credit rating from Baa1 to A3 with a stable outlook. A1 Group is now A-rated by all three major credit rating agencies.

### A1 Group operational and financial development

The following factors should be considered in the analysis of A1 Group's 2023 operating results:

- Negative FX effects amounted to EUR 77 mn in total revenues, EUR 56 mn in service revenues, and EUR 33 mn in EBITDA, coming almost entirely from Belarus.
- Positive one-off effects in Austria in costs and expenses totaling around EUR 34 mn in the full year 2023 while there were no one-off effects in the comparison period.
- Restructuring charges in Austria amounted to EUR 85 mn (2022: EUR 73 mn).

In mobile communications, the number of subscribers rose by 5.6% to a total of EUR 25.2 mn in the reporting year. Growth was almost entirely driven by the strong increase in M2M business. Excluding M2M customers, the number of subscribers remained stable (-0.2%) as continued strong demand for mobile WiFi routers in the Group almost compensated for the slightly lower number of mobile voice customers in Austria and Slovenia. The number of contract customers increased in Croatia, Belarus, Serbia, and North Macedonia, while remaining at the prior-year level or slightly below in other markets.

In the fixed-line business, the number of revenue generating units (RGUs) increased by 1.1% year-on-year. Growth in international operations, especially in Belarus and Bulgaria, more than compensated for the decline in Austria and Slovenia. RGUs in Croatia and North Macedonia also increased. In Austria, the continued strong demand for advanced broadband products only partly mitigated losses in basic broadband and voice RGUs.

## Key figures

in EUR million	2023	2022	Δ
Total revenues	5,251	5,005	4.9%
Service revenues	4,348	4,164	4.4%
Equipment revenues	811	752	7.9%
Other operating income	92	89	3.6%
Wireless revenues	3,099	2,972	4.3%
Service revenues	2,429	2,339	3.8%
Equipment revenues	670	633	5.8%
Wireline revenues	2,060	1,944	6.0%
Service revenues	1,919	1,825	5.1%
Equipment revenues	142	119	19.2%
EBITDA <sup>1)</sup>	1,924	1,838	4.7%
EBITDA margin	36.6%	36.7%	-0.1pp
EBITDAaL <sup>2)</sup>	1,671	1,657	0.9%
EBITDAaL margin	31.8%	33.1%	-1.3pp
Depreciation, amortization, impairments	-1,013	-967	-4.8%
EBIT <sup>3)</sup>	911	871	4.5%
EBIT margin	17.3%	17.4%	-0.1pp
Net result	646	635	1.8%
Net margin	12.3%	12.7%	-0.4pp
Capital expenditures	1,093	944	15.7%
Tangible	787	766	2.8%
Intangible	305	179	70.7%
Free cash flow	354	603	-41.4%
	<b>Dec 31, 2023</b>	<b>Dec 31, 2022</b>	<b>Δ</b>
Net debt / EBITDA	1.3	1.3	3.3%
Net debt (excl. leases) / EBITDAaL	0.4	1.0	-63.5%
<b>Customer indicators (thousand)</b>	<b>Dec 31, 2023</b>	<b>Dec 31, 2022</b>	<b>Δ</b>
Mobile subscribers	25,245	23,897	5.6%
Postpaid	21,512	20,076	7.2%
Prepaid	3,733	3,822	-2.3%
RGUs <sup>4)</sup>	6,271	6,204	1.1%
	<b>2023</b>	<b>2022</b>	<b>Δ</b>
ARPU (in EUR) <sup>5)</sup>	8.2	8.4	-1.4%
ARPL (in EUR) <sup>6)</sup>	26.3	25.8	1.9%
Mobile churn	1.4%	1.4%	0.0pp
	<b>Dec 31 2023</b>	<b>Dec 31, 2022</b>	<b>Δ</b>
Employees (full-time equivalent at year-end)	17,508	17,906	-2.2%

<sup>1)</sup> Earnings Before Interest, Tax, Depreciation and Amortization

<sup>2)</sup> EBITDA - depreciation of lease assets according to IFRS 16 - interest expenses pursuant to IFRS 16

<sup>3)</sup> Operating income according to IFRS

<sup>4)</sup> Revenue Generating Unit

<sup>5)</sup> Average Revenue Per User

<sup>6)</sup> Average Revenue Per Line

## GROUP MANAGEMENT REPORT

In the financial year 2023, A1 Group increased its total revenues by 4.9%, driven primarily by higher service revenue in all markets except for an FX-driven decline in Belarus. The highest contributions came from Bulgaria, Austria and Croatia. Equipment revenues increased in all markets except for Austria.

Service revenues profited to a large extent from value-protection measures implemented in several markets throughout the year. Mobile service revenues rose by 3.8% on the back of value-protection measures and a strong mobile core business as well as the solid development of mobile WiFi routers. Revenues from fixed-line services increased by 5.1%, driven by growth in the solution and connectivity business as well as in retail fixed service revenues, more than outweighing the regulation-driven decline in interconnection revenues.

A1 Group's total costs and expenses increased by 5.1% in the reporting period. The equipment margin remained almost stable. As mentioned above, OPEX included positive one-off effects totalling around EUR 34 mn in the reporting period, all of them stemming from Austria. The major part was attributable to positive effects of in totalling around EUR 39 mn related to workforce costs. This resulted in a stable development of total workforce costs excluding restructuring which would otherwise have increased by around 4% in the reporting period due to inflation and collective bargaining agreements. Restructuring expenses increased by EUR 12 mn as explained above. Besides that, the rise in core OPEX was driven by an increase in electricity costs, network maintenance expenses and product-related costs such as licenses and software for sale, commissions, and content costs.

EBITDA rose by 4.7% to EUR 1.924 mn. Excluding the above-mentioned one-off effects and restructuring EBITDA increased by 3.4%. Additionally, adjusted for FX effects, operational EBITDA growth would have been 5.1% as solid growth in service revenues in all markets more than compensated for rising core OPEX.

The highest contributions in EBITDA growth came from Bulgaria, Croatia and Austria. Growth was also registered in the other markets except for Slovenia and the FX-driven decline in Belarus.

In 2023, A1 Group reported a financial result of EUR -90 mn (previous year: EUR -55 mn). The increase is due to the rise in interest rates for lease liabilities as well as higher interest on financial liabilities. Additionally, a negative effect from the devaluation of the Belarusian ruble is included. The income tax expense for the financial year 2023 amounted to EUR 175 mn (previous year: EUR 181 mn).

The net result in the financial year 2023 increased slightly to EUR 646 mn (2022: EUR 635 mn) as the increase in operating profit was almost entirely offset by the higher negative financial result.

	2023	2022	Δ
Earnings per share (in EUR)	0.97	0.95	1.8%
Dividend per share, paid (in EUR)	0.32	0.28	14.3%
Free cash flow per share (in EUR)	0.53	0.90	-40.8%
ROE	15.8%	18.9%	-3.1pp
Operating ROIC	12.9%	13.5%	-0.6pp

### Net assets and financial position

As of December 31, 2023, the balance sheet total increased by 14.5% to EUR 9,557 mn from EUR 8,345 mn as of December 31, 2022. The main driver, as described above under the section "Spin-off of the tower business EuroTeleSites AG," was the balance sheet-increasing effect from the spin-off of the towers due to the rights of use asset and the related liabilities.

Current assets increased mainly due to higher cash and cash equivalents and short-term investments. Non-current assets increased by EUR 1,100 mn, primarily due to higher right of use assets resulting from the spin-off. Goodwill decreased due to currency devaluation and the spin-off.

Current liabilities decreased due to lower current financial liabilities, as a EUR 300 mn bond was repaid and current loans decreased compared to the previous year. The increase in long-term liabilities is mainly due to higher lease liabilities resulting from the spin-off. In contrast, lower long-term financial debt resulted from the repayment of a loan in the amount of EUR 300 mn.

## Balance sheet structure

in EUR million	Dec 31, 2023	As % of the balance sheet total	Dec 31, 2022	As % of the balance sheet total
Current assets	1,545	16.2%	1,439	17.2%
Property, plant and equipment	3,029	31.7%	3,054	36.6%
Goodwill	1,089	11.4%	1,300	15.6%
Intangible assets, net	1,655	17.3%	1,608	19.3%
Other assets	2,239	23.4%	945	11.3%
<b>Total assets</b>	<b>9,557</b>	<b>100.0%</b>	<b>8,345</b>	<b>100.0%</b>
Current liabilities	-1,845	19.3%	-2,411	28.9%
Long-term debt	-748	7.8%	-1,047	12.5%
Lease liabilities long term	-1,672	17.5%	-522	6.3%
Employee benefit obligation	-187	2.0%	-172	2.1%
Non-current provisions	-423	4.4%	-518	6.2%
Other long-term liabilities	-81	0.8%	-84	1.0%
Stockholders' equity	-4,601	48.1%	-3,593	43.0%
<b>Liabilities and stockholders' equity</b>	<b>-9,557</b>	<b>100.0%</b>	<b>-8,345</b>	<b>100.0%</b>

## Cashflow

in EUR million	2023	2022	Δ
Net cash flow from operating activities	1,716	1,718	-0.1%
Net cash flow from investing activities	-64	-953	-93.3%
Net cash flow from financing activities	-600	-1,149	-47.8%
Adjustment to cash flows due to exchange rate fluctuations, net	-0	-0	n.m.
Cash transferred spin-off	-1,033	0	n.m.
<b>Net change in cash and cash equivalents</b>	<b>19</b>	<b>-385</b>	<b>n.m.</b>

In the financial year 2023, cash flow from operating activities remained stable at EUR 1,716 mn (previous year: EUR 1,718 mn), as a better operating performance offset the adverse changes in working capital. The latter worsened mainly due to lower accounts payable. Accounts receivable declined year-on-year, while other assets increased. On top, income tax paid also increased.

Cash flow from investing activities primarily reflected the spin-off transaction as well as higher capital expenditures.

Cash flow from financing activities improved compared to the same period last year, as inflows stemming from deleveraging activities in relation to the spin-off transaction outweighed the comparably higher amounts paid for leases and dividends.

## Net debt

in EUR million	Dec 31, 2023	Dec 31, 2022	Δ
Long-term debt	748	1,047	-28.6%
Lease liability long-term	1,672	522	220.5%
Short-term debt	60	822	-92.7%
Lease liability short-term	284	159	78.1%
Cash and cash equivalents	-169	-150	12.5%
Net debt (incl. leases)	2,595	2,400	8.1%
Net debt (incl. leases) / EBITDA	1.3x	1.3x	
Net debt (excl. leasing)	639	1,719	-62.8%
Net debt excl leasing / EBITDAaL	0.4x	1.0x	

In 2023, a major effect of the spin-off of the tower business into EuroTeleSites AG was the reduction of financial debt by around EUR 1 bn. The net debt excluding leases/EBITDAaL ratio decreased to 0.4x at the year-end 2023, compared to 1.0x at the end of 2022.

Net debt/EBITDA was 1.3x as of December 31, 2022 and increased to 1.4x after the spin-off, staying at 1.3x at December 31, 2023.

## Free cash flow

in EUR million	2023	2022	Δ
EBITDA	1,924	1,838	4.7%
Restructuring charges and cost of labor obligations	92	74	24.7%
Lease paid (principal, interest and prepayments)	-256	-182	40.5%
Income taxes paid	-180	-137	31.1%
Net interest paid	-32	-47	-31.4%
Change working capital and other charges	-14	91	n.m.
Capital expenditures	-1,093	-944	15.7%
Social plans new funded <sup>1)</sup>	-88	-88	-0.7%
<b>Free cash flow after social plans new</b>	<b>354</b>	<b>603</b>	<b>-41.4%</b>

<sup>1)</sup> Cost for social plans granted in the respective period

Free cash flow amounted to EUR 354 mn in the reporting period and was lower compared to the same period last year (EUR 603 mn). Main drivers include higher spectrum payments, increased amounts of leases paid as well as higher income taxes paid. On the other hand, improved operational performance could only mitigate previously mentioned effects.

## Capital expenditures ("CAPEX")

In the financial year 2023, total capital expenditures increased by 15.7% to EUR 1092.6 mn. Investments in frequency spectrum amounted to a total of EUR 133 mn, thereof EUR 111 mn (including interest) in Croatia and EUR 22 mn in Bulgaria (previous year: in total EUR 10 mn). Excluding spectrum, capital expenditures increased slightly by 2.6% to EUR 959.6 mn, with slight increases in Austria, Bulgaria, Croatia and Serbia while investments decreased in Belarus and Slovenia.

## Further tables

## A1 Group comparison of reported vs. pro forma figures

in EUR million	Reported	Reported		pro forma	pro forma	
	2023	2022	Δ in %	2023	2022	Δ in %
Total revenues	5,251	5,005	4.9%	5,245	4,996	5.0%
EBITDA	1,924	1,838	4.7%	1,939	1,856	4.5%
EBITDA after leases	1,671	1,657	0.9%	1,551	1,494	3.8%
EBIT	911	871	4.5%	846	805	5.1%
Net result	646	635	1.8%	557	563	-1.0%

## A1 Group underlying performance

in EUR million	Reported	Reported	Δ in %
	2023	2022	
<b>Total revenues</b>	<b>5,251</b>	<b>5,005</b>	<b>4.9%</b>
FX effects	77	n.m.	n.m.
One-off effects	0	0	0.0%
<b>Underlying performance</b>	<b>5,328</b>	<b>5,005</b>	<b>6.5%</b>
Group EBITDA	1,924	1,838	4.7%
FX effects	33	n.m.	n.m.
One-off effects	34	0	n.m.
Restructuring charges	85	73	16.4%
<b>Underlying performance</b>	<b>2,008</b>	<b>1,911</b>	<b>5.1%</b>

## Segment development

The A1 Group reports in seven business segments: Austria, Bulgaria, Croatia, Belarus, Slovenia, Serbia and North Macedonia. The "Holding & other, eliminations" segment mainly includes holding companies, the Group financing company, A1 Digital (whose business activities are focused on A1 Group's core markets as well as Germany and Switzerland) and consolidation effects.

### Total revenues (incl. other operating income)

in EUR million	2023	2022	Δ in %
Austria	2,798	2,752	1.7%
Bulgaria	750	640	17.1%
Croatia	525	470	11.6%
Belarus	442	461	-4.0%
Slovenia	242	223	8.8%
Serbia	382	357	7.3%
North Macedonia	152	141	7.2%
Corporate & other, eliminations	-39	-39	0.8%
<b>Total revenues (incl. other operating income)</b>	<b>5,251</b>	<b>5,005</b>	<b>4.9%</b>

### Service revenues

in EUR million	2023	2022	Δ in %
Austria	2,463	2,414	2.0%
Bulgaria	583	498	17.0%
Croatia	425	391	8.7%
Belarus	327	354	-7.8%
Slovenia	179	164	9.5%
Serbia	280	260	7.5%
North Macedonia	124	115	7.8%
Corporate & other, eliminations	-33	-33	1.1%
<b>Service revenues</b>	<b>4,348</b>	<b>4,164</b>	<b>4.4%</b>

### EBITDA

in EUR million	2023	2022	Δ in %
Austria	1,064	1,040	2.3%
Bulgaria	304	254	19.4%
Croatia	189	161	17.4%
Belarus	192	219	-12.3%
Slovenia	56	56	-0.2%
Serbia	127	115	10.2%
North Macedonia	48	44	8.5%
Corporate & other, eliminations	-55	-51	7.0%
<b>EBITDA</b>	<b>1,924</b>	<b>1,838</b>	<b>4.7%</b>
Restructuring charges	-85	-73	16.8%
<b>EBITDA before restructuring</b>	<b>2,009</b>	<b>1,911</b>	<b>5.1%</b>

## EBITDA after leases

in EUR million	2023	2022	Δ in %
Austria	936	957	-2.2%
Bulgaria	267	226	18.0%
Croatia	167	145	15.2%
Belarus	181	206	-12.2%
Slovenia	30	37	-17.9%
Serbia	105	99	5.3%
North Macedonia	41	38	6.4%
Corporate & other, eliminations	-56	-52	7.0%
<b>EBITDA after leases</b>	<b>1,671</b>	<b>1,657</b>	<b>0.9%</b>

## EBIT

in EUR million	2023	2022	Δ in %
Austria	493	495	-0.5%
Bulgaria	181	136	33.8%
Croatia	89	66	34.4%
Belarus	139	150	-7.8%
Slovenia	-5	4	-244.7%
Serbia	59	58	2.3%
North Macedonia	15	18	-14.7%
Corporate & other, eliminations	-60	-55	8.2%
<b>EBIT</b>	<b>911</b>	<b>871</b>	<b>4.5%</b>

## Capital expenditures ("CAPEX")

in EUR million	2023	2022	Δ in %
Austria	590	572	3.1%
Bulgaria	137	108	27.3%
Croatia	206	84	144.2%
Belarus	25	39	-34.5%
Slovenia	40	46	-13.5%
Serbia	57	52	10.6%
North Macedonia	31	38	-18.7%
Corporate & other, eliminations	7	6	12.6%
<b>CAPEX</b>	<b>1,093</b>	<b>944</b>	<b>15.7%</b>

## ARPU

in EUR	2023	2022	Δ abs	Δ in %
Austria	17.3	16.8	0.5	3.2%
Bulgaria	7.6	7.0	0.6	8.7%
Croatia	11.5	10.9	0.7	6.0%
Belarus	4.3	4.8	-0.5	-10.3%
Slovenia	15.0	13.9	1.2	8.4%
Serbia	9.0	8.4	0.6	7.1%
North Macedonia	7.2	6.7	0.4	6.7%
<b>Group ARPU</b>	<b>8.2</b>	<b>8.4</b>	<b>-0.1</b>	<b>-1.4%</b>

GROUP MANAGEMENT REPORT

ARPL

in EUR	2023	2022	Δ abs	Δ in %
Austria	35.8	33.9	1.8	5.4%
Bulgaria	16.7	15.7	1.0	6.5%
Croatia	31.0	30.8	0.2	0.6%
Belarus	7.4	7.8	-0.4	-5.0%
Slovenia	32.9	31.1	1.8	5.8%
Serbia	n.a.	n.a.	n.a.	n.a.
North Macedonia	11.4	11.1	0.3	2.3%
<b>Group ARPL</b>	<b>26.3</b>	<b>25.8</b>	<b>0.5</b>	<b>1.9%</b>

ARPL-relevant revenues (in EUR million)	2023	2022	Δ abs	Δ in %
Austria	709	709	-0	-0.0%
Bulgaria	124	110	14	12.6%
Croatia	116	108	8	7.0%
Belarus	44	41	4	8.9%
Slovenia	40	37	3	7.3%
Serbia	n.a.	n.a.	n.a.	n.a.
North Macedonia	22	21	1	3.1%

## Segment Austria

in EUR million	2023	2022	Δ
Total revenues	2,798	2,752	1.7%
Service revenues	2,463	2,414	2.0%
Equipment revenues	285	286	-0.7%
Other operating income	50	52	-3.4%
Wireless revenues	1,287	1,248	3.1%
Service revenues	1,070	1,032	3.7%
Equipment revenues	217	217	0.0%
Wireline revenues	1,461	1,452	0.6%
Service revenues	1,393	1,382	0.8%
Equipment revenues	68	70	-2.8%
EBITDA	1,064	1,040	2.3%
EBITDA margin	38.0%	37.8%	0,2pp
EBITDAaL	936	957	-2.2%
EBITDAaL margin	33.4%	34.8%	-1.3pp
EBIT	493	495	-0.5%
EBIT margin	17.6%	18.0%	-0,4pp
<b>Customer indicators</b> (thousand)	<b>Dec 31, 2023</b>	<b>Dec 31, 2022</b>	<b>Δ</b>
Mobile subscribers	5,127	5,157	-0.6%
RGUs	2,847	2,946	-3.4%
	2023	2022	Δ
ARPU (in EUR)	17.3	16.8	3.2%
Mobile churn	1.2%	1.1%	-0.1pp

The segment Austria accounted for 53% of A1 Group's revenues.

Market dynamics in Austria remained mostly stable on the mobile market throughout 2023, while competition on the fixed-line market remained strong.

On the mobile market, mobile network operators focused on the provision of attractive 5G tariffs. A1 has integrated 5G into all premium brand tariffs since November 2022. Following the scarcity of high-value handsets in the previous reporting year, a certain trend towards SIM-only offers continued in 2023, too. However, availability of high-value handsets improved versus last year. At the same time, customers are using their devices for a longer period. In this context, A1 in Austria reduced its subsidies on mobile handsets in 2023 compared to last year.

In the fixed-line business, demand for higher-bandwidth products continued to be high in the reporting year, driven by digitization and the necessity of reliable internet connections. In this context, A1 continued its accelerated fiber roll-out and monetization of existing infrastructure. Competition in the fixed-line market however remained intense in the reporting year. A1 focused on providing attractive product bundles, for example by including Netflix in broadband offerings.

The number of total mobile subscribers decreased slightly by 0.6% as the increase in high-value tariffs and slower growth in mobile WiFi routers could not offset the decline in voice-only tariffs. The number of RGUs in Austria decreased, as losses in basic broadband and voice RGUs were higher than the solid gains in advanced broadband RGUs.

The Internet@Home business, comprising pure fixed-line broadband, hybrid modems, and mobile WiFi routers, declined slightly (-1.1%) as the higher number of mobile WiFi routers could not fully compensate for the decline in broadband RGUs, the latter being driven by low-bandwidth RGUs.

The solution and connectivity business continued to grow and benefited from a favorable development of the IT and security business.

## GROUP MANAGEMENT REPORT

Total revenues increased by 1.7% in the full year 2023, thanks to the increase in service revenues which benefitted heavily from value-protection measures effective as of April 2023. Equipment revenues decreased slightly.

The increase in service revenues was largely driven by a solid growth in the retail mobile business.

In total, mobile service revenues rose by 3.7% driven by growth in the retail mobile service revenues, more than offsetting the regulation-driven losses in interconnection revenues. Retail mobile service revenues profited from value-protection measures as well as solid demand for high value tariffs and a sound development of mobile WiFi routers. Overall, this resulted in an increase in ARPU.

Fixed-line service revenues grew by 0.8% as growth in the solutions and connectivity business more than offset a regulation-driven decline in interconnection revenues. Retail fixed-line service revenues were stable, as positive effects from value-protection measures and upselling efforts to high-bandwidth products, offset losses in low-bandwidth and voice RGUs. At the same time, that also drove ARPL higher.

Core OPEX rose, above all driven by increased electricity costs, while product-related costs and network maintenance costs were also higher. Workforce costs decreased on the back of total positive extraordinary effects in the amount of around EUR 39 mn, stemming from the revaluation of provisions in both Q3 and Q4. Operationally, workforce costs rose in connection with the increase in inflation and collective bargaining agreements while the number of FTEs decreased. Costs and expenses included another one-off effect in the amount of negative EUR 5 mn.

Restructuring expenses amounted to EUR 85 mn in the reporting period versus EUR 73 mn in the previous period.

Altogether, the increase in service revenues, higher core OPEX and a better equipment margin led to EBITDA improvement of 2.3% in a year-on-year comparison.

Excluding restructuring, which included unfavorable fluctuations, as well as one-off effects in the total amount of EUR 34 mn, operationally, EBITDA remained stable (+0.2%).

Depreciation and amortization expenses increased, which, together with the growth in EBITDA, resulted in a stable operating profit (-0,5%) in the financial year 2023 compared to the same period last year.

## International segments

in EUR million	2023	2022	Δ
Total revenues	2,485	2,286	8.7%
Service revenues	1,911	1,778	7.5%
Equipment revenues	526	465	13.1%
Other operating income	47	43	9.8%
Wireless revenues	1,821	1,732	5.1%
Service revenues	1,368	1,315	4.0%
Equipment revenues	453	417	8.7%
Wireline revenues	616	511	20.5%
Service revenues	543	463	17.4%
Equipment revenues	73	48	51.1%
EBITDA	915	849	7.8%
EBITDA margin	36.8%	37.2%	-0.4pp
EBITDAaL	791	752	5.2%
EBITDAaL margin	31.8%	32.9%	-0.8pp
EBIT	478	432	10.8%
EBIT margin	19.3%	18.9%	0.4pp
<b>Customer indicators</b> (thousand)	<b>Dec 31, 2023</b>	<b>Dec 31, 2022</b>	
Mobile subscribers	15,011	14,924	0.6%
RGUs	3,423	3,258	5.1%
	2023	2022	Δ
Mobile churn	1.7%	1.7%	0.0pp

In financial year 2023, the revenue-wise largest international segment was Bulgaria accounting for 14% of Group revenues, followed by Croatia (10%) and Belarus (8%). All international segments posted growth in service revenues in local currency terms with the highest growth rates in Bulgaria and Croatia. EBITDA grew in all markets except for the FX-driven decline in Belarus and a slight decline in Slovenia.

### Segment Bulgaria

in EUR million	2023	2022	Δ
Total revenues	750	640	17.1%
Service revenues	583	498	17.0%
EBITDA	304	254	19.4%
EBITDA margin	40.5%	39.7%	0.8pp

In 2023, A1 Bulgaria registered the highest revenue number in its history and delivered double-digit revenue and EBITDA growth due to favorable local market dynamics, the presence of a robust A1 brand, and meticulous execution of the strategy in both the mobile and fixed-line business. In the mobile business, A1 Bulgaria successfully leveraged its expanded 5G network, encouraging customers to upgrade to higher-value tariffs in both the mobile core and mobile broadband segment. In the fixed-line business, A1 Bulgaria continued to capitalize on the robust demand for high-bandwidth products and offering of additional TV content. These efforts played a crucial role in executing the convergence strategy and acquiring new customers throughout the year. On top, the solution and connectivity business continued to grow on the back of strong demand for IT cybersecurity solutions. The business also profited from the acquisition of STEM0 in 2022, one of the largest ICT companies in the country.

Revenues increased by 17.1% in the financial year 2023, driven by growth in both service and equipment revenues. Both were positively impacted by the expansion of the ICT business. Additionally, service revenues profited from the strong development of both the mobile and the retail fixed-line business.

The growth in mobile service revenues was driven by the above-mentioned successful upselling measures as well as the value-protection measures implemented in March 2023, altogether resulting in an ARPU increase year-on-year.

Fixed-line service revenues increased as result of the above-mentioned strong demand for higher Internet speeds, attractive TV content and a higher number of broadband and TV RGUs. Additionally, results profited from value-protection measures. As a result, ARPL also increased.

Overall, the increase in service revenues translated into EBITDA growth of 19.4%. The costs and expenses increased compared to last year mostly triggered by higher costs for equipment and licenses and software for resale, both in line with ICT revenue growth. In addition, higher workforce costs, TV content costs and sales commissions also contributed to the increase in operating costs. Depreciation and amortization was stable, and the operating income showed strong growth of 33.8%.

### Segment Croatia

in EUR million	2023	2022	Δ
Total revenues	525	470	11.6%
Service revenues	425	391	8.7%
EBITDA	189	161	17.4%
EBITDA margin	36.0%	34.2%	1.8pp

In 2023, the competitive environment on the mobile and fixed-line market in Croatia remained dynamic, with attractive offerings from all operators. In the mobile business, A1 Croatia focused on a new product portfolio launch with integrated new services, gaining customers with attractive handset offers, increasing ARPU and protecting the existing customer base from aggressive competitors' activities through customized and personalized offers.

In the fixed-line business, A1 Croatia is leveraging its increased broadband coverage after significant fiber investments starting in the previous reporting year. Attractive TV and advanced broadband bundles played an important role in successful customer acquisition throughout the year. A new tariff portfolio with extended convergent offers was introduced on the market. At the same time, customer retention measures included service improvements via proactive technology migrations and speed upgrades. Additionally, there is a noticeable growth in revenue from ICT services and new business activities.

Intensive cost transformation programs are in place to help overcome the impacts of inflation in Croatia. At the same time, A1 Croatia invested in the accelerated rollout and modernization of the fixed-line and mobile network. As mentioned above, in 2023 A1 Croatia acquired spectrum in a public auction for a total of EUR 111 mn.

A1 Croatia was able to increase both the number of mobile subscriber and the total number of RGUs. Significant growth was recorded in advanced broadband RGUs, in particular.

Total revenues rose by 11.6% in 2023 in a year-on-year comparison, driven mainly by mobile service revenue growth. Retail fixed-line service revenues, the solutions and connectivity business and equipment revenues also registered growth. The growth in mobile service revenues and ARPU was related to a higher subscriber base and value-protection measures implemented in July 2023.

Fixed-line service revenues profited from increased retail fixed-line revenues resulting from the higher RGU base and value-protection measures, driving growth in ARPL.

EBITDA increased by 17.4% in the year under review, benefitting from the performance of service revenues, which more than compensated for higher costs and expenses. The core OPEX increase was attributable to higher electricity, product-related and workforce costs.

Depreciation and amortization expenses increased in the period under review but together with strong EBITDA growth, led to a 34.4% increase in the operating result year-on-year.

## Segment Belarus

in EUR million	2023	2022	Δ
Total revenues	442	461	-4.0%
Service revenues	327	354	-7.8%
EBITDA	192	219	-12.3%
EBITDA margin	43.4%	47.5%	-4.1pp
in BYN million	2023	2022	Δ
Total revenues	1,439	1,277	12.7%
Service revenues	1,063	982	8.3%
EBITDA	624	606	3.0%
EBITDA margin	43.4%	47.5%	-4.1pp

The geopolitical and economic situation in Belarus continued to weigh significantly on the overall business environment and A1 Belarus still faces several challenges. The supply chain with key vendors has been interrupted since 2022 and A1 Belarus re-established deliveries under the new sanction framework and telco exception rules. Despite persisting supply chain pressure, operational results were solid in 2023.

On top, several industry-wide regulatory measures were imposed by the government in May 2022, such as an additional advertising tax, a state-broadcast channel fee increase, a reduced renewable energy sales multiplier and a subsequent renewable energy procurement stop. While in a year-on-year comparison the effects of these measures diminished in 2023, they continued to put pressure on operating expenses and to a lesser extent on revenues.

Additionally, a highly restrictive price policy aimed at addressing inflation, continued to restrict A1's ability to adjust prices.

In the reporting period, the Belarusian ruble experienced a depreciation of 17.6% against the euro by the end of the full year 2023 and a 14.9% decrease on a year-on-year period-average basis. Inflation slowed down throughout the year and concluded at 5.8% by the end of 2023.

In this challenging environment, A1 Belarus adhered to focused cross-selling and upselling, generating efficient growth by utilizing its convergent offer advantage and revamping the mobile portfolio with a more-for-more principle. In the fixed-line business, demand for high-broadband Internet products and convergent offers that included TV content remained high.

Due to negative FX effects of EUR 77 mn, total revenues declined by 4.0% in euro terms, while they rose by 12.7% on a local currency basis due to higher service revenues as well as increased equipment revenues. Mobile service revenues grew in local currency on the back of upselling measures, also causing ARPU to increase in the year under review. Fixed-line service revenues increased in local currency, driven by retail fixed line service revenues due to successful upselling of customers to higher speeds and convergent offers and TV bundles. Also, growing ICT provided additional boost to the revenues.

While the equipment margin remained almost flat, operating expenses rose due to higher capacity-driven corporate network and workforce costs. While higher content costs were driven by FX-effects, workforce costs increased due to both FX and inflation-linked wage increases.

On a local currency basis, EBITDA increased by 3.0%, as higher service revenues more than outweighed increased cost and expenses. In euro terms, EBITDA declined by 12.3% and included a negative FX effect of EUR 34 mn.

The operating result increased by 8.3% in local currency terms but declined by 7.8% in euro terms.

**Segment Slovenia**

in EUR million	2023	2022	Δ
Total revenues	242	223	8.8%
Service revenues	179	164	9.5%
EBITDA	56	56	-0.2%
EBITDA margin	23.1%	25.2%	-2.1pp

In 2023, competition in Slovenia remained intense. Both in the mobile and fixed-line market competitors provided aggressive offers with heavy discounts. The number of mobile customers declined only slightly as the higher demand for mobile WiFi-routers mitigated some of the losses in the mobile core business. In the fixed-line business, RGUs declined driven by both voice and broadband RGUs.

Nevertheless, in this challenging environment, total revenues rose by 8.8%, driven by the increase in service revenues and to a small extent by rising equipment revenues. Interconnection revenues were the main driver for the growth and profited from SMS interconnection which started in September 2022. The retail mobile business grew thanks to price increases, while the solution and connectivity business and retail fixed-line business also rose.

Despite solid revenue growth, EBITDA was almost stable (-0.2%) in the period under review. The above-mentioned top line growth could not compensate for the rise in electricity and workforce costs as well as higher content and product-related costs. Depreciation and amortization expenses increased, altogether resulting in a decline in the operating result in the year under review.

**Segment Serbia**

in EUR million	2023	2022	Δ
Total revenues	382	357	7.3%
Service revenues	280	260	7.5%
EBITDA	127	115	10.2%
EBITDA margin	33.2%	32.3%	0.9pp

In 2023, market conditions in Serbia, where A1 Serbia is present as a mobile network only operator, remained unchanged. The market continued to show signs of maturity with a rising share of mobile contract offers in portfolios and stronger demand for higher data allowances. A1 Serbia profited from upselling measures, especially from pure voice products to tariffs with data allowance and additional services. In this context, the company leverages the high demand for broadband and pay-TV, higher data consumption, and increasing demand for the refreshed product portfolio and ICT as well as cyber security products.

Total revenues increased by 7.3% on the back of solid growth in both service and equipment revenues. Mobile service revenues rose following customer acquisitions and upselling to higher tariffs, resulting in increased ARPU, compared to the same period last year. Together with an improved equipment margin, the service revenue growth translated into EBITDA growth of 10.2%. Core OPEX came in higher mainly due to higher workforce and electricity costs. Depreciation and amortization expenses increased but the operating result still rose by 2.3% year-on-year.

**Segment North Macedonia**

in EUR million	2023	2022	Δ
Total revenues	152	141	7.2%
Service revenues	124	115	7.8%
EBITDA	48	44	8.5%
EBITDA margin	31.7%	31.3%	0.4pp

In 2023, telecom operators in North Macedonia prioritized on the provision of attractive high-value 5G tariffs with a focus on quality. Additionally, A1 Macedonia aimed at unlocking value from ICT services as well as by providing attractive hardware.

Total revenues increased by 7.2% driven by growth in mobile service revenues, while equipment and fixed-line service revenues also rose. Mobile service revenues grew on the back of a solid core business as well as the good performance of mobile WiFi routers. Fixed-line service revenues rose supported by successful customer upselling to higher Internet speeds, but also due to the improved solutions and connectivity business. Core OPEX mainly increased due to higher workforce costs. Despite a lower equipment margin, EBITDA rose by 8.5%. EBIT declined by 14.7% in the reporting period due to higher depreciation and amortization expenses.

## Outlook for financial year 2024

In the financial year 2024, A1 Group expects to achieve revenue growth of 3-4 %, mainly stemming from an increase in service revenues. Both the international markets and Austria are expected to contribute to this growth. As in the financial year 2023, the main growth drivers are value-securing measures, upselling in the retail business, and a strong development of the solutions business. A further decline in voice business and international wholesale business in Austria as well as lower interconnection revenues due to intra-EU interconnection regulation will have a dampening effect on growth.

The Belarusian ruble depreciated by 15% on average in 2023 putting pressure on revenue and EBITDA growth. The currency is also expected to depreciate against the euro in 2024.

On the cost side, management assumes workforce and electricity costs to be the main drivers for cost increases, while costs related to revenue growth, such as for content or licenses, are also expected to rise. To counter cost increases, A1 Group will foster efficiency projects and transformational initiatives.

Management expects CAPEX before investments in spectrum to be around EUR 800 mn in the financial year 2024. A1 Group will continue its commitment to fiber roll-out as well as to further expansion of its 5G networks both in Austria and internationally. In 2024, the temporary decrease in CAPEX before spectrum versus the financial year 2023 is due to reductions both in Austria and internationally. The main drivers are a reassessment of non-critical projects, lower CAPEX compared to 2023 because of the tower spin-off, as well as less CAPEX for fiber roll-out in CEE after higher investments in the financial year 2023. The investments into fiber in Austria will remain roughly on the prior year's level.

In terms of spectrum, tenders are expected in Austria (3.5 GHz, 26 GHz), Bulgaria (renewal of spectrum: 900 MHz, 1800 MHz), Serbia (700 MHz, 2.6 GHz, 3.5 GHz) and Slovenia (local licenses in 2.3 GHz, 3.5 GHz). This list of tenders neither claims to be exhaustive nor does it allow any conclusions to be drawn regarding the actual implementation of these auctions or A1's intention to participate in the tenders listed. A1 Group does not comment on this matter.

The Management Board plans to propose a dividend of EUR 0.36 (2022: EUR 0.32) per share to the Annual General Meeting, subject to the approval of the Supervisory Board.

## Risk and opportunity management

### Principles and organization

A1 Group pursues a systematic risk management system in which opportunities and risks are analyzed and evaluated, and measures to avoid and eliminate risks are implemented and improved on an ongoing basis.

A1 Group operates as a telecommunications company in Austria and six other countries and is also active in Germany and Switzerland via its A1 digital entity. Thus, A1 Group benefits from geographical diversification. To address the respective market-specific risks directly, local risk management falls under the responsibility of the operating units, while the holding company is responsible for central management. Company-wide risk management is carried out by Enterprise Risk Management (ERM), which is structurally independent of the business areas and is the responsibility of the Group CFO. Enterprise Risk Management reports at least annually and on an ad-hoc basis to the Management Board, which in turn reports relevant developments to the Audit Committee of the Supervisory Board or directly to the Supervisory Board. The effectiveness of the risk management system is reviewed internally by Internal Audit and annually by A1 Group's auditor and reported to the Management Board and the Supervisory Board.

### Methods

Strategic discussions with the Supervisory Board form the starting point for A1 Group's Enterprise Risk Management (ERM). The Management Board presents strategic risks, their relevance to A1 Group and corresponding countermeasures. At the same time, planning assumptions are presented, including the strategic orientation for the coming business plan period and planned measures for realizing opportunities. In the business plan, expectations of business success, necessary costs and investments are mapped and the risks assumed in relation to overarching objectives are evaluated in terms of both growth and expenditure.

The risk management system is divided into the following four risk categories:

- (1) Strategic risks
- (2) ESG risks
- (3) Financial risks, and
- (4) Operational risks

Based on the budget or forecast, Enterprise Risk Management identifies and analyzes risks and opportunities together with the respective specialist departments. Risk assessment is carried out systematically, iteratively and collaboratively using the knowledge, experience and views of the parties involved. Emerging risks are also considered. These are new, long-term risks whose potential threat is difficult to assess due to the high level of uncertainty.

Once the risks and opportunities have been identified and assessed, the risks are aggregated and simulated in order to present the company's overall risk position in relation to the planned budget. Risks and opportunities are updated and reassessed at least once a year in Group Enterprise Risk Management.

Effective risk management also requires the development and implementation of effective measures to identify opportunities and reduce risks. These measures include risk assessments with the specialist departments and monthly performance calls between the Group and the local company, based on leadership meetings of the extended Management Board of the companies. Critical deviations from the targets set are analyzed, as is the effectiveness of the countermeasures taken. Once the risks have been prioritized, the greatest risks are examined in order to plan further targeted measures. In addition to regular management meetings and strategic discussions, A1 Group has a multi-year plan. The close integration of the multi-year plan with risk management ensures adequate longer-term risk management.

### Risks and opportunities

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

#### (1) Strategic risks and opportunities

##### Macroeconomics, geopolitics and regulation

On the one hand, macroeconomic risks and opportunities arise from economic developments in the markets in which A1 Group operates and their knock-on effects (for example, a sharp rise in inflation affects interest rate levels, exchange rates and, ultimately, demand). On the other hand, economic policy conflicts can have a direct or indirect impact (such as punitive tariffs, delivery stops, production bottlenecks). While macroeconomic developments are easier to forecast and assess, trade policy decisions are more difficult to predict.

In the context of the conflict in Ukraine, the situation in Belarus continues to be monitored in order to mitigate risks in the best possible way. The A1 Group's sanctions management ensures the supply of goods and services exempt from sanctions. Risk management also places a special focus on the impact of sanctions on A1 Belarus' cash flow and ability to pay dividends. The established procedures are applied for the duration of the conflict.

Due to the conflict in the Middle East that flared up in October 2023, an ad hoc risk analysis was carried out in the year under review. Assumptions about macroeconomic developments in connection with the Middle East conflict are still vague, as it is not possible to predict how long the conflict will last, how intense it could become and whether it will spread to other countries. Inflation (particularly in Austria) remained at a high level in the year under review, which entails a number of risks. Price increases due to inflation-related indexation of tariffs on the one hand and lower real income and wealth on the other may lead to a decline in demand. Cost items such as energy are still affected in the current planning horizon. The shortage of energy supply combined with the way prices are set has led to excessive price increases here, which even telecommunications companies cannot compensate for without stepping up countermeasures.

In the current reporting period, regulatory risks (focused on telecommunications) are only region-specific. Since May 15, 2019, retail charges charged to consumers for regulated intra-EU communications may not exceed EUR 0.19 per minute for calls and EUR 0.06 per text message (fees excluding VAT in each case). Regardless of this obligation, it is possible to offer consumers an explicit choice of alternative tariffs. Although the period of validity of this regulatory EU pricing requirement (Article 5a of the EU Regulation) ends on May 14, 2024, it is currently not expected that this requirement will disappear without replacement. Based on current developments, the existing price regime is likely to be extended for the time being.

### Market and competition

Due to the frequency and aggressiveness of offers, volume growth in data services does not necessarily lead to rising revenue, particularly in the case of mobile communications. While these data volumes can be handled more efficiently with new technologies, there is a risk for A1 Group that new technologies will be marketed without a premium and that higher transmission rates, quality and lower latency will also not lead to an adequate increase in revenue.

### Supply chain and suppliers

As a company with numerous suppliers, A1 Group is potentially exposed to supply bottlenecks. As far as possible, these are mitigated with the help of a multi-vendor strategy and georedundant sourcing. Where goods are scarce, A1 Group improves its attractiveness with suppliers through long-term purchase guarantees or increases inventories to bridge delivery shortfalls. As a result of the spin-off of the mobile tower business, EuroTeleSites AG has become a central supplier to A1 Group. Due to the indefinite contracts, coupled with long-term non-termination clauses on the part of EuroTeleSites, the utilization of the mobile towers for the A1 Group is secured for the long term. Therefore, the associated risk is limited. (Details can be found in "Spin-off of the "EuroTeleSites AG" ("EuroTeleSites") tower business").

### New growth areas

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

### Budget and business plan risks

The business plan reflects the assessment of the planning assumptions and incorporates external effects as much as possible. High inflation and its economic impact on companies and households represent a risk for 2024 and subsequent years. This was discussed with the country organizations in the planning process and mapped in risk management in the macroeconomic risks category. Budgetary risks primarily relate to targets for further increasing cost, investment and human resource efficiency that have not yet been consistently backed up with measures. Opportunities in 2024 include the mitigation of energy costs. This is mainly achievable by lowering energy consumption, such as through the modernization of equipment (e.g., Radio Access Network [RAN]) and infrastructure, or through the increased use of electricity from renewable sources.

### Public image

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

## (2) ESG risks and opportunities

ESG (Environmental, Social and Governance) risks represent another category of ERM. It is necessary to comply with the relevant legal requirements and to survey and assess the corporate risks in relation to the sustainability strategy. A1 Group updated the climate scenario analysis in the 2023 financial year. This involved reassessing the impact of extreme scenarios (outlier scenarios) on the business model. Other topics already considered on an ongoing basis include digitalization, diversity, labor shortages, compliance, and data protection risks. The company addresses relevant topics in terms of risk potential and avoidance from both an internal and external perspective. The ESG risks and opportunities are described in detail in the Consolidated Non-Financial Report.

### Environmental (E) – environmental risks and opportunities

Climate change can give rise to physical and transition risks for A1 Group (natural events triggered by heavy rainfall such as flooding and mudslides, rising carbon prices, rising electricity prices). For this reason, A1 Group has carried out a climate scenario analysis. One scenario assumed global warming of 1.5 °C and a comparative scenario that anticipated a temperature increase of 4 °C. At the same time, different time periods were analyzed in both scenarios. While no significant differences were found in the short- and medium-term assessments, the long-term comparison (up to 30 years) revealed larger differences in

terms of the financial impact as expected. The year 2022 was used as the base year in each case. By their nature, differences over a long period of time are subject to greater uncertainty. It can be assumed, given the increasing attention on this issue, that further mitigation measures will be initiated depending on actual developments. Regardless, A1 Group is actively engaged in climate protection and is monitoring regional developments in order to be able to initiate measures to protect its infrastructure if necessary. The impact on finances and service availability of this risk category has been marginal in recent years. The climate scenario analysis does not result in any changes relevant to the valuation.

### **Social (S) – social risks and opportunities**

The "Social" category includes risks and opportunities related to social, employee, and human rights issues. This includes risks and opportunities such as the social impact of Internet use and media consumption, access to information and education and cybercriminality or labor shortages.

#### **Social impact of Internet use and media consumption**

Access to information and education as well as promoting the use of digital media is seen as having a positive impact on society, as the safe and competent use of new media has now permeated all areas of life, including education, work, and leisure. As a network and Internet provider, A1 Group plays a key role in this and meets its social responsibility towards its customers by helping to teach digital skills. However, besides bringing benefits for society, increasing digitalization also poses risks such as excessive use, loneliness, cyber-bullying and cyber-crime. Children, young people and senior citizens are particularly affected by this due to a lack of experience and education. A1 Group is therefore committed to measures such as offering training and education for vulnerable groups in order to contain or prevent such risks. A1 Group also sees this as an opportunity to strengthen its reputation.

#### **Labor shortage**

Although A1 Group does not see an acute risk due to numerous measures, a potential labor shortage could pose a challenge in the long term and result in higher costs and a loss of revenue. Furthermore, the workload for employees could increase, which would reduce employee well-being, satisfaction and commitment.

### **Governance (G) – risks and opportunities**

Governance risks and opportunities include topics such as compliance, sanctions and data protection.

#### **Compliance**

Compliance risks include legal, financial and reputational risks for A1 Group arising from possible violations of laws, regulations or internal guidelines by a manager, employee or representative of the company. As part of the annual compliance risk assessment process – a key element of A1 Group's compliance management system – relevant compliance risks are identified on the basis of structured management interviews and workshops, and risk-minimizing measures are defined. BDO issued a clean audit opinion for the design, implementation and effectiveness of the A1 Group Compliance Management System in the areas of anti-corruption, anti-trust, sanctions and capital markets compliance, according to the new IDW PS 980 standard.

#### **Sanctions**

One risk associated with sanctions is non-compliance. This can result in financial penalties, jeopardize contracts with suppliers, customers and banks, and lead to reputational damage. A1 Group's established process for reviewing sanctions in accordance with a risk-based approach ensures compliance and thus minimizes the likelihood of this risk occurring.

#### **Data protection**

A1 Group's products and services are subject to data protection and data security risks. This relates primarily to the unlawful handling of data. Possible violations of the EU General Data Protection Regulation (GDPR), which has been in force since May 2018, can result in significant legal and financial risks. To minimize risks, A1 Group has been implementing the EU General Data Protection Regulation in interdisciplinary projects since the beginning of 2016. Continuous investment in data protection and security measures helps to keep risks as low as possible. In addition to the implementation of guidelines that ensure compliance with legal requirements, certifications and regular training and courses are carried out in the area of data protection. Work is also being done to achieve the targets set out in the data protection maturity model. All A1 Group companies are committed to complying with the highest data protection and data security standards.

### (3) Financial risks and opportunities

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

#### Liquidity risk

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

#### Credit risk

As in 2022, one focal point in the year under review was on invoice and receivables management. In light of the expiry of government support payments for companies in 2022, open invoices will continue to be monitored with increased attention. If customers change their payment behavior, A1 Group anticipates customer liquidity so that effective and efficient countermeasures can be taken if necessary.

#### Exchange rate risks

A1 Group is exposed to exchange rate risks in Belarus, Serbia and Macedonia. A1 Group takes appropriate countermeasures depending on the volume and fluctuation margins of foreign currency risks. Mitigation measures include, where possible, the conclusion of contracts in local currency. Furthermore, Belarus distributes advance dividends based on the results of the current financial year. Additionally, exchange rate developments, when possible and justifiable, are passed on to customers.

#### Interest rate risk

Due to the sustained high level of inflation, the risk of high interest rates remains. However, the risks are considered low in view of the spin-off of the tower business in September 2023 and the debt transferred in this context. The positive development of A1 Group's credit rating - an A rating from all three rating agencies - reflects this favorable situation.

#### Tax risks

In order to identify tax risks and take any necessary action, the Group tax department conducts a quarterly internal tax review with all national companies. The report to the Group tax department on the external review carried out in the fourth quarter states that there are no material issues relating to tax risks in 2023.

#### Financial reporting

A tight network of SOX (U.S. Sarbanes-Oxley Act) controls, results analyses, monthly senior management discussions of results and, separately, a results discussion between the Chief Financial Officers and the Group CFO minimize the risk of material misreporting.

### (4) Operational risks and opportunities

This category covers the following focus areas:

#### Availability and continuity

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

## IT changes and digital transformation

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

## Cyber security

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

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

## Litigation

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

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

On January 19 and 25, 2024, the Austrian subsidiary A1 Telekom Austria received a lawsuit from the Austrian Federal Chamber of Labor (Bundesarbeitskammer) according to Sections 28 and 28a of the Consumer Protection Act (Konsumentenschutzgesetz) and Section 14 of the Act against Unfair Competition (Gesetz gegen unlauteren Wettbewerb) which shall prevent the charging of service flat rates and which demand the repayment of the service flat rates charged. A1 Group has a different legal opinion and considers the service flat rates in accordance with the law. This is also confirmed by an external legal opinion by a renowned university professor. A1 Group is of the opinion that the situation with respect to the service flat rates cannot be compared basically to the fitness studio judicature referred to in the lawsuit, as the service flat rates contain indeed services of value exceeding the basic contractual relationship. Since 2011, the regulatory authority for telecommunications has checked preliminarily and regularly the service flat rate regulations without complaint. Furthermore, there are special legal regulations in the telecommunications industry, also due to European law, that allow the charging of different fees. Thus, no provision was recognized for these lawsuits at December 31, 2023.

## Material damage

Damage to infrastructure can be caused by various reasons and result in business interruptions and/or financial losses. The risk of financial losses is largely covered by insurance.

## Emerging risks

Every company is faced with a number of uncertain situations where an emerging risk can potentially have an impact on operations. In the case of new or foreseeable long-term risks ("emerging risks"), there is generally not enough information available to assess the probability and speed of occurrence and the impact of the risk. As a result, A1 Group may not be able to determine a complete risk mitigation plan until a better understanding of the threat is available. A1 Group identifies emerging risk trends by referring to an analysis of the external environment and internal sources. Risks are assessed over different time periods to ensure an appropriate focus on these emerging risks.

Among the main emerging risks, A1 Group sees risks in connection with the use of artificial intelligence as well as the EU Supply Chain Law.

## Artificial intelligence

The use of artificial intelligence or machine learning not only brings considerable opportunities, but also entails risks in connection with guidelines and regulations. Existing regulations in the areas of data protection, intellectual property protection and cyber security are coming up against new regulations that are being created for artificial intelligence. In harmonizing these regulations, there is a risk that investments made may not yet meet all future requirements; conversely, delayed adjustment would mean a competitive disadvantage. In both cases, the risk would be reflected in a possible decline in cash flow, whether due to higher investments or the delayed exploitation of opportunities. In terms of risk mitigation, A1 Group pursues a path of ongoing improvement in areas such as data protection and security and integrates ethical principles into development in order to anticipate compliance with future regulations.

## EU Supply Chain Law (Corporate Sustainability Due Diligence Directive)

As the requirements in connection with the EU Supply Chain Law adopted in principle at the end of 2023 remain unclear, it is not yet known whether the activities already in place will be sufficient or whether further measures will be necessary. Failure to comply with the legislation could result in fines or damage to the company's image, which could have a negative impact on its attractiveness as a supplier and customer loyalty. The measures taken by A1 Group to mitigate this risk range from the continuation of the suppliers' compliance self-declaration through to audits, participation in corresponding external ratings and the creation of transparency at level three of the supply chain. As soon as the exact details are known, further measures will be taken to close any gaps.

## Internal control system for financial reporting

Telekom Austria Aktiengesellschaft has an internal control system (ICS) for financial reporting in accordance with the applicable legal requirements. The ICS is designed to provide reasonable assurance regarding the reliability and accuracy of external financial reporting in accordance with international and national standards. Regular internal reporting to management as well as audits of the ICS by Internal Audit also ensure that weaknesses are identified in good time and communicated and remedied accordingly. The most important content and principles apply to all companies of A1 Group. The effectiveness of the ICS system is analyzed and evaluated at periodic intervals. At the end of each year, an evaluation of the ICS is carried out by management for relevant Group companies with the involvement of the responsible specialist departments. Based on the findings of this assessment and the defined criteria, management has assessed the internal control system over financial reporting as effective as of December 31, 2023.

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

## Other information

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

At the end of 2022, a total of 58.47% or 388,542,516 shares of Telekom Austria Aktiengesellschaft were held by América Móvil B.V., Netherlands ("América Móvil B.V."), a wholly owned subsidiary of América Móvil, S.A.B. de C.V. ("América Móvil"). The Republic of Austria held 28.42% via Österreichische Beteiligungs AG ("ÖBAG"), while the remaining 13.11% of the shares were in free float. This includes 415,159 treasury shares as well as 519,444 employee shares that are held in a collective custody account. The voting rights associated with employee shares were exercised by a custodian (notary) in 2023.

The total number of no-par value shares remains at 664,500,000.

In the year under review, the American Depositary Receipts (ADR) program<sup>1)</sup> was terminated on March 31, 2023, as ADRs have become less important for European issuers and the ADR volume for Telekom Austria has fallen significantly. The program was originally set up for Telekom Austria as part of the IPO in order to appeal to U.S. investors.

The majority of financial agreements are subject to standard change-of-control clauses that could ultimately lead to the termination of contracts. None of these clauses came into effect in the 2023 financial year or up to the date this report was prepared.

The following information concerning the shareholders' agreement is based solely on publicly available information. The company does not have any additional information.

<sup>1)</sup> An ADR is a security that represents securities of foreign companies in the USA, can be traded on stock exchanges, is denominated in US dollars and pays dividends in US dollars.

The shareholders' agreement between ÖBAG and América Móvil came into force on June 27, 2014. Under the terms of the shareholders' agreement, the parties have undertaken to jointly pursue a long-term policy with regard to the management of Telekom Austria Aktiengesellschaft by exercising their voting rights on a concerted basis. On February 6, 2023, América Móvil and ÖBAG agreed to extend their syndicate agreement for a further ten years, with the syndicate agreement coming into effect immediately.

The two syndicate partners agreed on an investment package with a total volume of EUR 1 bn. The investment package is intended to guarantee the accelerated expansion of high-speed internet in Austria, which has been underway since 2022, in particular the expansion of fiber networks.

The extended syndicate agreement also includes the continuation of the "Austria package". In particular, this secures the company's headquarters in Vienna and its listing on the Vienna Stock Exchange. ÖBAG and América Móvil have agreed that at least 10% of the shares of the company should continue to be held in free float.

The shareholders' agreement also contains provisions on the joint exercise of voting rights in the committees of the company for the election of Supervisory Board and Management Board members and restrictions on the sale of shares.

The Supervisory Board of the company consists of ten shareholder representatives, of which eight members will continue to be nominated by América Móvil - including the Deputy Chairperson - and two members, including the Chairperson, by ÖBAG. The Management Board as a whole was reduced from three to two members at the end of August following the expiry of the previous Management Board contracts. The right to nominate the CEO of the Management Board was transferred from ÖBAG to América Móvil. ÖBAG nominates the Deputy CEO of the Management Board.

The Extraordinary General Meeting on August 14, 2014, also amended the Articles of Association to state that, as long as the Republic of Austria directly or indirectly holds at least 25% plus one share of the share capital of the company, resolutions on capital increases and the issue of instruments containing a conversion right or a conversion obligation for shares of the company and amendments to the provisions of the Articles of Association relating to capital increases and such instruments shall require a majority of at least three quarters of the share capital represented at the vote on the respective resolution.

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

ÖBAG shall also be granted the blocking minority rights accruing by law to a minority shareholder with an equity interest of 25% plus one share. ÖBAG's veto rights in connection with capital increases and the issue of certain convertible instruments are also set out in the Articles of Association of the company. If ÖBAG's equity interest falls below 20% but remains above 10%, ÖBAG shall retain certain veto rights. The voting rights agreement shall expire automatically if the equity interest held by one of the parties falls below 10%.

### **Consolidated non-financial statement**

In this regard, please refer to the separate consolidated non-financial report in accordance with Section 267a (6) UGB.

### **Corporate Governance Report**

In accordance with C Rule 61 of the Austrian Code of Corporate Governance, please note that the consolidated corporate governance report is available on the Internet at <https://www.a1.group/de/group/corporate-governance>.

### **Research and development**

No research and development projects of a significant size for the A1 Group were carried out in the past financial year.

## Glossary of alternative performance measures

<b>ARPL</b> (Average Revenue Per Line)	ARPL-relevant revenues / average fixed access lines  ARPL-relevant revenues = fixed retail revenues + fixed interconnection revenues  Average fixed access lines = average of the average monthly fixed access lines in a financial year
<b>ARPU</b> (Average Revenue Per User)	ARPU-relevant revenues / average number of subscribers  ARPU-relevant revenues are wireless service revenues, i.e., mobile retail revenues (including customer roaming) and mobile interconnection as well as visitor roaming and national roaming revenues.  Average number of subscribers = average of the average monthly subscribers in a financial year
<b>CAPEX</b> (Capital Expenditures)	Total additions to intangible assets + total additions to property, plant and equipment (excluding right of use additions according to IFRS 16)
<b>Core OPEX</b>	OPEX - equipment costs - interconnection costs - roaming costs
<b>EBITDA</b> (Earnings Before Interest, Tax, Depreciation and Amortization)	EBIT + depreciation + amortization
<b>EBITDA margin</b>	EBITDA / total revenues
<b>EBITDA aL</b> (EBITDA after Leases)	EBITDA - EBITDA - depreciation of lease assets according to IFRS 16 - interest expenses pursuant to IFRS 16
<b>EBITDA aL-Marge</b>	EBITDA - depreciation of lease assets according to IFRS 16 - interest expenses pursuant (EBITDA after Leases) to IFRS 16
<b>EBIT</b> (Earnings Before Interest and Tax)	EBIT equals the operating income according to IFRS.
<b>EBIT margin</b>	EBIT / total revenues
<b>Free Cashflow</b>	EBITDA + restructuring charges and cost of labor obligations - lease paid (principal, interest and prepayments) - income taxes paid - net interest paid +/- change working capital and other charges - capital expenditures - cost for social plans granted after January 1, 2019
<b>Net debt</b>	Debt (long-term and short-term) + lease liability (long-term and short-term) - cash and cash equivalents
<b>Operating ROIC</b> (Operating Return On Invested Capital)	EBIT / average invested capital  Invested capital = total stockholders' equity + debt (long-term and short-term) - cash and cash equivalents - short-term investments + income taxes payable + non-current employee benefit obligations + deferred tax liabilities - deferred tax assets + loss allowances for accounts receivable + total lease liability  Average invested capital is calculated as half of the sum of invested capital at the end of the financial year and of the previous financial year.

## GROUP MANAGEMENT REPORT

OPEX  
(Operating Expenses)

Revenues - EBITDA

RGU  
(Revenue Generating Unit)

One or more services included in a subscription which generates recurring revenue. These services are commonly used in fixed-line business and comprise TV (including streaming services), broadband, and voice. Each additional service that a customer subscribes to, is counted as an RGU.

ROE  
(Return On Equity)

Net result / average equity employed

The average equity employed is calculated as half of the sum of total stockholders' equity at the end of the financial year and of the previous financial year.

Vienna, February 2, 2024

The Management Board of Telekom Austria AG



Alejandro Plater  
Chief Executive Officer



Thomas Arnoldner  
Deputy Chief Executive Officer



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The Consolidated Financial Statements and the Group Management Report are a translation from the original German versions, which are the decisive versions in all cases.

TELEKOM AUSTRIA AG – Consolidated Statement of Comprehensive Income

in TEUR	Notes	2023	2022
Service revenues		4,347,780	4,163,796
Equipment revenues		811,460	752,222
Other operating income		92,214	88,978
<b>Total revenues (incl. other operating income)</b>	<b>(5)</b>	<b>5,251,453</b>	<b>5,004,996</b>
Cost of service		-1,473,650	-1,413,780
Cost of equipment		-789,714	-730,780
Selling, general & administrative expenses		-1,045,952	-1,010,552
Other expenses		-18,145	-11,962
<b>Total cost and expenses</b>	<b>(6)</b>	<b>-3,327,461</b>	<b>-3,167,074</b>
<b>Earnings before interest, tax, depreciation and amortization – EBITDA</b>		<b>1,923,992</b>	<b>1,837,922</b>
Depreciation and amortization	(15) (16)	-795,680	-794,562
Depreciation of right-of-use assets	(30)	-214,822	-168,313
Impairment	(15)	-2,733	-3,851
<b>Operating income – EBIT</b>		<b>910,757</b>	<b>871,196</b>
Interest income		20,170	10,986
Interest expense		-98,505	-59,982
Interest on employee benefits and restructuring and other financial items, net		-8,597	-5,032
Foreign currency exchange differences, net		-3,464	645
Equity interest in net income of associated companies	(18)	822	-1,809
<b>Financial result</b>	<b>(7)</b>	<b>-89,575</b>	<b>-55,191</b>
<b>Earnings before income tax – EBT</b>		<b>821,182</b>	<b>816,005</b>
Income tax	(29)	-175,301	-181,419
<b>Net result</b>		<b>645,881</b>	<b>634,585</b>
Attributable to:			
Equity holders of the parent		645,216	633,877
Non-controlling interests	(34)	665	708
<b>Basic and diluted earnings per share attributable to equity holders of the parent in euro</b>	<b>(8)</b>	<b>0.97</b>	<b>0.95</b>
<b>Other comprehensive income items:</b>			
<b>Items that may be reclassified to profit or loss:</b>			
Effect of translation of foreign entities	(3) (28)	-40,744	-3,943
Realized result on hedging activities, net of tax	(33)	2,190	4,380
Unrealized result on debt instruments at fair value, net of tax	(19)	1,439	-2,277
Realized result on debt instruments at fair value, net of tax	(7)	2	14
<b>Items that will not be reclassified to profit or loss:</b>			
Remeasurement of defined benefit obligations, net of tax	(27)	-12,550	31,129
<b>Total other comprehensive income (loss)</b>		<b>-49,663</b>	<b>29,302</b>
<b>Total comprehensive income (loss)</b>		<b>596,218</b>	<b>663,887</b>
Attributable to:			
Equity holders of the parent		595,553	663,178
Non-controlling interests	(34)	665	708

For impairment losses of accounts receivable: subscribers, distributors and other, see Note (6).

TELEKOM AUSTRIA AG – Consolidated Statement of Financial Position

in TEUR	Notes	December 31, 2023	December 31, 2022
<b>Current assets</b>			
Cash and cash equivalents	(9)	168,545	149,816
Short-term investments	(19)	84,646	60,514
Accounts receivable: Subscribers, distributors and other, net	(10)	843,084	839,627
Receivables due from related parties	(11)	21,546	1,092
Inventories, net	(12)	104,525	104,922
Income tax receivable	(29)	10,508	2,379
Other current assets, net	(13)	223,278	183,267
Contract assets	(14)	88,391	97,334
<b>Total current assets</b>		<b>1,544,522</b>	<b>1,438,952</b>
<b>Non-current assets</b>			
Property, plant and equipment, net	(15)	3,029,031	3,054,110
Right-of-use assets, net	(30)	1,961,315	677,935
Intangibles, net	(16)	1,654,600	1,607,961
Goodwill	(17)	1,089,265	1,299,803
Investments in associated companies	(18)	921	99
Long-term investments	(19)	207,340	205,714
Deferred income tax assets	(29)	47,221	41,919
Other non-current assets, net	(20)	22,391	18,856
<b>Total non-current assets</b>		<b>8,012,084</b>	<b>6,906,396</b>
<b>TOTAL ASSETS</b>		<b>9,556,606</b>	<b>8,345,348</b>
<b>Current liabilities</b>			
Short-term debt	(21)	60,055	821,529
Lease liabilities short-term	(30)	283,652	159,272
Accounts payable	(22)	927,012	863,878
Accrued liabilities and current provisions	(23)	252,612	264,395
Income tax payable	(29)	80,956	81,215
Payables due to related parties	(11)	24,447	835
Contract liabilities	(24)	216,285	219,703
<b>Total current liabilities</b>		<b>1,845,019</b>	<b>2,410,826</b>
<b>Non-current liabilities</b>			
Long-term debt	(25)	747,919	1,047,211
Lease liabilities long-term	(30)	1,671,919	521,637
Deferred income tax liabilities	(29)	59,417	44,444
Other non-current liabilities	(26)	21,573	39,073
Asset retirement obligation and restructuring	(23)	422,868	517,875
Employee benefits	(27)	187,311	171,654
<b>Total non-current liabilities</b>		<b>3,111,008</b>	<b>2,341,895</b>
<b>Stockholders' equity</b>			
Common stock		1,449,275	1,449,275
Treasury shares		-7,803	-7,803
Additional paid-in capital		1,100,148	1,100,148
Retained earnings		2,820,852	1,763,252
Other comprehensive income (loss) items		-764,036	-714,373
<b>Equity attributable to equity holders of the parent</b>	<b>(28)</b>	<b>4,598,435</b>	<b>3,590,498</b>
Non-controlling interests		2,144	2,128
<b>Total stockholders' equity</b>		<b>4,600,579</b>	<b>3,592,626</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>		<b>9,556,606</b>	<b>8,345,348</b>

TELEKOM AUSTRIA AG – Consolidated Statement of Cash Flows

in TEUR	Notes	2023	2022
<b>Earnings before income tax – EBT</b>		<b>821,182</b>	<b>816,005</b>
Depreciation	(15)	541,295	539,112
Amortization of intangible assets	(16)	254,385	255,450
Depreciation of right-of-use assets	(30)	214,822	168,313
Impairment	(15)	2,733	3,851
Equity interest in net income of associated companies	(18)	-822	1,809
Result on sale / measurement of investments	(7)	-3,054	3,268
Result on sale of property, plant and equipment	(5) (6)	2,057	4,796
Net period cost of labor obligations and restructuring	(7) (23) (27)	102,261	77,198
Foreign currency exchange differences, net	(7)	3,464	-645
Interest income	(7)	-20,170	-10,986
Interest expense	(7)	100,150	58,614
Other adjustments	(32)	-4,778	-4,040
<b>Non-cash and other reconciliation items</b>		<b>1,192,343</b>	<b>1,096,740</b>
Accounts receivable: Subscribers, distributors and other, net	(10)	-22,594	-58,252
Prepaid expenses	(13)	-10,000	-4,491
Due from related parties	(11)	3,223	2,994
Inventories	(12)	-2,338	-10,495
Other assets	(13) (20)	-49,496	-8,673
Contract assets	(14)	8,985	6,296
Accounts payable and accrued liabilities	(22) (23)	46,839	98,336
Due to related parties	(11)	7,011	241
Contract liabilities	(24)	-1,761	12,646
<b>Working capital changes</b>		<b>-20,132</b>	<b>38,601</b>
Employee benefits and restructuring paid	(23) (27)	-117,534	-108,950
Interest received	(7)	19,615	12,452
Income taxes paid	(29)	-179,668	-137,013
<b>Net cash flow from operating activities</b>		<b>1,715,807</b>	<b>1,717,834</b>
Capital expenditures paid	(32)	-1,093,971	-895,923
Proceeds from sale of property, plant and equipment	(15)	10,387	5,224
Purchase of investments	(19)	-107,387	-173,283
Proceeds from sale of investments	(19)	87,412	128,087
Acquisition of businesses, net of cash acquired	(34)	0	-15,261
Investments in associated companies	(18)	0	-1,982
Repayment of loans made to related parties	(2)	1,039,681	0
<b>Net cash flow from investing activities</b>		<b>-63,878</b>	<b>-953,138</b>
Long-term debt obtained	(25) (32)	994,365	300,000
Repayments of long-term debt	(25) (32)	-600,000	-750,000
Interest paid	(7)	-88,425	-71,593
Financing with related parties	(2)	-25,120	0
Repayments of short-term debt	(21) (32)	-5,354,717	-1,808,000
Issuance of short-term debt	(21) (32)	4,894,166	1,527,408
Dividends paid	(28)	-213,156	-186,521
Acquisition of non-controlling interests	(34)	0	-97
Deferred consideration paid for business combinations	(32) (34)	-1,867	-1,313
Lease principal paid	(30)	-205,207	-158,949
<b>Net cash flow from financing activities</b>		<b>-599,960</b>	<b>-1,149,066</b>
Adjustment to cash flows due to exchange rate fluctuations, net	(3)	-360	-257
Cash transfer spin-off	(2)	-1,032,880	0
<b>Net change in cash and cash equivalents</b>		<b>18,729</b>	<b>-384,627</b>
Cash and cash equivalents beginning of period	(9)	149,816	534,443
Cash and cash equivalents end of period	(9)	168,545	149,816

**TELEKOM AUSTRIA AG – Consolidated Statement of Changes in Stockholders' Equity**

in TEUR	Common stock	Treasury shares	Additional paid-in capital	Retained earnings	IAS 19 reserve	FVOCI reserve	Hedging reserve	Translation reserve	Total	Non-controlling interests	Total stockholders' equity
<b>At January 1, 2022</b>	1,449,275	-7,803	1,100,148	1,315,311	-48,420	94	-6,570	-688,779	3,113,256	2,102	3,115,357
Net result	0	0	0	633,877	0	0	0	0	633,877	708	634,585
Other comprehensive income (loss)	0	0	0	0	31,129	-2,264	4,380	-3,943	29,302	0	29,302
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>633,877</b>	<b>31,129</b>	<b>-2,264</b>	<b>4,380</b>	<b>-3,943</b>	<b>663,178</b>	<b>708</b>	<b>663,887</b>
Distribution of dividends	0	0	0	-185,944	0	0	0	0	-185,944	-577	-186,521
Acquisition of non-controlling interests	0	0	0	8	0	0	0	0	8	-105	-97
<b>At December 31, 2022</b>	<b>1,449,275</b>	<b>-7,803</b>	<b>1,100,148</b>	<b>1,763,252</b>	<b>-17,291</b>	<b>-2,170</b>	<b>-2,190</b>	<b>-692,722</b>	<b>3,590,498</b>	<b>2,128</b>	<b>3,592,626</b>
Net result	0	0	0	645,216	0	0	0	0	645,216	665	645,881
Other comprehensive income (loss)	0	0	0	0	-12,550	1,441	2,190	-40,744	-49,663	0	-49,663
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>645,216</b>	<b>-12,550</b>	<b>1,441</b>	<b>2,190</b>	<b>-40,744</b>	<b>595,553</b>	<b>665</b>	<b>596,218</b>
Distribution of dividends	0	0	0	-212,507	0	0	0	0	-212,507	-648	-213,156
ETS shares	0	0	0	514	0	0	0	0	514	0	514
Spin-off ETS Group	0	0	0	624,377	0	0	0	0	624,377	0	624,377
<b>At December 31, 2023</b>	<b>1,449,275</b>	<b>-7,803</b>	<b>1,100,148</b>	<b>2,820,852</b>	<b>-29,841</b>	<b>-729</b>	<b>0</b>	<b>-733,467</b>	<b>4,598,435</b>	<b>2,144</b>	<b>4,600,579</b>

For the shares in EuroTeleSites ("ETS") and the spin-off of ETS Group, see Note (2).

TELEKOM AUSTRIA AG – Notes to the Consolidated Financial Statements

(1) Segment Reporting

2023 (in TEUR)	Austria	Bulgaria	Croatia	Belarus	Slovenia
External revenues	2,777,693	740,753	516,981	442,154	240,157
Intersegmental revenues	19,999	8,969	7,862	58	2,033
<b>Total revenues (incl. other operating income)</b>	<b>2,797,691</b>	<b>749,722</b>	<b>524,843</b>	<b>442,212</b>	<b>242,190</b>
Segment expenses	-1,733,882	-446,008	-336,043	-250,340	-186,247
<b>EBITDA</b>	<b>1,063,809</b>	<b>303,714</b>	<b>188,800</b>	<b>191,872</b>	<b>55,943</b>
Depreciation and amortization	-571,168	-122,345	-99,910	-50,405	-61,231
Impairment	0	0	0	-2,733	0
<b>Operating income – EBIT</b>	<b>492,641</b>	<b>181,369</b>	<b>88,890</b>	<b>138,734</b>	<b>-5,288</b>
Interest income	17,668	12,857	990	128	200
Interest expense	-66,191	-7,066	-11,593	-5,804	-2,779
Other financial result	-7,422	819	355	-2,752	-41
Equity interest in net income of associated companies	822	0	0	0	0
<b>Earnings before income tax – EBT</b>	<b>437,517</b>	<b>187,979</b>	<b>78,642</b>	<b>130,306</b>	<b>-7,909</b>
Income taxes	-102,769	-18,337	-15,143	-34,361	2,383
<b>Net result</b>	<b>334,749</b>	<b>169,642</b>	<b>63,499</b>	<b>95,945</b>	<b>-5,526</b>
EBITDA margin	38.0%	40.5%	36.0%	43.4%	23.1%
Capital expenditures – intangible	109,539	44,545	121,157	4,130	7,251
Capital expenditures – tangible	480,439	92,951	84,453	21,157	32,302
<b>Total capital expenditures</b>	<b>589,978</b>	<b>137,496</b>	<b>205,610</b>	<b>25,287</b>	<b>39,553</b>
Addition to right-of-use assets	220,861	56,591	47,637	5,567	21,505
Assets by segment	6,297,458	1,543,732	891,340	300,481	493,968
Property, plant and equipment	2,083,752	263,782	268,021	109,336	90,189
Right-of-use assets, net	1,213,145	245,686	177,215	16,251	84,189
Goodwill	587,254	236,023	100,785	9,603	112,385
Brand names and patents	158,351	2,903	0	0	4,339
Licenses and other rights	656,609	28,761	133,964	14,733	78,988
Other intangible assets	318,155	51,288	36,054	8,788	20,996
Liabilities by segment	4,136,178	416,265	562,344	86,992	175,095
2022 (in TEUR)	Austria	Bulgaria	Croatia	Belarus	Slovenia
External revenues	2,730,083	630,836	461,748	460,820	219,865
Intersegmental revenues	22,001	9,533	8,481	9	2,675
<b>Total revenues (incl. other operating income)</b>	<b>2,752,084</b>	<b>640,369</b>	<b>470,229</b>	<b>460,829</b>	<b>222,540</b>
Segment expenses	-1,712,091	-386,006	-309,420	-242,065	-166,513
<b>EBITDA</b>	<b>1,039,993</b>	<b>254,364</b>	<b>160,809</b>	<b>218,764</b>	<b>56,027</b>
Depreciation and amortization	-544,786	-118,826	-94,665	-64,452	-52,371
Impairment	0	0	0	-3,851	0
<b>Operating income – EBIT</b>	<b>495,207</b>	<b>135,537</b>	<b>66,144</b>	<b>150,461</b>	<b>3,656</b>
Interest income	4,406	1,157	974	293	144
Interest expense	-11,051	-2,903	-7,623	-5,561	-1,539
Other financial result	-7,699	3,310	-867	343	-59
Equity interest in net income of associated companies	-1,809	0	0	0	0
<b>Earnings before income tax – EBT</b>	<b>479,054</b>	<b>137,101</b>	<b>58,627</b>	<b>145,537</b>	<b>2,202</b>
Income taxes	-134,843	-13,036	-10,949	-32,707	-648
<b>Net result</b>	<b>344,212</b>	<b>124,065</b>	<b>47,678</b>	<b>112,830</b>	<b>1,555</b>
EBITDA margin	37.8%	39.7%	34.2%	47.5%	25.2%
Capital expenditures – intangible	100,854	20,912	15,193	9,391	8,644
Capital expenditures – tangible	471,547	87,104	69,011	29,198	37,100
<b>Total capital expenditures</b>	<b>572,401</b>	<b>108,017</b>	<b>84,205</b>	<b>38,590</b>	<b>45,744</b>
Addition to right-of-use assets	45,829	34,736	15,455	8,747	6,225
Assets by segment	5,783,595	1,302,923	660,135	363,793	498,014
Property, plant and equipment	2,091,114	254,625	259,389	142,193	92,247
Right-of-use assets, net	370,016	121,821	44,902	26,026	39,774
Goodwill	708,212	256,629	125,693	11,635	150,723
Brand names and patents	158,351	4,389	0	0	2,114
Licenses and other rights	725,917	11,592	32,866	30,176	87,717
Other intangible assets	283,601	45,649	43,212	12,042	22,078
Liabilities by segment	3,378,328	293,948	338,690	106,628	125,913

CONSOLIDATED FINANCIAL STATEMENTS

2023 (in TEUR)	Serbia	North Macedonia	Corporate & Other	Eliminations	Consolidated
External revenues	372,551	145,906	15,259	0	5,251,453
Intersegmental revenues	9,947	5,619	27,523	-82,009	0
<b>Total revenues (incl. other operating income)</b>	<b>382,498</b>	<b>151,525</b>	<b>42,782</b>	<b>-82,009</b>	<b>5,251,453</b>
Segment expenses	-255,635	-103,487	-96,588	80,771	-3,327,461
<b>EBITDA</b>	<b>126,862</b>	<b>48,037</b>	<b>-53,806</b>	<b>-1,238</b>	<b>1,923,992</b>
Depreciation and amortization	-67,880	-33,068	-5,864	1,368	-1,010,502
Impairment	0	0	0	0	-2,733
<b>Operating income - EBIT</b>	<b>58,982</b>	<b>14,969</b>	<b>-59,669</b>	<b>130</b>	<b>910,757</b>
Interest income	1,552	916	63,361	-77,501	20,170
Interest expense	-4,150	-1,818	-76,684	77,580	-98,505
Other financial result	77	16	422,914	-426,026	-12,061
Equity interest in net income of associated companies	0	0	0	0	822
<b>Earnings before income tax - EBT</b>	<b>56,461</b>	<b>14,082</b>	<b>349,921</b>	<b>-425,817</b>	<b>821,182</b>
Income taxes	-8,666	-1,719	3,345	-34	-175,301
<b>Net result</b>	<b>47,795</b>	<b>12,364</b>	<b>353,266</b>	<b>-425,851</b>	<b>645,881</b>
EBITDA margin	33.2%	31.7%	n.a.	n.a.	36.6%
Capital expenditures - intangible	10,743	4,313	3,546	0	305,222
Capital expenditures - tangible	46,246	26,600	3,737	-557	787,329
<b>Total capital expenditures</b>	<b>56,988</b>	<b>30,913</b>	<b>7,283</b>	<b>-557</b>	<b>1,092,551</b>
Addition to right-of-use assets	62,134	1,538	0	0	415,833
Assets by segment	604,003	281,164	8,481,970	-9,337,511	9,556,606
Property, plant and equipment	119,801	89,469	5,290	-609	3,029,031
Right-of-use assets, net	185,119	38,896	814	0	1,961,315
Goodwill	0	25,794	17,419	0	1,089,265
Brand names and patents	8,119	0	2,869	0	176,581
Licenses and other rights	58,234	21,693	73	0	993,055
Other intangible assets	30,855	9,945	8,741	142	484,964
Liabilities by segment	249,465	92,943	1,830,465	-2,593,719	4,956,027
2022 (in TEUR)	Serbia	North Macedonia	Corporate & Other	Eliminations	Consolidated
External revenues	350,036	137,159	14,449	0	5,004,996
Intersegmental revenues	6,488	4,161	20,503	-73,853	0
<b>Total revenues (incl. other operating income)</b>	<b>356,524</b>	<b>141,320</b>	<b>34,951</b>	<b>-73,853</b>	<b>5,004,996</b>
Segment expenses	-241,359	-97,056	-84,903	72,339	-3,167,074
<b>EBITDA</b>	<b>115,166</b>	<b>44,265</b>	<b>-49,952</b>	<b>-1,514</b>	<b>1,837,922</b>
Depreciation and amortization	-57,501	-26,724	-4,368	819	-962,875
Impairment	0	0	0	0	-3,851
<b>Operating income - EBIT</b>	<b>57,664</b>	<b>17,540</b>	<b>-54,320</b>	<b>-694</b>	<b>871,196</b>
Interest income	1,175	329	13,349	-10,841	10,986
Interest expense	-2,097	-1,102	-38,988	10,883	-59,982
Other financial result	-51	49	290,538	-289,952	-4,387
Equity interest in net income of associated companies	0	0	0	0	-1,809
<b>Earnings before income tax - EBT</b>	<b>56,691</b>	<b>16,817</b>	<b>210,579</b>	<b>-290,604</b>	<b>816,005</b>
Income taxes	-9,895	-1,935	22,236	357	-181,419
<b>Net result</b>	<b>46,796</b>	<b>14,881</b>	<b>232,815</b>	<b>-290,247</b>	<b>634,585</b>
EBITDA margin	32.3%	31.3%	n.a.	n.a.	36.7%
Capital expenditures - intangible	9,801	10,606	3,368	0	178,771
Capital expenditures - tangible	41,704	27,404	2,606	0	765,675
<b>Total capital expenditures</b>	<b>51,505</b>	<b>38,010</b>	<b>5,975</b>	<b>0</b>	<b>944,446</b>
Addition to right-of-use assets	11,912	3,965	1,473	0	128,340
Assets by segment	476,766	255,869	8,605,699	-9,601,446	8,345,348
Property, plant and equipment	124,139	87,365	3,847	-811	3,054,110
Right-of-use assets, net	51,971	22,086	1,339	0	677,935
Goodwill	0	30,061	16,850	0	1,299,803
Brand names and patents	4,846	0	2,726	0	172,426
Licenses and other rights	72,327	24,755	121	-956	984,515
Other intangible assets	28,341	8,164	7,791	142	451,020
Liabilities by segment	126,065	69,819	3,021,538	-2,708,206	4,752,722

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A1 Group has aligned its management structure and the resulting segment reporting with geographical markets and reports on the following seven operating segments: Austria, Bulgaria, Croatia, Belarus, Slovenia, Serbia and North Macedonia. The segments offer the services and products disclosed in Note (5) and operate in their local markets under the common brand name "A1".

The Management Board of A1 Group, which regularly meets in Management Board meetings, acts as the chief operating decision maker. The Management Board consists of the Group CEO of Telekom Austria AG, Alejandro Plater (COO until August 31, 2023; CEO as of September 1, 2023), Thomas Arnoldner (CEO until August 31, 2023; Deputy CEO as of September 1, 2023) and, until August 31, 2023, Siegfried Mayrhofer (CFO), see Note (36). As of September 1, 2023, Sonja Wallner took over the role of CFO in A1 Group in addition to her role as CFO of A1 Telekom Austria AG without being a formal board member. The Management Board focuses on revenue, EBITDA and capital expenditures (CAPEX).

The accounting policies of the segments are the same as those of A1 Group. Intercompany lease transactions are not recognized as right-of-use assets and lease liabilities according to IFRS 16 but are recognized as expense and revenue and eliminated as other intercompany transactions. The recognition of lease contracts with the subsidiaries of ETS Group before and after the spin-off is disclosed in Note (2).

Segment revenues, segment expenses and segment results include deliveries and services between operating segments. Such deliveries and services are accounted for at transfer prices that are constantly monitored and documented to ensure that pricing is at arm's length. These intersegmental transactions are eliminated in consolidation. The column Corporate & Other comprises mainly holding companies, the Group financing company as well as A1 Digital, which focuses its business activities on core markets of A1 Group as well as on Germany and Switzerland.

Other financial result reported in the Corporate & Other column relates mostly to dividend income as well as to impairments and reversals of impairment relating to investments in fully consolidated subsidiaries that have no impact on the Consolidated Financial Statements and are therefore consolidated in the Eliminations column. The column Corporate & Other is reported in addition to the column Eliminations for reasons of clarity.

The Eliminations column contains intersegment consolidation entries and the reconciliation of segment assets and liabilities to consolidated total assets and liabilities.

None of the segments recognizes revenues from transactions with a single external customer amounting to at least 10% of A1 Group's revenues.

Depreciation and amortization relate to property, plant and equipment, other intangible assets and right-of-use assets (see Notes (15), (16) and (30)). The item "other financial result" in the segment reporting includes interest expense on employee benefits and restructuring, the other financial result as well as foreign exchange differences (see Note (7)).

EBITDA is defined as net income excluding income taxes, financial result, depreciation and amortization as well as, if applicable, impairment charges and reversal of impairment charges. The EBITDA margin is calculated by dividing EBITDA by total revenues (including other operating income).

Capital expenditures include additions to intangible and tangible assets (see Notes (15) and (16)) but do not include additions related to asset retirement obligations or additions to right-of-use assets according to IFRS 16 (see Notes (23) and (30)).

## (2) The Company and Spin-off of ETS Group

Telekom Austria Aktiengesellschaft ("Telekom Austria AG") is headquartered in Austria at Lassallestrasse 9, 1020 Vienna and is a registered stock corporation within the meaning of the Austrian Stock Corporation Act. Telekom Austria AG and its subsidiaries ("A1 Group") provide the services and products listed in revenues (Note (5)) in Austria, Bulgaria, Croatia, Belarus, Slovenia, Serbia and North Macedonia under the common brand name "A1".

The ultimate parent company of A1 Group is América Móvil, S.A.B. de C.V. ("América Móvil"), which is located in Mexico. The Federal Republic of Austria, through Österreichische Beteiligungs AG ("ÖBAG"), is the second significant shareholder of A1 Group. América Móvil's and ÖBAG's stakes in A1 Group are disclosed in Note (28).

In addition to the related party transactions disclosed in Note (11), the Federal Republic of Austria regulates and monitors certain activities of A1 Group in Austria via Rundfunk und Telekom Regulierungs-GmbH (RTR, the Austrian Regulatory Authority for Broadcasting and Telecommunications). In addition, the government holds the taxing authority for the Austrian operations of A1 Group and imposes taxes such as corporate income tax and value-added taxes.

### Spin-off of EuroTeleSites AG ("ETS Group")

On September 22, 2023, Telekom Austria AG spun off its radio tower business ("tower business") on a proportionate basis and listed it on the Vienna Stock Exchange under the newly founded EuroTeleSites AG ("ETS AG"). The companies transferred, which form ETS Group, are disclosed in the table of companies in Note (34) with the designation "SpO" in the column "Method of consolidation".

In preparation for the spin-off, parts of the passive infrastructure of the radio base stations of the operating companies ("A1 companies") were transferred into separate legal entities ("tower companies") in the segments Bulgaria, Croatia, Slovenia, Serbia and North Macedonia in the previous years. This passive infrastructure of the radio towers comprises components that are not directly attributable to the mobile network, such as foundations and metal structures, containers, air-condition units, power supply and other support systems. In the segments Bulgaria and Croatia, the corresponding radio towers and the related provisions for asset retirement obligations as well as the right-of-use assets and lease liabilities had already been transferred to the tower companies in 2021. In the segments Slovenia, Serbia and North Macedonia, the transfer was effected in 2022. On the transfer of the passive infrastructure of the radio base stations into the tower companies, lease contracts (Master Lease Agreements – "MLAs") were concluded between the A1 companies and the tower companies. For a description of the MLAs, see Note (30).

In Austria, a separate business unit ("Austrian Tower BU") was established in A1 Telekom Austria AG in 2021 comprising assets and liabilities of the tower business and the related expenses. Until June 30, 2023, the business unit was not separated legally and no MLA was in force. On July 1, 2023, the Austrian Tower BU was transferred from A1 Telekom Austria AG to Telekom Austria AG by way of upstream spin-off (Section 17 Demerger Act). This transaction was registered in the Company Register on July 4, 2023, and the MLA came into force.

In preparation for the spin-off, A1 Towers Holding GmbH issued a TEUR 500,000 bond in July 2023 and took out a loan of TEUR 500,000 (see Note (25)). The funds from these financing activities were used to redeem the debt transferred, as described below.

The two other transfers disclosed below were approved by the shareholders of Telekom Austria AG in the Extraordinary General Meeting on August 1, 2023:

- Downstream spin-off of the Austrian Tower BU, the indirect shareholdings in the tower companies and debt in the amount of TEUR 1,031,000 (plus the related interest liabilities) from Telekom Austria AG into the subsidiary A1 Towers Holding GmbH.
- Transfer of the shareholding in A1 Towers Holding GmbH by Telekom Austria AG by means of a sidestream spin-off by formation of ETS AG.

On September 22, 2023, the shares in ETS AG were distributed to the shareholders of Telekom Austria AG on a pro rata basis. Thus, América Móvil is the ultimate parent of both ETS Group and A1 Group. The shareholders of Telekom Austria AG received one share in ETS AG for every four Telekom Austria shares held. Thus, Telekom Austria AG received 103,789 ETS shares in the amount of TEUR 514 for its treasury shares (see Consolidated Statement of Changes in Stockholders' Equity and Note (28)).

*Accounting policies applied and discretionary decisions*

- The individual reorganization steps listed above served to prepare the spin-off and the listing of ETS AG on the stock exchange. Thus, the individual reorganization steps are recognized as single transactions.
- The transaction to bundle the tower business in A1 Towers Holding GmbH qualifies as a "business combination under common control", which is thus not in the scope of IFRS 3. The transaction is recognized prospectively according to the pooling of interests method, thus the historical carrying amounts at the time of the transaction are summed up. The goodwill transferred was determined based on the relative enterprise values of the tower companies and the A1 companies at September 22, 2023. The allocation to the respective segments is disclosed in Note (17).
- The spin-off of ETS Group is a transaction under common control, as the owners of both groups immediately before and after the transaction were identical and thus both groups are controlled by América Móvil. The spin-off is not recognized as a dividend in kind to the owners according to IFRIC 17, as the requirements of IFRIC 17.5 are met. Thus, the spin-off of ETS Group was recognized at carrying amounts and netted directly with retained earnings.
- The spin-off of ETS Group and the conclusion of the MLAs does not qualify as a sale and leaseback transaction, as IFRS 16.99 requires a sale according to IFRS 15. The spin-off of ETS Group is a transaction under company law whereby the ownership structure is maintained and no consideration is due to the entity spinning off. In absence of revenues, IFRS 15 is not applied. Thus, the spin-off is recognized separately and the MLAs are recognized as rights-of-use or lease obligations.
- The tower business spun off is not presented as a discontinued operation, as the requirements of IFRS 5 are not met. Tower lease revenues amounted to less than 0.5% of A1 Group's total revenues in the previous years. Thus, the requirement for the presentation of a separate major line of business according to IFRS 5.32 (a) is not met.

**CONSOLIDATED FINANCIAL STATEMENTS**

The following table discloses the effects of the spin-off of ETS Group on the Consolidated Statement of Financial Position at September 22, 2023:

in TEUR	Before spin-off	a) Tower companies	b) Intercompany balances	c) Intercompany leases	After spin-off	Total effect
Cash and cash equivalents	1,207,975	-1,032,880	0	0	175,095	-1,032,880
Short-term investments	67,722	0	0	0	67,722	0
Accounts receivable: Subscribers, distributors and other, net	861,148	-2,911	0	0	858,236	-2,911
Receivables due from related parties	3,797	0	27,955	0	31,752	27,955
Financing receivables due from related parties	0	0	1,039,681	0	1,039,681	1,039,681
Inventories, net	114,422	0	0	0	114,422	0
Income tax receivable	8,809	-90	0	0	8,719	-90
Other current assets, net	218,183	-3,514	0	0	214,669	-3,514
Contract assets	83,833	0	0	0	83,833	0
<b>Total current assets</b>	<b>2,565,888</b>	<b>-1,039,395</b>	<b>1,067,636</b>	<b>0</b>	<b>2,594,128</b>	<b>28,241</b>
Property, plant and equipment, net	3,233,184	-239,530	0	0	2,993,654	-239,530
Right-of-use assets, net	808,367	-388,402	0	1,521,986	1,941,950	1,133,583
Intangibles, net	1,634,206	-584	0	0	1,633,622	-584
Goodwill	1,298,130	-209,075	0	0	1,089,055	-209,075
Investments in associated companies	985	0	0	0	985	0
Long-term investments	213,866	0	0	0	213,866	0
Deferred income tax assets	49,782	-8,552	0	0	41,231	-8,552
Other non-current assets, net	21,391	-81	0	0	21,310	-81
<b>Total non-current assets</b>	<b>7,259,911</b>	<b>-846,224</b>	<b>0</b>	<b>1,521,986</b>	<b>7,935,673</b>	<b>675,762</b>
<b>TOTAL ASSETS</b>	<b>9,825,799</b>	<b>-1,885,619</b>	<b>1,067,636</b>	<b>1,521,986</b>	<b>10,529,802</b>	<b>704,003</b>
Short-term debt	1,161,008	0	0	0	1,161,008	0
Financing payables due to related parties	0	0	25,120	0	25,120	25,120
Lease liabilities short-term	146,449	-47,357	0	182,553	281,645	135,196
Accounts payable	920,381	-31,720	0	0	888,661	-31,720
Accrued liabilities and current provisions	240,916	-480	0	0	240,435	-480
Income tax payable	89,004	-2,644	0	0	86,360	-2,644
Payables due to related parties	8,743	0	20,592	0	29,336	20,592
Contract liabilities	235,642	-1,207	0	0	234,434	-1,207
<b>Total current liabilities</b>	<b>2,802,143</b>	<b>-83,409</b>	<b>45,713</b>	<b>182,553</b>	<b>2,947,000</b>	<b>144,857</b>
Long-term debt	1,742,904	-994,587	0	0	748,317	-994,587
Lease liabilities long-term	660,733	-327,561	0	1,357,424	1,690,596	1,029,863
Deferred income tax liabilities	55,653	0	0	0	55,653	0
Other non-current liabilities	21,349	0	0	0	21,349	0
Asset retirement obligation and restructuring	522,782	-98,978	0	0	423,804	-98,978
Employee benefits	177,851	-1,529	0	0	176,322	-1,529
<b>Total non-current liabilities</b>	<b>3,181,272</b>	<b>-1,422,655</b>	<b>0</b>	<b>1,357,424</b>	<b>3,116,041</b>	<b>-65,231</b>
<b>Total stockholders' equity</b>	<b>3,842,384</b>	<b>-379,556</b>	<b>1,021,923</b>	<b>-17,992</b>	<b>4,466,761</b>	<b>624,377</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>9,825,799</b>	<b>-1,885,619</b>	<b>1,067,636</b>	<b>1,521,986</b>	<b>10,529,802</b>	<b>704,003</b>

The effect of column a) and b) on equity corresponds to the equity of the tower companies including the balances due from or due to the A1 companies.

The total of column a) to c) shows the total effect on the Consolidated Statement of Financial Position of A1 Group.

The total effect is disclosed in the tables of the individual notes in the line item "changes in reporting entities".

- a) The tower companies' assets and liabilities disposed of do not include receivables and payables due from/to the A1 companies, as these intragroup transactions were completely eliminated until the spin-off and were thus not included in the Consolidated Statement of Financial Position.
- b) Until the spin-off, receivables/payables from intragroup transactions between the tower companies and the A1 companies were completely eliminated. After the spin-off, these became related party receivables/payables which are not eliminated in consolidation and were thus included in the Consolidated Statement of Financial Position with an effect on equity.  
The financing receivables and payables result from the debt transferred amounting to TEUR 1,031,000, the interest liabilities as well as the cash-pooling balances of the tower companies with Telekom Finanzmanagement GmbH.
- c) The MLAs concluded between the tower companies and the A1 companies were recognized according to IFRS 16. The A1 companies record right-of-use assets as well as lease liabilities. Until the spin-off, the right-of-use assets and the lease liabilities were eliminated in consolidation and had no impact on either the Consolidated Statement of Financial Position or the Consolidated Statement of Comprehensive Income. After the spin-off they constitute leases with related parties, which are no longer eliminated, but reported in the Consolidated Statement of Financial Position with an effect on equity (see Note (30)).

#### *Transactions with ETS Group*

The following transactions with ETS Group took place after the spin-off on September 22, 2023, and are disclosed in the Consolidated Statement of Cash Flows:

- The line item "Repayment of loans made to related parties" in the net cash flow from investing activities includes the redemption of debt spun off as well as the related interest payable by ETS Group on September 26, 2023.
- The line item "Financing with related parties" in the net cash flow from financing activities includes A1 Group's settlement of cash-pooling payables due to ETS Group.
- The line item "Interest received" in the Consolidated Statement of Cash Flows includes interest of TEUR 434 related to the debt spun off in the period between the spin-off and the redemption on September 26, 2023.
- Cash flows related to leases with ETS Group amount to:

in TEUR	2023
Lease principal paid	48,265
Lease interest paid	16,114

The interest expense recognized from lease agreements with ETS Group in the Consolidated Statement of Comprehensive Income as well as the interest income related to the charging of interest for debt transferred is disclosed in the table "Revenues from and expenses charged to related parties" in Note (11). Furthermore, this table includes expenses and revenues from other services provided between A1 Group and ETS Group.

### **(3) Basis of Presentation**

#### **Functional currency**

The Consolidated Financial Statements of A1 Group are prepared in euro on a going concern basis. Unless indicated otherwise, all amounts are reported in thousand euro (TEUR). The use of automated calculation systems may give rise to rounding differences.

Financial statements of subsidiaries where the functional currency is a currency other than the euro are translated using the functional currency principle. For these entities, assets and liabilities are translated using the year-end exchange rates, while revenues and expenses are translated using the average exchange rates prevailing during the year. The resulting foreign currency translation is recognized in other comprehensive income (OCI) and presented in the translation reserve in stockholders' equity until the disposal of the respective subsidiary.

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The following table provides the exchange rates for the currencies in which A1 Group mainly conducts its transactions:

	Exchange rates at December 31 ,		Average exchange rates for the year	
	2023	2022	2023	2022
Belarusian ruble (BYN)	3.5363	2.9156	3.2544	2.7699
Bulgarian lev (BGN)	1.9558	1.9558	1.9558	1.9558
Croatian kuna (HRK)	-	7.5345	-	7.5316
Macedonian denar (MKD)	61.4950	61.4932	61.5570	61.6219
Swiss franc (CHF)	0.9260	0.9847	0.9716	1.0047
Serbian dinar (RSD)	117.1737	117.3224	117.2530	117.4641
US dollar (USD)	1.1050	1.0666	1.0815	1.0537

On January 1, 2023, the euro was introduced in Croatia. The exchange rate for one euro was set at 7.5345 Croatian kuna. The translation reserve relating to the currency translation of the Croatian subsidiary A1 Hrvatska, which was recognized in equity until December 31, 2022 and amounts to TEUR 1,834, remains unchanged until a possible sale of the subsidiary.

### Accounting

A1 Group prepared the Consolidated Financial Statements as of December 31, 2023 in compliance with the International Financial Reporting Standards (IFRS/IAS) issued by the International Accounting Standards Board (IASB), the interpretations of the IFRS Interpretations Committee (IFRIC) and the interpretations of the former Standards Interpretation Committee (SIC), effective as of December 31, 2023 and as endorsed by the European Union, as well as in accordance with the supplemental regulations of Section 245a of the Austrian Commercial Code (UGB).

### Significant accounting policies

The general accounting policies are presented in the respective Notes to the Statement of Comprehensive Income and the Statement of Financial Position.

### Changes in accounting policies

The following amendments are effective as of January 1, 2023:

IAS 1 and IFRS PS 2	Amendments: Disclosure of Accounting Policies
IAS 8	Amendments: Definition of Accounting Estimates
IAS 12	Amendments: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
IAS 12	Amendments: International Tax Reform – Pillar Two Model Rules
IFRS 17	Insurance Contracts

The initial application of the amendments to the standards (IAS, IFRS) mentioned above had an insignificant impact on the Consolidated Financial Statements since the amendments were only partially applicable. For the impact of the reform of the international system of taxation, see Note (29).

The following standards and interpretations were issued by the IASB but were not effective at the reporting date:

		Effective*	Effective**
IFRS 16	Amendments: Lease Liability in a Sale and Leaseback	January 1, 2024	January 1, 2024
IAS 1	Amendments: Classification of Liabilities as Current or Non-Current	January 1, 2024	January 1, 2024
IAS 7 and IFRS 7	Amendments: Disclosure Supplier Finance Arrangements	January 1, 2024	not endorsed
IAS 21	Amendments: Lack of Exchangeability	January 1, 2025	not endorsed

\* This standard/interpretation is effective for annual periods beginning on or after the presented date (in accordance with IASB).

\*\* This standard/interpretation is effective for annual periods beginning on or after the presented date (in accordance with EU endorsement).

A1 Group has not early adopted these standards and interpretations and is evaluating their impact on the Consolidated Financial Statements.

#### (4) Use of Estimates and Judgements

The preparation of the Consolidated Financial Statements requires the Management Board to make estimates and assumptions in the course of applying A1 Group's accounting policies that affect assets and liabilities recognized and contingent liabilities reported at the end of any given period, and revenues and expenses for that reported period. Actual results may differ from these estimates.

Additionally, at the reporting date, the Management Board has to make key assumptions and judgements concerning the future and identify other key sources of estimation uncertainty that are subject to the risk of a material change in the carrying amounts of assets and liabilities in the next financial year. For all sensitivity analyses, the remaining parameters of the original calculation remain unchanged, thus no possible correlation effects are taken into account.

- a) Revenues: Changes in the allocation of the transaction prices of multi-element arrangements for goods and services as well as changes in the expected average contractual term may lead to a shift in timing of revenue recognized (see Note (5)).
- b) Employee benefit plans: The measurement of pension plans as well as severance and service awards is based on a method that uses various parameters, such as the expected discount rate, salary and pension increases, mortality rate and rate of employee turnover. Changes in these parameters could result in higher or lower expenses (see Note (27)).
- c) Impairments: The impairment test for goodwill, other intangible assets, right-of-use assets and property, plant and equipment is generally based upon discounted estimated future net cash flows from the continuing use and ultimate disposal of the assets. Changes in the discount rates used, in the development of revenues, in cost drivers as well as in capital expenditures could lead to impairments or, to the extent permitted, to reversals of impairments (see Note (17)). For more information on the carrying amounts of goodwill, other intangible assets, right-of-use assets and property, plant and equipment, see Notes (17), (16), (30) and (15).
- d) The estimated useful lives of property, plant and equipment and intangible assets subject to depreciation and amortization represent the estimated periods during which the assets will be in use. With respect to changes in depreciation and amortization resulting from changes in the useful lives of other property, plant and equipment and intangible assets, see Notes (15) and (16).
- e) Income tax: In assessing the recoverability of deferred tax assets, the Management Board considers whether it is probable that all deferred tax assets can be realized. The ultimate realization of deferred tax assets depends upon the generation of sufficient taxable income during the periods in which those temporary differences will become deductible. If A1 Group does not generate sufficient taxable income, deferred tax assets cannot be recognized (see Note (29)).
- f) Restructuring: The provision is based on various parameters such as discount rate and salary increases. Changes in these parameters could result in higher or lower expenses (see Note (23)).
- g) Loss allowances for financial assets and contract assets are based on the estimated probability of default. Deviation of actual customer behavior may result in higher or lower expenses (see Note (33)).
- h) Asset retirement obligation: The calculation of the provision is based on parameters such as expected decommissioning costs, estimated term until dismantling, discount rate and inflation rate. Changes in these parameters may result in higher or lower provisions (see Note (23)).
- i) Leases: IFRS 16 requires estimates that affect the measurement of right-of-use assets as well as lease liabilities. These mainly include the effects on the term of the leases from any options to extend or to terminate a lease contract and the incremental borrowing rate applied to discount the future payment obligations (see Note (30)).

## CONSOLIDATED FINANCIAL STATEMENTS

### (5) Revenues

Operating revenues include all revenues resulting from the ordinary operations of A1 Group. Operating revenues are stated net of value-added tax and any other taxes and fees collected from the customer on behalf of tax and other relevant authorities.

A1 Group generates revenues from the sale of end-user terminal equipment as well as from fixed-line services and mobile communication services to individuals, commercial and non-commercial organizations and other national and foreign carriers. Furthermore, A1 Group offers innovative digital products, cloud, security and IoT solutions and mobile payment services.

Fixed-line services include access fees, domestic and long-distance services including Internet services, fixed-to-mobile calls, international traffic, voice value-added services, interconnection, call center services, data and ICT solutions, television services, IPTV and smart home solutions.

Mobile communication services comprise digital mobile communication services including value-added services such as text and multimedia messaging, m-commerce, information and entertainment services (for example mobile television, streaming of music, etc.).

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

2023 (in TEUR)	Austria	Bulgaria	Croatia	Belarus	Slovenia	Serbia	North		Consolidated
							Macedonia	Other*	
Mobile service revenues	1,070,030	346,392	286,954	254,664	128,087	261,654	96,138	-14,802	2,429,117
Fixed-line service revenues	1,393,114	236,357	138,521	71,976	51,225	18,067	27,838	-18,436	1,918,663
<b>Service revenues</b>	<b>2,463,144</b>	<b>582,749</b>	<b>425,475</b>	<b>326,640</b>	<b>179,312</b>	<b>279,721</b>	<b>123,976</b>	<b>-33,238</b>	<b>4,347,780</b>
Mobile equipment revenues	216,586	94,722	85,740	96,756	55,545	96,441	24,934	-936	669,787
Fixed-line equipment revenues	68,005	58,315	5,590	7,271	521	0	1,151	820	141,673
<b>Equipment revenues</b>	<b>284,591</b>	<b>153,037</b>	<b>91,330</b>	<b>104,027</b>	<b>56,066</b>	<b>96,441</b>	<b>26,085</b>	<b>-116</b>	<b>811,460</b>
Other operating income	49,956	13,935	8,038	11,545	6,812	6,336	1,464	-5,873	92,214
<b>Total revenues (incl. OOI)</b>	<b>2,797,691</b>	<b>749,722</b>	<b>524,843</b>	<b>442,212</b>	<b>242,190</b>	<b>382,498</b>	<b>151,525</b>	<b>-39,227</b>	<b>5,251,453</b>

2022 (in TEUR)	Austria	Bulgaria	Croatia	Belarus	Slovenia	Serbia	North		Consolidated
							Macedonia	Other*	
Mobile service revenues	1,031,585	318,072	263,796	284,545	117,226	246,941	89,087	-12,148	2,339,103
Fixed-line service revenues	1,382,292	180,027	127,628	69,807	46,527	13,179	25,968	-20,735	1,824,693
<b>Service revenues</b>	<b>2,413,877</b>	<b>498,099</b>	<b>391,424</b>	<b>354,352</b>	<b>163,753</b>	<b>260,120</b>	<b>115,055</b>	<b>-32,883</b>	<b>4,163,796</b>
Mobile equipment revenues	216,508	95,460	67,874	86,665	52,612	90,754	24,059	-596	633,335
Fixed-line equipment revenues	69,980	36,744	4,349	5,406	477	0	1,239	692	118,887
<b>Equipment revenues</b>	<b>286,488</b>	<b>132,203</b>	<b>72,223</b>	<b>92,071</b>	<b>53,090</b>	<b>90,754</b>	<b>25,297</b>	<b>95</b>	<b>752,222</b>
Other operating income	51,719	10,067	6,582	14,406	5,698	5,651	968	-6,114	88,978
<b>Total revenues (incl. OOI)</b>	<b>2,752,084</b>	<b>640,369</b>	<b>470,229</b>	<b>460,829</b>	<b>222,540</b>	<b>356,524</b>	<b>141,320</b>	<b>-38,901</b>	<b>5,004,996</b>

\*Other includes Corporate & Other and Eliminations.

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The following table shows revenues from customer contracts and from other sources:

in TEUR	2023	2022
Service revenues	4,327,666	4,146,457
Equipment revenues	810,482	751,398
<b>Total customer contract revenues</b>	<b>5,138,147</b>	<b>4,897,855</b>
Other service revenues	20,114	17,339
Other equipment revenues	978	824
Other operating income	92,214	88,978
<b>Total revenues from other sources</b>	<b>113,306</b>	<b>107,141</b>
<b>Total revenues (incl. other operating income)</b>	<b>5,251,453</b>	<b>5,004,996</b>

Other service revenues essentially include income from the rental of private automatic branch exchange equipment ("PABX"), set-top boxes, routers, servers, mobile devices and equipment for fixed-line customers as well as telecommunication circuits (see Note (30)).

Other equipment revenues include mainly revenues from finance lease (see Note (30)).

Other operating income comprises income from the rental of radio towers and buildings amounting to TEUR 18,914 (2022: TEUR 21,086), see Note (30). For income from collections of impaired receivables included in other operating income, see "Credit risk" in Note (33). In 2023, other operating income includes tax exempted research bonuses amounting to TEUR 914 (2022: TEUR 1,119). The remaining portion of other operating income comprises mainly collection fees, damages and gains on disposal of tangible assets.

### Accounting principles

Service revenues are recognized upon providing the service and are generally billed on a monthly basis. Certain SIM card services, access fees, monthly base fees, maintenance contracts, services and leased line revenues for business customers are to some extent billed in advance. These fees and revenues are deferred and reported as contract liabilities (see Note (24)) and recognized in income over the period or at the time the service is provided.

In accordance with contract terms, equipment revenues are recognized upon delivery and acceptance by the customers. For sales that are not part of either multiple-element arrangements or installment sales, customers pay at the time of sale. For sales that are part of multiple-element arrangements, customers pay the amount recognized in contract assets as part of the monthly fees invoiced over the term of the contract. In the case of installment sales, customers pay equal installments over the term of the contract.

Receivables and revenues from installment sales are not discounted if the period between the provision of goods and services and the payment is less than one year or if the discounting effect is insignificant. The materiality of the discounting effect for receivables with remaining terms of more than one year is assessed on an individual contract level. In 2023 and 2022, an accretion effect of TEUR 4,865 and TEUR 5,524, respectively, was recognized in equipment revenues in Belarus only.

When equipment is sold through dealers, these distributors are considered agents, i.e. the revenue is recognized once the mobile devices are sold to end customers. At the same time, dealer subsidies are treated as a reduction in revenue.

Certain arrangements require A1 Group to supply multiple deliverables. For mobile communication, the transaction price for these multiple-element arrangements typically includes the sale of a handset, the activation fee, the service contract and, in Austria, the yearly service fee. For fixed-line, these arrangements typically include Internet and fixed-line services including installation, a yearly Internet service fee in Austria and optional TV and mobile communication services.

If the requirements of IFRS 15 are met, A1 Group generally determines that such arrangements are divided into separate "units of account" based on a determination of a separable benefit for the end customer for each deliverable on a stand-alone basis, thus constituting separate performance obligations.

Transaction prices are allocated to the individual performance obligations by reference to the relative stand-alone selling prices of the underlying products and services. The stand-alone selling prices of products are based on the market prices of alternative providers whereas the stand-alone selling prices of services are available separately, as services are also offered on a stand-alone basis, i.e. without hardware.

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Customer loyalty programs, which lead to claims for the acquisition of new mobile handsets or accessories on the basis of sales generated and which are settled with customers in the form of bonus points, are included in the calculation of multiple deliverables as well. Revenue is reduced at the time of the granting of the award credits taking into account an estimated expiration rate, while revenue is recognized once the bonus points are redeemed. The stand-alone selling prices of bonus points are determined based on the stand-alone selling prices of the future services. The performance obligation is adjusted for the probability of usage.

For the majority of the contracts, A1 Group applies the practical expedient according to IFRS 15 to pool similar contracts into portfolios, primarily based on contract characteristics and duration. For a small number of more complex contracts with major clients, IFRS 15 deferrals are determined on an individual contract basis.

Revenue from connection and roaming services to A1 Group customers is based upon calling minutes or data volume used and recognized as income at the time the service is provided, unless connection and roaming services are covered by contractually agreed fee schedules.

Revenues due from other national and foreign carriers for incoming calls from outside A1 Group's network (interconnection) and roaming revenues are recognized in the period the call occurs or the data volume is used.

For certain contracts for mobile value-added services and partly for (digital) services, such as cloud software, A1 Group acts as an agent and thus records its revenues on a net basis, i.e. deducting supplier costs.

Cash discounts and discounts granted retrospectively are accounted for as a reduction in revenue when granted. The discounts are calculated on an individual customer basis depending on the service revenue generated.

Discounts (standardized multiple-element subsidies) are generally included in the multiple-element calculation, leading, in the case of pure service contracts, to an equal reduction of revenue over the term of the contract. In multiple-element contracts, discounts are usually allocated to separate performance obligations according to the method of relative stand-alone prices, whereby a part of the revenue for equipment is reduced at a certain point in time and the other part of the revenue from services is reduced over a period of time.

Due to the volumes purchased, certain customers are also granted discounts on hardware and sometimes on services during the term of the service contract in addition to standardized multiple-element subsidies. These discounts are included in the multiple-element calculation as well ("discounts granted for hardware").

There are neither substantial warranties exceeding statutory warranty obligations nor significant obligations for returns.

At December 31, 2023, the total transaction price of the unfulfilled (or partly unfulfilled) performance obligations relating to multiple-element arrangements amounted to TEUR 651,593 (2022: TEUR 722,264) and will as a general rule be realized over a contract term of twelve to 24 months or up to 36 months for business customers. For performance obligations recognized at the amount to which A1 Group has a right to invoice, the transaction price of unfulfilled performance obligations and timing of revenue recognition are not disclosed. These disclosures refer to transactions within the scope of IFRS 15 only. Thus, they do not include those parts of the transaction price relating to performance obligations that are not within the scope of this standard, such as leasing.

## (6) Cost and Expenses

The following table shows cost and expenses according to their nature:

in TEUR	2023	2022
Cost of equipment	789,714	730,780
Employee expenses, including benefits and taxes	938,977	929,247
Other operating expenses	1,598,770	1,507,047
<b>Total cost and expenses</b>	<b>3,327,461</b>	<b>3,167,074</b>

The cost of equipment corresponds to material expense. Employee expenses, including benefits and taxes, comprise all benefits to employees net of own work capitalized:

in TEUR	2023	2022
Own work capitalized	90,526	78,537

Own work capitalized represents the work performed for own purposes consisting mainly of employee costs and direct overheads capitalized primarily as part of property, plant and equipment. For the capitalization of internally developed software, see Note (16).

Impairment losses of accounts receivable: subscribers, distributors and other, classified at amortized cost, are reported in bad debt expense in the line item "selling, general & administrative expenses" and amount to (see Note (33)):

in TEUR	2023	2022
Impairment losses	41,799	37,914

The line item "depreciation and amortization" in the Consolidated Statement of Comprehensive Income is allocated as follows:

in TEUR	2023	2022
Cost of service	879,679	828,116
Cost of equipment	17,518	16,879
Selling, general & administrative expenses	113,306	117,880
<b>Depreciation and amortization</b>	<b>1,010,502</b>	<b>962,875</b>

The increase in depreciation and amortization is due to the addition of right-of-use assets related to the lease contracts with ETS Group (see Notes (2) and (30)).

### *Group auditor's fees*

At the Annual General Meeting, Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. (EY) was appointed as group auditor for Telekom Austria AG. The fees related to the group auditor amount to:

in TEUR	2023	2022
Audit fees	1,248	1,099
Other reviews	1,367	142
Other services	104	122
<b>Fees EY</b>	<b>2,720</b>	<b>1,363</b>

Audit fees do not contain expenses or value-added tax.

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In 2023, other reviews and other services include mainly services related to the spin-off of ETS Group (see Note (2)). Furthermore, as also in 2022, they relate to expenses for extended disclosures in the sustainability report in accordance with the EU taxonomy directive and to the publication of the annual financial report in the European single electronic format ("ESEF format") as well as to audits of the internal control system ("ISAE certifications").

### *Relief and support measures related to COVID-19*

In 2023, A1 Group recognized government grants in the amount of TEUR 320 (2022: TEUR 3,932) in employee expenses. These government grants relate mainly to refunds for specified employees who were unable to work from home in Austria as well as, in 2022, to reimbursements in Slovenia.

## **(7) Financial Result**

in TEUR	2023	2022
Interest income on financial assets at amortized cost	17,996	9,537
Interest income on investments at fair value through profit or loss	1,094	885
Interest income on investments at fair value through other comprehensive income	925	400
Interest income on finance lease	155	165
<b>Interest income</b>	<b>20,170</b>	<b>10,986</b>

in TEUR	2023	2022
Interest expense on financial liabilities at amortized cost	57,018	43,838
Interest expense on lease liabilities	38,528	13,067
Interest capitalized	-3,956	-1,805
Interest expense on asset retirement obligations	6,915	4,881
<b>Interest expense</b>	<b>98,505</b>	<b>59,982</b>

Interest is recognized using the effective interest method, except for equity instruments at fair value through profit or loss. Interest expense on financial liabilities at amortized cost is primarily due to issued bonds and the recycling of the hedging reserve (see Notes (21), (25) and (33)). The increase in interest expense from financial liabilities and interest income from financial assets, both accounted for at amortized cost, relates mainly to the issued bond and the long-term bank debt as well as the investment of these funds of the subsidiary A1 Towers Holding GmbH. The interest expense and the interest income was generated in the period between the issuance/investment in July until the spin-off of the company on September 22, 2023 (see Notes (2) and (25)). The increase in interest expense on lease liabilities is mainly due to the increase in the general level of interest as well as the spin-off of ETS Group (see Notes (2), (11) and (30)). For interest expense on asset retirement obligations, see Note (23).

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset. A qualifying asset is an asset that requires a substantial period of time to be prepared for its intended use. In 2023, interest capitalized on internally developed software as well as on qualifying assets of property, plant and equipment (see Notes (15) and (16)) was based on an interest rate of 2.2% (2022: 2.3%).

## CONSOLIDATED FINANCIAL STATEMENTS

in TEUR	2023	2022
Interest result on employee benefit obligations	-497	2,607
Interest expense on restructuring provisions	10,899	945
Fees for unused credit lines	2,870	2,122
Dividends received	-395	-422
Income on disposal of debt instruments at fair value through other comprehensive income	-1	-18
Loss on disposal of debt instruments at fair value through other comprehensive income	5	37
Change of expected credit loss	-224	-31
Interest on taxes	-1,226	-3,489
Income from measurement of instruments at fair value through profit or loss	-3,955	-2,118
Loss from measurement of instruments at fair value through profit or loss	1,122	5,399
<b>Interest on employee benefits and restructuring and other financial items, net</b>	<b>8,597</b>	<b>5,032</b>

Restructuring provisions contain onerous contracts in accordance with IAS 37 as well as provisions for social plans in accordance with IAS 19.

For information on the interest rate for restructuring provisions and employee benefit obligations, see Notes (23) and (27). The interest result on employee benefit obligations includes a benefit of TEUR 7,167 related to the release of a pension fund provision, see Note (23). The expected credit loss relates to financial investments (see Note (19)). In 2023 and 2022, the gain from interest on taxes mainly relates to tax audits in Bulgaria. Net gains or net losses of financial instruments at fair value through profit or loss do not include dividends or interest.

in TEUR	2023	2022
Foreign exchange gains	7,796	16,118
Foreign exchange losses	-11,260	-15,473
<b>Foreign exchange differences</b>	<b>-3,464</b>	<b>645</b>

Foreign exchange gains and losses arise from exchange rate fluctuations between the recognition of the transaction and payment date or from the valuation of receivables and payables at the reporting date. The foreign exchange losses are mainly due to the development of the Belarusian ruble. The foreign exchange rates are disclosed in Note (3).

### (8) Earnings per Share

Basic and diluted earnings per share are calculated by dividing the net income or loss by the weighted average number of common shares outstanding for the year:

	2023	2022
Net result attributable to owners of the parent in TEUR	645,216	633,877
Weighted average number of common shares outstanding	664,084,841	664,084,841
<b>Basic and diluted earnings per share in euro</b>	<b>0.97</b>	<b>0.95</b>

For the number of shares, see Note (28).

Due to the Supervisory Board's decision to settle all share-based compensation plans in cash, no related dilutive effect occurred as of December 31, 2023 and 2022.

### (9) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in banks and financial investments with remaining maturities of up to three months from the date of acquisition. The financial resource fund in the Consolidated Statement of Cash Flows is equal to cash and cash equivalents reported in the Consolidated Statement of Financial Position.

A1 Group invests its cash with various financial institutions with impeccable credit ratings. Therefore, the calculation of expected credit losses for cash and cash equivalents resulted in an insignificant amount, which was not recognized (see also "Credit risk" in Note (33)).

**(10) Accounts Receivable: Subscribers, Distributors and Other, Net**

in TEUR, at December 31	2023	2022
Accounts receivable, gross	1,127,563	1,124,757
Loss allowances	-284,479	-285,130
<b>Accounts receivable, net</b>	<b>843,084</b>	<b>839,627</b>
Thereof remaining term of more than one year	75,650	69,817

At December 31, 2023 and 2022, accounts receivable: subscribers, distributors and other with a remaining term of more than one year relate to installment sales of essentially mobile handsets and tablets in all segments.

The development of the loss allowance for accounts receivable: subscribers, distributors and other as well as their age structure is disclosed in "Credit risk" in Note (33).

**(11) Related Party Transactions**

The shareholders América Móvil and ÖBAG are considered related parties due to their stake in Telekom Austria AG allowing them to exercise control or significant influence, respectively. Through América Móvil, A1 Group is also a related party to its subsidiaries. Through ÖBAG, A1 Group is a related party to the Republic of Austria and its subsidiaries (mainly ÖBB Group, ASFINAG Group, OMV Group and Post Group as well as Rundfunk und Telekom Regulierungs-GmbH (RTR, the Austrian Regulatory Authority for Broadcasting and Telecommunications) and Verbund). Members of the Supervisory Board of Telekom Austria AG also qualify as related parties.

As described in Note (2), ETS Group, a subsidiary of América Móvil, qualifies as a related party after the spin-off on September 22, 2023. The disposal of the carrying amounts of assets and liabilities of ETS Group as well as further transactions after the spin-off are disclosed in Note (2) as well as in the line item "changes in reporting entities" in the respective tables in the individual Notes. Revenues and expenses relating to other service charges between A1 Group and ETS Group are included in the revenues and expenses disclosed below.

All business transactions with related parties are continually monitored and documented to ensure that pricing is at arm's length. With the exception of fully consolidated subsidiaries, whose transactions are eliminated in consolidation, and transactions with ETS Group, which are disclosed in Note (2), there are no financing activities with related parties.

The revenues from and expenses charged to related parties are the following:

in TEUR	2023	2022
Revenues (incl. other operating income)	124,464	135,388
Expenses	104,594	93,588
Interest income	543	0
Interest expense on lease liabilities	15,392	0

In the years reported, revenues generated with Austrian related parties comprise the entire service portfolio of A1 Group. The decrease in revenues is mainly due to a one-time effect in 2022 relating to digitalization in the public sector. In 2023 and 2022, services received from Austrian related parties include mainly energy, expenses for cable rights and rights of use, postage fees, transportation, commissions and fees to RTR. The increase in expenses is substantially due to higher energy costs.

In 2023, transactions with related parties include revenues of TEUR 5 (2022: TEUR 2,541) and expenses of TEUR 4,916 (2022: TEUR 4,224) with Canal+, which is accounted for using the equity method. The expenses relate to TV and video content, the revenues in 2022 relate mainly to the sale of TV rights from A1 now TV GmbH to Canal+ (see "Intercompany elimination" in Note (18)).

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The interest income relates mainly to the transfer of debt to ETS Group (see Note (2)) for the period after the spin-off until the redemption on September 26, 2023. The interest expense on lease liabilities is mainly due to lease contracts with ETS Group (see Note (30)).

A1 Group is obligated to provide communication services for low-income households and other eligible individuals at reduced tariffs for which it is compensated by the Republic of Austria on a contractual basis. The contract with the Republic of Austria dated June 2021 specifies the reimbursement of EUR 10.00 per customer per month for customers having a valid official notice. In 2023, the total reimbursement recorded as revenue in the service period was TEUR 5,368 (2022: TEUR 7,008).

See Note (23) regarding the transfer of civil servants, who cannot be laid off, to the federal government and the related expenses and provisions.

For government grants for assets received from the Republic of Austria, see Note (15)). Tax exempted research bonuses are disclosed in Note (5) and relief and support measures related to COVID-19 in Note (6).

At December 31, 2023 and 2022, accounts receivable due from related parties and accounts payable due to related parties, as recognized in the Consolidated Statement of Financial Position, relate to fully consolidated subsidiaries of América Móvil and accounts payable of TEUR 430 (2022: TEUR 159) due to Canal+, which is accounted for using the equity method (see Note (18)). The receivables and payables with related parties relate to operating business activities, notably to interconnection and roaming. At December 31, 2023, the increase in payables is largely due to leasing charges by ETS Group, the increase in receivables results from leasing charges for mobile base stations for which economic but not legal ownership was transferred to ETS Group.

The following table shows the compensation of key management personnel as well as the expenses for pensions and severance for other employees. Key management personnel is defined as the members of the management boards and the managing directors of all significant operating companies of A1 Group registered in the Company Register as well as the members of the Management Board of Telekom Austria AG (see Note (36)).

in TEUR	2023	2022
Short-term employee benefits	13,457	12,226
Pensions	497	518
Other long-term benefits	0	0
Termination benefits	1,056	166
Share-based payments	1,855	935
<b>Compensation of key management</b>	<b>16,865</b>	<b>13,844</b>
Expenses for pensions and severance for other employees	-10,992	19,412
Expenses for pensions and severance for Management Board	1,253	413

Expenses for pensions and severance consist of statutory and voluntary severance expenses, contributions to pension plans and other pension payments. In 2023, the expenses for pensions for other employees include a benefit related to the release of a pension fund provision of TEUR 27,863 (see Note (23)).

### (12) Inventories

Inventories consist of merchandise sold in the shops of A1 Group or to distributors and are measured at the lower of cost or net realizable value, with cost being determined on the basis of moving average cost less allowance based on the turnover rate of the last twelve months. Net realizable value is the estimated selling price less the estimated selling expense in the ordinary course of business.

## CONSOLIDATED FINANCIAL STATEMENTS

The net amount related to impairment loss and reversal of impairment loss of inventory that is recognized in cost of equipment consists of:

in TEUR	2023	2022
Write-down/reversals of write-down of inventories	-656	-9,729
Impairment loss: negative values; reversal of impairment loss: positive values		

### (13) Other Current Assets, Net

Other current assets are broken down as follows:

in TEUR, at December 31	2023	2022
Prepaid expenses	70,590	65,571
Other current assets	105,561	75,178
Contract costs	47,127	42,518
<b>Total</b>	<b>223,277</b>	<b>183,267</b>

#### Prepaid expenses

in TEUR, at December 31	2023	2022
Advances to employees	14,188	18,044
Concession fees	15,765	14,367
Other	40,637	33,160
<b>Prepaid expenses</b>	<b>70,590</b>	<b>65,571</b>

#### Other current assets

in TEUR, at December 31	2023	2022
Finance lease receivables	1,185	1,362
Accrued interest	2,796	2,491
Other financial assets	10,239	9,067
<b>Financial assets</b>	<b>14,220</b>	<b>12,920</b>
Fiscal authorities	1,376	1,306
Advance payments	28,571	12,951
Government grants	24,622	36,865
Refund salary increments reference date	23,481	0
Other non-financial assets	21,268	17,113
<b>Non-financial assets</b>	<b>99,319</b>	<b>68,234</b>
<b>Other current assets, gross</b>	<b>113,538</b>	<b>81,154</b>
Less loss allowance for financial assets	-3,569	-3,273
Less loss allowance for non-financial assets	-4,409	-2,703
<b>Other current assets</b>	<b>105,561</b>	<b>75,178</b>

- For finance lease receivables as well as the loss allowance recognized thereon that is included in the loss allowance for financial assets, see Note (30).
- Accrued interest included interest on financial investments (see Note (19)).
- Other financial assets (less loss allowance) relate mainly to receivables due from a distributor in Bulgaria.
- The government grants are mainly attributable to the expansion of the broadband network in Austria (see Note (15)).
- The line item "Refund salary increments reference date" includes receivables due from the federal government for supplementary salary payments to Austrian civil servants related to the recognition of previous periods of service, as these have to be borne by the federal government (see Notes (22) and (23)).
- Other current non-financial assets consist mainly of services not yet billed, indemnification claims due from insurance companies and receivables due from employees.

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### Contract costs

Commissions paid to third parties and to employees are deferred if they qualify as customer acquisition costs and are expected to be recoverable. As contract costs are expected to be realized as part of A1 Group's normal operating cycle, they are classified as current. A1 Group applies the practical expedient not to capitalize incremental costs of obtaining a contract with an amortization period of one year or less.

in TEUR, at December 31	2023	2022
Contract costs, gross	48,192	43,491
Loss allowance contract costs	-1,066	-973
<b>Contract costs, net</b>	<b>47,127</b>	<b>42,518</b>
Thereof remaining term of more than one year	19,252	16,233

Contract costs are expensed over the expected duration of the underlying contract using the straight-line method. In 2023, the amortization of TEUR 35,588 (2021: TEUR 34,483) was recognized in selling expenses.

Impairment losses are recognized in selling expenses if the related customer receivable or contract asset has to be impaired according to IFRS 9. The following table shows the development of the loss allowance for contract costs:

in TEUR	2023	2022
At January 1	973	978
Foreign currency adjustment	-2	-0
Reversed	-835	-831
Charged to expenses	929	827
<b>At December 31</b>	<b>1,066</b>	<b>973</b>

### (14) Contract Assets

A1 Group recognizes contract assets for contractual rights to consideration for goods transferred or services performed. Contract assets include mainly deferrals for relevant multiple-element arrangements for mobile communication services and for performance obligations for fixed-line services as well as deferrals for customer loyalty programs, discounts granted for hardware and installation fees (see Note (5)).

As contract assets are expected to be realized as part of A1 Group's normal operating cycle, they are classified as current. Contract assets are reclassified to receivables when the right to the consideration becomes unconditional. At December 31, 2023, contract liabilities from customer loyalty programs and discounts granted for hardware amounting to TEUR 90,474 (2022: TEUR 89,277) are included in the multiple-element calculation and are therefore presented net in contract assets.

The following table shows the development of gross contract assets as well as a reconciliation to net contract assets and its portion with a remaining term of more than one year:

in TEUR	2023	2022
<b>At January 1</b>	<b>100,178</b>	<b>106,518</b>
Increases	189,714	202,818
Transfers to receivables	-198,797	-209,232
Foreign currency adjustment	41	76
<b>At December 31</b>	<b>91,137</b>	<b>100,178</b>
Loss allowances	-2,746	-2,844
<b>Contract assets, net</b>	<b>88,391</b>	<b>97,334</b>
Thereof remaining term of more than one year	40,872	43,810

The development of the loss allowance regarding contract assets is disclosed in "Credit risk" in Note (33).

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**(15) Property, Plant and Equipment**

Property, plant and equipment are stated at cost, which includes certain costs that are incurred during the installation and expansion of the assets, for example material, payroll, direct overhead and interest costs as well as the present value of decommissioning and restoration obligations (see Note (23)). Value-added tax (VAT), which is charged by suppliers and refunded by the tax authorities, is not included in cost.

Maintenance and repairs are expensed as incurred, while replacements and improvements are capitalized. The cost and accumulated depreciation of assets sold or retired are removed from the accounts, and any resulting gain or loss is recognized in other operating income or other operating expenses.

Inventories for the operation of the plant (network) are used primarily for A1 Group's network expansion. In accordance with IAS 16.8, they are reported in property, plant and equipment as A1 Group expects to use these items during more than one period.

At December 31, 2023, the carrying amount of land amounted to TEUR 59,897 (2022: TEUR 60,100).

in TEUR	Telephonic plant in operation and equipment	Land and buildings & leasehold improvements	Other assets	Construction in progress	Inventories for operation of the plant	Total
<b>Cost</b>						
At January 1, 2022	11,220,199	938,065	374,676	236,681	136,094	12,905,715
Additions	259,711	7,704	27,376	215,281	263,648	773,720
Disposals	-282,155	-7,900	-31,677	-661	-3,863	-326,256
Transfers	307,653	8,413	8,057	-104,048	-227,316	-7,242
Translation adjustment	-5,333	-454	-5	-63	-100	-5,956
Changes in reporting entities	52	5	2,624	0	0	2,681
<b>At December 31, 2022</b>	<b>11,500,127</b>	<b>945,833</b>	<b>381,051</b>	<b>347,189</b>	<b>168,462</b>	<b>13,342,662</b>
Additions	281,011	10,818	25,307	268,899	220,538	806,572
Disposals	-266,581	-11,137	-24,635	-1,503	-6,091	-309,948
Transfers	402,196	4,849	12,315	-189,967	-232,538	-3,146
Translation adjustment	-49,530	-4,693	-8,686	-2,730	-590	-66,229
Changes in reporting entities	-1,379,136	-2,249	-6,423	-12,194	-879	-1,400,882
<b>At December 31, 2023</b>	<b>10,488,086</b>	<b>943,420</b>	<b>378,929</b>	<b>409,693</b>	<b>148,901</b>	<b>12,369,030</b>
<b>Accumulated depreciation and impairment</b>						
At January 1, 2022	-8,963,923	-724,859	-308,878	0	-32,263	-10,029,923
Additions	-480,544	-19,067	-37,900	0	-1,600	-539,112
Impairment	0	-53	-3,799	0	0	-3,851
Disposals	245,429	3,871	31,159	0	892	281,352
Transfers	599	-695	99	0	0	3
Translation adjustment	3,891	219	353	0	7	4,470
Changes in reporting entities	-43	-5	-1,444	0	0	-1,491
<b>At December 31, 2022</b>	<b>-9,194,591</b>	<b>-740,588</b>	<b>-320,409</b>	<b>0</b>	<b>-32,964</b>	<b>-10,288,552</b>
Additions	-479,632	-19,351	-34,101	0	-8,210	-541,295
Impairment	0	-39	-2,693	0	0	-2,733
Disposals	254,424	8,186	23,705	0	2,909	289,224
Translation adjustment	32,482	1,553	7,910	0	60	42,005
Changes in reporting entities	1,157,251	771	3,330	0	0	1,161,352
<b>At December 31, 2023</b>	<b>-8,230,059</b>	<b>-749,479</b>	<b>-322,255</b>	<b>0</b>	<b>-38,206</b>	<b>-9,339,999</b>
<b>Carrying amount at</b>						
December 31, 2023	2,258,028	193,941	56,674	409,693	110,695	3,029,031
December 31, 2022	2,305,536	205,245	60,642	347,189	135,498	3,054,110

Other assets include mainly office and business equipment as well as motor vehicles.

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In 2023, changes in reporting entities relate to the spin-off of ETS Group (see Note (2)).

Depreciation on property, plant and equipment is calculated using the straight-line method over the estimated useful life of the assets. If an event or circumstance indicates that the assets may be impaired, they are tested for impairment (see Impairment test in Note (16)). Leasehold improvements are amortized using the straight-line method over the lease term or the useful life of the asset, whichever is shorter. The useful lives in years are:

	2023	2022
Telephonic plant in operation and equipment	2-25	2-25
Buildings and leasehold improvements	2-50	3-50
Other assets	2-10	2-10

The impairment of other assets in 2023 and 2022 is due to the impairment of a solar power plant in the segment Belarus. Since April 1, 2023, the excess of solar power produced cannot be sold anymore due to new legal restrictions. As no further cash flows are expected, the complete solar power plant was impaired to zero. The state-regulated prices for solar power were already reduced in Belarus in June 2022, which led to a sharp decline in revenues from solar power. The value in use of the solar power plant was determined on the basis of an external expert opinion, cash flows were discounted at a rate of 21.6%.

### *Sensitivity analysis*

The estimated useful lives of depreciable property, plant and equipment represent the periods in which the assets are estimated to be used by A1 Group. A change in the useful lives by one year would lead to the following changes in depreciation:

in TEUR	2023	2022
Decrease due to extension by one year	89,495	94,383
Increase due to reduction by one year	175,527	167,856

In 2022, the useful lives of the passive infrastructure of base stations was extended to up to 25 years based on the estimations of technical experts, which resulted in a decline in depreciation of "telephonic plant in operation and equipment" of TEUR 7,217.

### *Government grants and contractual commitments*

In 2023, government grants for assets amounting to TEUR 43,637 (2022: TEUR 24,822) were deducted from acquisition cost. In 2022, TEUR 180 of this amount related to the COVID-19 investment grant, which was introduced as an incentive for capital expenditures in Austria in 2020 as a result of the COVID-19 crisis. The other grants relate essentially to the expansion of the broadband network in Austria.

At December 31, 2023, contractual commitments for the acquisition of property, plant and equipment amounted to TEUR 238,442 (2022: TEUR 208,760).

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(16) Intangibles

in TEUR	Licenses and other rights	Brand names and patents	Software	Customer base	Construction in progress	Total
<b>Cost</b>						
At January 1, 2022	2,159,984	559,210	1,166,667	1,042,191	160,859	5,088,911
Additions	15,823	1,895	57,889	831	102,332	178,771
Disposals	-4,431	0	-46,318	0	-757	-51,506
Transfers	-230	2,627	104,447	245	-99,848	7,242
Translation adjustment	-1,145	-489	-622	-2,369	227	-4,398
Changes in reporting entities	0	2,010	1,064	5,567	0	8,642
<b>At December 31, 2022</b>	<b>2,170,002</b>	<b>565,254</b>	<b>1,283,126</b>	<b>1,046,466</b>	<b>162,814</b>	<b>5,227,662</b>
Additions	137,161	3,853	63,663	289	100,256	305,222
Disposals	-1,023	-30	-57,859	0	-400	-59,313
Transfers	466	5,317	114,407	0	-117,044	3,146
Translation adjustment	-19,151	-8,832	-8,138	-33,365	-686	-70,172
Changes in reporting entities	-854	-324	-6	0	-347	-1,531
<b>At December 31, 2023</b>	<b>2,286,601</b>	<b>565,237</b>	<b>1,395,193</b>	<b>1,013,390</b>	<b>144,593</b>	<b>5,405,014</b>
<b>Accumulated amortization and impairment</b>						
At January 1, 2022	-1,062,302	-389,698	-965,565	-1,001,182	0	-3,418,747
Additions	-128,499	-3,734	-110,839	-12,377	0	-255,450
Disposals	3,986	0	46,001	0	0	49,988
Transfers	0	0	-3	0	0	-3
Translation adjustment	1,328	605	609	2,327	0	4,869
Changes in reporting entities	0	0	-357	0	0	-357
<b>At December 31, 2022</b>	<b>-1,185,488</b>	<b>-392,828</b>	<b>-1,030,154</b>	<b>-1,011,232</b>	<b>0</b>	<b>-3,619,701</b>
Additions	-124,486	-4,984	-115,576	-9,339	0	-254,385
Disposals	791	30	57,416	0	0	58,238
Translation adjustment	14,832	8,984	7,408	33,263	0	64,487
Changes in reporting entities	804	141	1	0	0	947
<b>At December 31, 2023</b>	<b>-1,293,546</b>	<b>-388,656</b>	<b>-1,080,904</b>	<b>-987,308</b>	<b>0</b>	<b>-3,750,415</b>
<b>Carrying amount at</b>						
December 31, 2023	993,055	176,581	314,289	26,082	144,593	1,654,600
December 31, 2022	984,515	172,426	252,972	35,234	162,814	1,607,961

For possible changes in reporting entities, see Notes (2) and (34).

Licenses not yet put into operation are included in licenses and rights of use.

Intangible assets with finite useful lives are recognized at acquisition cost and amortized using the straight-line method. If there is an indication of impairment, intangible assets are tested for impairment (see Impairment test). Amortization using the straight-line method is based on the following useful lives in years:

	2023	2022
Mobile communications and fixed net licenses	5-24	5-24
Other rights	3-30	2-30
Patents	5-7	5-7
Software	2-10	2-10
Customer base	5-13	5-14

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The following table shows expected amortization expense related to intangible assets with a finite useful life for each of the following periods:

in TEUR	2023	2022
2023	n.a.*	271,131
2024	279,002	229,813
2025	231,237	186,089
2026	206,203	163,337
2027	161,171	98,036
2028	95,412	n.a.*
Thereafter	518,344	496,468
<b>Total</b>	<b>1,491,369</b>	<b>1,444,874</b>

\*n.a. as not applicable for the respective period.

### *Sensitivity analysis*

The estimated useful lives for amortizable intangible assets represent the periods in which the assets are estimated to be used. A change in the useful lives by one year would lead to the following changes in amortization:

in TEUR	2023	2022
Decrease due to extension by one year	43,403	45,066
Increase due to reduction by one year	60,321	62,294

### **Licenses and other rights**

Other rights with useful lives of more than 20 years relate to infeasible rights to fiber optic cable or wavelengths that are used over a fixed period of time. These rights are amortized over the term of the contract.

A1 Group holds mobile telecommunication licenses (GSM, UMTS, LTE and 5G) provided by regulatory authorities in Austria, Croatia, Slovenia, Serbia, Bulgaria, Belarus and North Macedonia. Licenses are recorded at cost and amortized on a straight-line basis. At December 31, 2023, the total cost incurred for the major license agreements, which will expire between 2027 and 2044 (2022: 2024 and 2044), amounted to TEUR 2,092,199 (2022: TEUR 1,968,557).

In 2023, A1 Group acquired frequencies in Croatia for TEUR 110,816 (including interest capitalized) in the 800 MHz, 900 MHz, 1800 MHz, 2100 MHz and 2600 MHz frequency bands for a period of 15 year starting in October 2024 and in Bulgaria for TEUR 22,088 (700 MHz and 800 MHz band spectrum) for a period of 15 years. In 2022, A1 Group acquired frequencies in North Macedonia for TEUR 8,158 (700 MHz band, 2x10 MHz band spectrum and 3.6 GHz band, 100 MHz band spectrum) and in Bulgaria for TEUR 1,358 (1.8 GHz band, 2x5 MHz band spectrum, 26 GHz band, 400 MHz band spectrum and 3.6 GHz band, 20 MHz band spectrum).

### **Brand names**

The following table shows the changes in the net carrying amounts of brand names by segment:

in TEUR	Austria	Bulgaria	Corporate & Other	Total
At January 1, 2022	158,351	0	2,619	160,970
Translation adjustment	0	0	106	106
Changes in reporting entities	0	2,010	0	2,010
<b>At December 31, 2022</b>	<b>158,351</b>	<b>2,010</b>	<b>2,726</b>	<b>163,087</b>
Translation adjustment	0	0	144	144
<b>At December 31, 2023</b>	<b>158,351</b>	<b>2,010</b>	<b>2,869</b>	<b>163,230</b>

Regarding the changes in reporting entities, see Note (34).

Brand names are classified as intangible assets with an indefinite useful life based on an analysis of product life cycles, contractual and legal control of the asset and other pertinent factors. In the course of business combinations, brand names are recognized at fair value based on the "relief from royalty" method. If a brand name is intended for discontinuation in the foreseeable future, it is amortized over its remaining estimated useful life.

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The following table shows the recognized brand names, which all have an indefinite useful life:

in TEUR, at December 31	2023	2022
A1 Telekom Austria	144,910	144,910
Cable Runner	491	491
YESSS!	12,950	12,950
<b>Total Austria</b>	<b>158,351</b>	<b>158,351</b>
Stemo	2,010	2,010
<b>Total Bulgaria</b>	<b>2,010</b>	<b>2,010</b>
Exoscale	2,410	2,267
Invenium	459	459
<b>Total Corporate &amp; Other</b>	<b>2,869</b>	<b>2,726</b>
<b>Total brand names</b>	<b>163,230</b>	<b>163,087</b>

### Software

Certain direct and indirect development costs associated with internally developed software are capitalized once the project has reached the implementation phase. Development costs are generally amortized using the straight-line method over a period that does not exceed four years from the time when the asset is essentially ready for use. Development costs requiring capitalization include direct costs of materials and purchased services as well as payroll costs and interest costs. Costs incurred during the preliminary project stage, maintenance and training costs as well as research and development costs (with the exception of the above-mentioned capitalizable development costs) are expensed as incurred.

The following table shows internally developed software included in the line item "software":

in TEUR, at December 31	2023	2022
Cost of production	110,801	90,232
Accumulated amortization	-72,518	-62,972
Carrying amount	38,283	27,260
Additions	7,521	5,123

### Customer base

The addition in 2022 relates to the acquisition of the Bulgarian company Stemo (see Note (34)).

### *Contractual commitments*

At December 31, 2023, contractual commitments for the acquisition of intangible assets amounted to TEUR 46,826 (2022: TEUR 46,912).

### *Impairment test*

Property, plant and equipment and intangible assets with finite useful lives are tested for impairment if facts or changes in circumstances indicate that the carrying amount of an asset could be above its recoverable amount. The impairment test is performed for all property, plant and equipment, right-of-use assets and intangible assets, regardless of whether they are intended for sale or not. In accordance with IAS 36, an impairment loss is recognized when an asset's carrying amount exceeds the higher of its fair value less costs to sell and its value in use. Fair value is the amount obtainable from the sale of the asset in an arm's length transaction. Value in use is based on the discounted net cash flows expected to arise from the continued use of the asset and from its disposal at the end of its useful life. Impairment charges are recorded separately in the Consolidated Statement of Comprehensive Income. If there is any indication that the impairment recognized in prior periods no longer exists, A1 Group considers the need to reverse all or a portion of the impairment charge.

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Brand names classified as intangible assets with indefinite useful lives have to be tested for impairment in accordance with IAS 36, as described in Note (17). If an event or circumstance indicates that an asset may be impaired, impairment tests are performed as necessary. Since brand names do not generate cash inflows that are largely independent of those from other assets, the value in use can be determined only for the asset's cash-generating unit, where an impairment loss is recognized, if applicable.

### (17) Goodwill

Goodwill is recognized in the course of business combinations and is measured as the difference between the aggregate of the fair value of the consideration transferred and the amount of any non-controlling interest in the acquired company less the fair value of the identifiable assets acquired and the liabilities assumed.

The following table illustrates the changes in the net carrying amounts of goodwill allocated to the individual cash-generating units that are expected to benefit from the synergies of the business combination:

in TEUR	Austria	Bulgaria	Croatia	Belarus	Slovenia	North Macedonia	Corporate & Other	Total
At January 1, 2022	708,212	242,691	125,983	11,767	150,723	29,996	16,429	1,285,801
Translation adjustment	0	0	-290	-132	0	65	421	64
Acquisitions	0	13,938	0	0	0	0	0	13,938
<b>At December 31, 2022</b>	<b>708,212</b>	<b>256,629</b>	<b>125,693</b>	<b>11,635</b>	<b>150,723</b>	<b>30,061</b>	<b>16,850</b>	<b>1,299,803</b>
Changes in reporting entities	-120,958	-20,606	-24,908	0	-38,338	-4,266	0	-209,075
Translation adjustment	0	0	0	-2,031	0	-1	570	-1,463
<b>At December 31, 2023</b>	<b>587,254</b>	<b>236,023</b>	<b>100,785</b>	<b>9,603</b>	<b>112,385</b>	<b>25,794</b>	<b>17,419</b>	<b>1,089,265</b>

For details of acquisitions, see Note (2).

In 2023, the changes in reporting entities relate to the spin-off of ETS Group (see Note (2)). At September 22, 2023, goodwill was allocated between the tower companies and the A1 companies on the basis of the relative enterprise value of the cash-generating units of each segment affected.

The acquisition cost as well as cumulative impairment charges and amortization of goodwill amounted to:

in TEUR, at December 31	2023	2022
Segment Austria	591,274	712,232
Segment Bulgaria	636,023	656,629
Segment Croatia	105,809	130,716
Segment Belarus	306,149	371,311
Segment Slovenia	140,309	178,647
Segment North Macedonia	30,905	35,172
Corporate & Other	17,419	16,850
<b>Total cost</b>	<b>1,827,888</b>	<b>2,101,558</b>

in TEUR, at December 31	2023	2022
Segment Austria	4,020	4,020
Segment Bulgaria	400,000	400,000
Segment Croatia	5,024	5,024
Segment Belarus	296,545	359,677
Segment Slovenia	27,924	27,924
Segment North Macedonia	5,111	5,111
<b>Accumulated impairment</b>	<b>738,623</b>	<b>801,755</b>

**Impairment test**

Goodwill and other intangible assets with indefinite useful lives as well as intangible assets that are not yet available for use are not amortized but are tested for impairment in accordance with IAS 36 at least once a year in the fourth quarter, irrespective of whether there is any indication of impairment, by comparing their carrying amounts with their recoverable amounts. If an event or circumstance indicates that an asset may be impaired, impairment tests are also carried out as necessary.

A1 Group performs these impairment tests by calculating the value in use based on capital-market-oriented valuation methodology which is based on detailed planning of future cash flows of revenue and costs less capital expenditure for maintenance and replacement of assets as well as working capital changes for a planning period of five years and a perpetual annuity for the years following the detailed planning period. The detailed planning is based on business plans approved by the management that are also used for internal management purposes. Significant planning assumptions comprise the development of revenues and the profit margin in the detailed planning period as well as the growth in the perpetual annuity for the years following the detailed planning period.

Significant assumptions to determine the value in use comprise the development of revenues, cost drivers, working capital changes, capital expenditure for maintenance and replacement of assets, growth rate and discount rate.

- Assumptions regarding development of revenues are based on historical performance, industry forecasts and external market data such as the development of gross domestic product (GDP), inflation rates, currency rates, population and other parameters.
- Cost drivers and capital expenditure for maintenance and replacement of assets are based on past experience and internal expectations.
- Growth rates applied to the perpetual annuity consider country-specific growth rates as well as company-specific revenue growth rates of prior periods and those used in detailed planning.
- Detailed planning is based on developments of the past and expectations regarding future market developments. The resulting cash flows are discounted at the weighted average cost of capital, which is determined separately for each cash-generating unit, to determine the value in use of the cash-generating units. The cost of equity used for discounting the cash flows is determined based on the "capital asset pricing model" and corresponds to the weighted average interest rate of equity and debt capital of the peer group. The determination of the cost of equity is based on a risk-free borrowing rate, adjusted for market and country-specific risks. The cost of debt is based on a risk-free borrowing rate, adjusted for risk. The cost of debt as well as beta factors and the capital structure of the peer group are derived from publicly available market data. The beta factor used on the reporting date is the average of the two-year beta of the last twelve months.

The analysis of climate scenarios, which has been a part of risk management since 2021, was updated in 2023 and investigates the effects of long-term climate scenarios on the business model of A1 Group by analyzing and evaluating physical and transition risks. In particular, impacts due to flood risk, carbon taxation and energy costs were analyzed. The analysis of risks in the first two areas did not lead to significant impacts on the results. Due to this fact, no explicit adjustments were made in the impairment testing. Price and consumption increases as well as countermeasures were taken into account as far as possible in the planning of energy costs. While short-term price increases have already been included in the business plan and were already part of the impairment test, no new effects from transitional risks (e.g. CO<sub>2</sub> taxation) come from the scenario analysis, and thus no valuation-relevant changes occurred.

The outbreak of the conflict in Ukraine in February 2022 led to an increase in prices for goods, services and energy. This ongoing macroeconomic situation characterized by high inflation has not had a significant impact on the operating business of A1 Group to date. Effects of external sources such as market capitalization and market yields are reflected in the weighted average cost of capital applied.

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The following parameters were used to calculate the value in use:

	Growth rates perpetual annuity		Pre-tax discount rates	
	2023	2022	2023	2022
Segment Austria	1.9%	1.5%	5.9%	6.6%
Segment Bulgaria	2.0%	2.7%	7.1%	8.0%
Segment Croatia	2.1%	3.3%	8.2%	8.8%
Segment Belarus	5.0%	5.7%	34.7%	35.2%
Segment Slovenia	1.9%	3.3%	6.9%	7.5%
Segment North Macedonia	2.0%	2.6%	10.5%	10.5%
Corporate & Other	2.0%	1.5%	5.6%	6.4%

If the value in use of the cash-generating unit exceeds its carrying amount, neither the cash-generating unit nor the goodwill allocated to that cash-generating unit shall be regarded as impaired. Rather, A1 Group examines if impairment losses recognized in the past (with the exception of goodwill) must be reversed.

At both December 31, 2023 and 2022, the values in use of all cash-generating units exceeded the carrying amounts. Thus, no impairment charges had to be recognized.

### (18) Investments in Associates

The following table shows the development of the carrying amount of Canal+ Austria GmbH ("Canal+"), a joint venture which was established in 2021 to expand the TV business in Austria and that is accounted for using the equity method (see Note (34)).

in TEUR	2023	2022
<b>At January 1</b>	<b>99</b>	<b>0</b>
Recognized income	822	-1,866
Shareholders' contribution	0	1,965
<b>At December 31</b>	<b>921</b>	<b>99</b>

The recognized income also includes effects of intercompany profit eliminations subsequently explained.

The difference between the investment in associates and its proportionate equity is disclosed in the following table:

in TEUR, at December 31	2023	2022
Proportionate equity	1,483	881
Intercompany elimination	-562	-782
<b>Investments in associates</b>	<b>921</b>	<b>99</b>

In 2022, an intercompany profit relating to the sale of TV rights of A1 Group to Canal+ was eliminated, which is released into income in subsequent periods.

For outstanding balances and revenues and expenses of A1 Group and Canal+, see Note (11).

**(19) Investments**

in TEUR, at December 31	2023	2022
Investments at amortized cost	210,100	193,748
Debt instruments at fair value through other comprehensive income*	38,396	38,515
Debt instruments at fair value through profit or loss*	40,413	31,275
Equity instruments at fair value through profit or loss*	3,079	2,691
<b>Short- and long-term investments</b>	<b>291,987</b>	<b>266,228</b>
Thereof		
Short-term investments	84,646	60,514
Long-term investments	207,340	205,714

\*Mandatory. For the classification of financial instruments, see also Note (33).

In order for a financial asset to be classified and measured at amortized cost or at fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at instrument level. The business models of A1 Group are "hold to collect" and "hold to collect and sell", and no derivative financial instruments are held.

At December 31, 2023, financial assets at amortized cost (business model "hold to collect") include quoted bonds with investment grade ratings of TEUR 195,890 (2022: TEUR 185,345), which are held to generate contractual cash flows as well as fixed-term deposits of TEUR 14,210 (2022: TEUR 8,403).

"Debt instruments at fair value through other comprehensive income" include quoted bonds, which are held for generating contractual cash flows as well as for sale (business model "hold to collect and sell"). Interest income is recognized in profit or loss and calculated the same way as interest income on financial assets at amortized cost, i.e. the premium is recognized in profit or loss over the remaining term according to the effective interest method (see Note (7)). The remaining changes in fair value are recognized in other comprehensive income (OCI), net of income tax. At December 31, 2023, the subsidiary paybox Bank AG is obliged to hold bonds in the amount of TEUR 8,134 (2022: TEUR 3,309) due to the Capital Requirements Regulation.

The recognized 12 months' expected credit loss relating to investments at amortized cost and to debt instruments at fair value through other comprehensive income is disclosed in Note (7), (see also "Credit risk" in Note (33)).

"Debt instruments at fair value through profit or loss" include other long-term financial investments under the business model "hold to collect and sell" that do not meet the SPPI criterion. At December 31, 2023, TEUR 1,113 (2022: TEUR 1,092) serve as coverage for the provision for pension obligations in Austria.

All equity instruments held are classified as "at fair value through profit or loss" and comprise both quoted and unquoted equity instruments.

**(20) Other Non-current Assets, Net**

in TEUR, at December 31	2023	2022
Finance lease receivables	1,499	1,831
Other financial assets	4,979	6,520
<b>Financial assets</b>	<b>6,478</b>	<b>8,351</b>
<b>Other non-financial assets</b>	<b>18,889</b>	<b>14,125</b>
<b>Other non-current assets, gross</b>	<b>25,366</b>	<b>22,476</b>
Less loss allowance for financial assets	-2,975	-3,620
<b>Other non-current assets, net</b>	<b>22,391</b>	<b>18,856</b>

- For finance lease receivables as well as the loss allowance recognized that is included in the loss allowance for financial assets, see Note (30).

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- Other financial assets (less loss allowance) relate mainly to deferred receivables from a distributor in Croatia (see also Note (13)).
- Other non-financial assets include essentially prepayments for maintenance agreements and license fees.

### (21) Short-term Debt

in TEUR, at December 31	2023	2022
Current portion of long-term debt	0	299,871
Short-term bank debt	60,055	521,658
<b>Short-term debt</b>	<b>60,055</b>	<b>821,529</b>

For further information regarding long-term financial debt, see Note (25). The average fixed interest rate for short-term bank debt at December 31, 2023 amounts to 4.32% with a term until January 31, 2024. At December 31, 2022, the average fixed interest rate amounted to 2.15%. Bank debt had a maximum term until January 10, 2023. For further funding sources, see Note (33).

### (22) Accounts Payable

Accounts payable consist of the following items:

in TEUR, at December 31	2023	2022
Fiscal authorities	59,233	74,548
Social security	13,543	12,807
Other non-financial liabilities	12,176	4,980
<b>Current non-financial liabilities</b>	<b>84,952</b>	<b>92,335</b>
Suppliers	673,002	674,361
Accrued interest	1,170	6,403
Cash deposits received	16,654	13,805
Employees	40,432	37,409
Salary increments reference date	23,481	0
Long-term incentive program	1,766	900
Government grants	40,866	0
Other current financial liabilities	44,689	38,666
<b>Current financial liabilities</b>	<b>842,060</b>	<b>771,543</b>
<b>Accounts payable</b>	<b>927,012</b>	<b>863,878</b>

- Liabilities due to fiscal authorities include mainly value-added taxes and payroll taxes.
- Liabilities regarding social security relate to statutory contributions to the social security system.
- At December 31, 2023, accounts payable – trade amounting to TEUR 7,113 (2022: TEUR 8,508) have a maturity of more than twelve months.
- Accrued interest includes mainly interest on bonds. The reduction is due to the redemption of a bond in July 2023 (see Note (25)).
- Liabilities due to employees relate mainly to salaries payable (including overtime and travel allowances), unused vacation days and liabilities for one-time termination benefits and service awards.
- The line item salary increments reference date contains payables to Austrian civil servants related to the recognition of previous periods of service (see Notes (23) and (13) for refunds due from the federal government).
- For information on the long-term incentive program, see Note (31).
- Government grants relate to the planned broadband expansion in Austria.
- In 2023 and 2022, other current financial liabilities include mainly customer deposits related to vouchers for shopping and parking.

**(23) Accrued Liabilities and Provisions, Asset Retirement Obligation and Restructuring**

in TEUR	Restructuring	Employees	Asset retirement obligation	Legal	Other	Total
At January 1, 2023	367,236	119,959	248,825	26,567	19,683	782,270
Additions	83,481	56,408	4,558	8,401	42,626	195,474
Changes in estimate	5,880	0	3,611	0	0	9,491
Used	-102,864	-60,205	-6,380	-1,661	-4,355	-175,465
Released	-2,627	-56,437	-1,432	-4,110	-2,258	-66,864
Accretion expense	10,899	701	6,915	0	0	18,515
Reclassifications*	0	13,618	0	0	0	13,618
Translation adjustment	0	-374	-1,696	3	-33	-2,100
Changes in reporting entities	0	-298	-98,978	0	-182	-99,459
<b>At December 31, 2023</b>	<b>362,005</b>	<b>73,372</b>	<b>155,424</b>	<b>29,200</b>	<b>55,480</b>	<b>675,480</b>
<b>Thereof long-term</b>						
December 31, 2023	267,444	0	155,424	0	0	422,868
December 31, 2022	269,051	0	248,825	0	0	517,875

\* Reclassifications to current liabilities and short-term portion of employee benefit obligations.  
The changes in reporting entities relate to the spin-off of ETS Group (see Note (2)).

In measuring provisions, the Management Board must assess if there are obligations to third parties that will probably lead to a cash outflow for A1 Group and that can be estimated reliably. Provisions are recognized in the amount of the probable utilization.

Even though the provision is not expected to be paid in the following financial year, provisions are reported under short-term provisions, with the exception of the asset retirement obligation and the provision for restructuring, since A1 Group has no influence on the timing of the utilization.

**Restructuring**

In 2008, a comprehensive restructuring program was initiated in the segment Austria. The restructuring program includes social plans for employees whose employment was terminated in a socially responsible way such as early retirement, special severance packages and golden handshake options. Due to their nature as termination benefits, these social plans are accounted for according to IAS 19. The provision for restructuring includes to a small extent future compensation of employees who will no longer provide services for A1 Group but who cannot be laid off due to their status as civil servants. These employment contracts are onerous contracts under IAS 37, as the unavoidable cost related to meeting the contractual obligation exceeds the expected future economic benefit. At December 31, 2023, the corresponding provision amounts to TEUR 357,358 (2022: TEUR 361,949) and includes 1,703 (2022: 1,833) employees.

Provisions for restructuring are recorded at their present value. The following table presents the parameters used for calculating the provisions:

	2023	2022
Discount rate	3.00%	3.75%
Rate of compensation increase	4.40%-5.30%	4.00%-5.10%

For the basis of the discount rate and the determination of the rate of compensation increase, see "Actuarial assumptions" in Note (27).

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Changes in the provision are recognized in employee expense and reported in the line item "selling, general & administrative expenses", while the accretion expense is reported in the financial result in the line item "interest expense on restructuring provision" (see Note (7)).

Based on the general agreement for the transfer of personnel, which was concluded with the Austrian government in 2013, civil servants transferring voluntarily to the government can apply for a permanent transfer after a probation period of six months. During this probation period, A1 Group bears the salary expense. In the event of a permanent transfer, A1 Group must compensate the government for any excess expense arising due to differing professional classifications of workplaces. Furthermore, compensation payments (or one-off payments) must be made to civil servants up to the age of 62. At December 31, 2023, the provision for the transfer of civil servants to the government amounts to TEUR 4,647 (2022: TEUR 5,287) and comprises 97 (2022: 105) employees.

### *Duration*

The weighted average duration of the restructuring obligations is as follows in years:

	2023	2022
Employees permanently leaving the service process	5.4	6.2
Social plans	3.2	3.2
Civil servants transferred to the government	4.3	4.6

### *Sensitivity analysis*

A change of one percentage point in the applied discount rate or in the rate of compensation would lead to the following changes in provisions (negative values indicate a reduction in provisions):

in TEUR, at December 31	1 percentage point increase	1 percentage point decrease
<b>2023</b>		
Change in discount rate	-11,922	12,585
Change in rate of compensation	10,297	-9,961
<b>2022</b>		
Change in discount rate	-8,954	9,425
Change in rate of compensation	10,994	-10,632

### **Employees**

The provisions for employees contain mainly bonuses and the short-term portion of employee benefit obligations for severance, service awards and pensions (see also Note (27)).

Furthermore, the following provisions related to civil servants are included in the segment Austria:

- In its judgment of November 11, 2014, the European Court of Justice (ECJ) ruled that the Austrian law determining the reference date for salary increments for Austrian civil servants (this date determines the length of service and thus the date for advancing to the next salary level) conflicted with European Union law. In its judgment of May 8, 2019, the ECJ once again ruled that the adapted Austrian law determining the reference date for salary increments for civil servants was still in conflict with European Union law. On July 8, 2019, a further change in the Austrian law was published (Austrian Federal Law Gazette - No. 58/2019 - "Novella 2019"). On April 20, 2023, the ECJ ruled that the limited accreditation of apprenticeship periods was unproblematic under European Union law, yet the flat-rate deduction for other periods was age discriminatory and not justified. Other periods are therefore to be credited without restriction, regardless of the age at which they were earned. On November 15, 2023, the Austrian law was thus amended again (Austrian Federal Law Gazette - No. 137/2023 - "Novella 2023"). It can be assumed with a predominant probability that this amendment is in conformity with European Union law. The costs arising due to the change in law under Novella 2023 will - contrary to Novella 2019 - be borne by the Federal Republic of Austria. At December 31, 2022, A1 Group had recognized a provision of TEUR 22,437 for impending additional salary payments to the civil servants assigned to A1 Group. This included the expected costs of Novella 2019 as well as a risk provision, as it was already expected in 2019 that Novella 2019 was not in conformity with European Union law. The risk provision from 2019 was released in 2023, as it is no longer applicable due to Novella 2023. The liabilities to civil servants and reimbursement claims against the Federal Republic of Austria based on Novella 2023 are disclosed in Notes (22) and (13). At December 31, 2023, a provision of TEUR 6,844 was recognized for the costs of Novella 2019.

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- At December 31, 2022, a pension fund provision of TEUR 35,030 was recognized for civil servants in the segment Austria. As the risk that pension fund payments could become due is considered remote now, the provision was released. The portion of the released provision relating to the compounding of interest is reported in interest on employee benefit obligations and is disclosed in Note (7), the portion relating to employee expenses is disclosed in Note (11).

### Asset retirement obligation

Liabilities for asset retirement obligations are measured at their net present value in accordance with IAS 37, while the increase in the liability that reflects the passage of time is recognized in profit or loss (see Note (7)). The effects of changes in the measurement of existing provisions are accounted for in accordance with IFRIC 1.

In estimating the fair value of the retirement obligations for its assets, A1 Group has made a number of assumptions, such as the time of retirement or a possible early cancellation, the development of technology and the cost of remediating the sites.

A1 Group records obligations for the retirement and decommissioning of the following items of property, plant and equipment:

- Wooden masts treated with tar or salt that are in operation.
- Base stations on land, rooftops and on other premises under various types of lease contracts. As disclosed in Note (2), the ETS Group was spun off. The disposal of the related provisions for retirement and decommissioning of these base stations is included in "changes in reporting entities".
- Public telephone booths in Austria: Based on the telecommunication law 2021 ("TKG 2021"), A1 Group is no longer obliged to operate these booths.
- Obligations in connection with the disposal of hazardous substances as well as the decontamination of land when decommissioning a building.
- Obligations to return premises to their original condition upon expiration of lease contracts are reported for buildings and office premises that A1 Group has rented as part of lease agreements.

The following table provides the parameters used for the measurement of the obligation:

	2023	2022
Discount rate	2.9%-22.5%	2.8%-22.0%
Inflation rate	2.2%-5.1%	2.6%-8.5%

The range is due to different market situations in the respective segments.

The discount rate applied to the calculation reflects current market expectations with regard to interest effects as well as specific risks of the obligation. The discount rate in the non-eurozone is based on the interest rate of German federal bonds with a term of 30 years, adjusted by a risk premium for each country. For those countries whose currencies are not tied to the euro, the respective inflation delta according to the OECD is taken into account as well. In the eurozone, the discount rate is based on government bonds with matching maturities, as the specific risks were considered in the estimated cash flows. The inflation rates applied to the calculation reflect the general development in the individual countries.

In essence, the change in the specified parameters as well as the change in the estimated outflow of resources resulted in a change in the provision with no impact on income due to an adjustment in the carrying amount of the related item of property, plant and equipment (see changes in estimates in the table of provisions). In 2023, TEUR 1,721 (2022: TEUR 1,710) were recognized in other operating income as the related tangible assets were already fully depreciated.

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### *Sensitivity analysis*

A change of one percentage point in the discount rate or in the inflation rate would lead to the following changes in provisions (negative values indicate a reduction in provisions):

in TEUR at December 31	1 percentage point increase	1 percentage point decrease
<b>2023</b>		
Change in discount rate	-12,794	15,581
Change in inflation rate	15,677	-13,126
<b>2022</b>		
Change in discount rate	-21,904	23,287
Change in inflation rate	23,466	-21,068

The reduction of these effects is due to the spin-off of asset retirement obligations to ETS Group (see Note (2)).

### **Legal**

Provisions relate mainly to expenses for legal advice and litigation.

### **Other provisions**

Other provisions relate mainly to taxes (excluding income taxes), guarantees, rents and penalties.

The additions to provisions include stamp duty, which has to be paid due to the conclusion of the lease contract between the Austrian Tower BU and A1 Telekom Austria AG in July 2023 (see Notes (2) and (30)). The fees are capitalized as part of the acquisition costs of the rights of use and are reported by A1 Telekom Austria AG in the segment Austria. The final stamp duty is determined by the tax authority.

## **(24) Contract Liabilities**

A contract liability is recognized where a customer has paid an amount of consideration prior to goods or services being transferred by A1 Group. Contract liabilities include prepaid fees, prepaid vouchers, fees for leased lines and site sharing, and discounts granted as well as one-time fees, activation fees and installation fees. As contract liabilities are expected to be realized as part of A1 Group's normal operating cycle, they are classified as current.

The following table shows the development of contract liabilities:

in TEUR	2023	2022
<b>At January 1</b>	<b>219,703</b>	<b>205,648</b>
Increases due to payments received	1,467,410	1,351,343
Revenues recognized in the current period from:		
Amounts included in the contract liability at beginning of the period	-180,604	-172,797
Increases due to payments received in current period	-1,288,607	-1,165,956
Changes in reporting entities	-1,207	1,450
Foreign currency adjustment	-410	15
<b>At December 31</b>	<b>216,285</b>	<b>219,703</b>
Thereof remaining term of more than one year	26,790	27,126

At December 31, 2023 and 2022, contract liabilities with a remaining term of more than one year relate mainly to deferred rental income from base stations and data circuits as well as one-time fees, activation fees and installation fees.

## (25) Long-term Debt

The terms and conditions for long-term debt and its current portion are summarized in the following table:

Currency	Maturity	At December 31, 2023			At December 31, 2022			Carrying amount	
		Nominal interest rate	Face value	Carrying amount	Nominal interest rate	Face value			
<b>Bonds</b>									
TEUR	2023	fixed	3.50%	0	0	fixed	3.50%	300,000	299,871
TEUR	2026	fixed	1.50%	750,000	747,919	fixed	1.50%	750,000	747,211
<b>Total bonds</b>				<b>750,000</b>	<b>747,919</b>			<b>1,050,000</b>	<b>1,047,082</b>
TEUR	2024	variable		0	0	variable	2.49%	300,000	300,000
<b>Total bank debt</b>				<b>0</b>	<b>0</b>			<b>300,000</b>	<b>300,000</b>
<b>Financial debt</b>				<b>750,000</b>	<b>747,919</b>			<b>1,350,000</b>	<b>1,347,082</b>
Current portion of long-term debt				0	0			-300,000	-299,871
<b>Long-term debt</b>				<b>750,000</b>	<b>747,919</b>			<b>1,050,000</b>	<b>1,047,211</b>

### Bonds

Bonds are recognized at the actual amount received. Discount and issue costs are amortized over the related term using the effective interest rate method.

On July 4, 2023, A1 Group redeemed a 3.5% bond with a face value of TEUR 300,000 and on April 4, 2022 it redeemed a 4% bond with a face value of TEUR 750,000.

On July 13, 2023, A1 Group issued a bond with a face value of TEUR 500,000, a maturity of five years and a fixed coupon of 5.25% via its subsidiary A1 Towers Holding GmbH. The discount and issue cost amounted to TEUR 5,635. The debt was spun off to ETS Group (see Note (2)).

On December 7, 2016, A1 Group issued a bond with a face value of TEUR 500,000, a maturity of ten years and a fixed coupon of 1.5%. On July 14, 2017, a tap issuance with a volume of TEUR 250,000 was settled. In August 2017, the outstanding bond and the tap were consolidated and have the same terms in all respects. Discount and issue costs amount to TEUR 6,990.

### Bank debt

On December 31, 2022, the variable interest rate of the bank debt was linked to the 1-month Euribor with a fixed margin of 0.80%. This bank debt was redeemed in September 2023.

On July 20, 2023, A1 Group took out a loan of TEUR 500,000 with a maturity of five years and a variable interest rate linked to the Euribor plus a fixed margin via the subsidiary A1 Towers Holding GmbH. The financial liability was spun off to ETS Group (see Note (2)).

## (26) Other Non-current Liabilities

in TEUR, at December 31	2023	2022
Cash deposits received	142	202
Deferred consideration from business combinations	9,282	12,134
Sundry other non-current financial liabilities	12,149	26,737
<b>Other non-current financial liabilities</b>	<b>21,573</b>	<b>39,073</b>
Other non-current liabilities	21,573	39,073

- At December 31, 2023 and 2022, the deferred consideration from business combinations relates to a put option for the withdrawal of non-controlling shareholders of Invenium, which was acquired in 2020, and additionally the purchase price not yet paid for the acquisition of Stemo in Bulgaria in 2022 (see Note (34) and table "Development of total liabilities from financing activities" in Note (32)).

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- Sundry other financial liabilities primarily include liabilities from the acquisition of rights and licenses (see Note (16)), which correspond to the discounted cash flows of the future payments. These are disclosed in the maturity analysis in Note (33).

### (27) Employee Benefits

A1 Group records employee benefit obligations under defined contribution and defined benefit plans.

In the case of defined contribution plans, A1 Group pays contributions to publicly or privately administered pension or severance insurance plans on a mandatory or contractual basis. Other than payment contributions, which are recognized in employee expenses in the respective functional area in the respective period, there are no further obligations.

All other obligations are unfunded defined benefit plans and are measured using the projected unit credit method in accordance with IAS 19.

in TEUR, at December 31	2023	2022
Service awards	36,132	38,182
Severance	145,362	128,529
Pensions	2,952	2,635
Long-term incentive program	1,291	1,015
Other	1,575	1,293
<b>Long-term employee benefit obligations</b>	<b>187,311</b>	<b>171,654</b>

In accordance with IAS 19.133, A1 Group chooses to distinguish between current and non-current liabilities arising from employee benefit obligations (see also Note (23)).

For severance and pensions, A1 Group recognizes remeasurement gains and losses in other comprehensive income (OCI), whereas remeasurement gains and losses for service awards are immediately recognized in profit or loss. The remeasurement of defined benefit plans relates to actuarial gains and losses only, as A1 Group holds no plan assets. Accrued interest on employee benefit obligations is reported in the financial result, while service cost is reported in employee expenses in the respective functional area.

#### Actuarial assumptions

The key actuarial assumptions used to measure the obligations for service awards, severance and pensions are as follows:

	2023	2022
Discount rate service awards	3.25%	3.75%
Discount rate severance	3.25%	3.75%
Discount rate pensions	3.25%	3.75%
Rate of compensation increase – civil servants	5.30-6.00%	4.50%-5.30%
Rate of compensation increase – employees	3.50%-5.40%	3.40%-4.60%
Rate of increase of pensions	2.50%	1.90%
Employee turnover rate*	0.0%-0.91%	0.0%-1.03%

\* Depending on years of service.

The discount rates are determined on the basis of the yields of senior, fixed-interest industry bonds and a duration corresponding to the expected maturities of the defined benefit obligations.

Owing to the current economic situation, expected future increases in salaries are included when determining the compensation increases to be applied. Based on the current high level of inflation, higher compensation increases are expected in the short term, which will in the long term develop into average amounts of the past. Due to the different durations of the provisions, the rates of compensation increase were determined individually for each provision.

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Life expectancy in Austria is based on "AVÖ 2018-P - Rechnungsgrundlagen für die Pensionsversicherung - Pagler & Pagler". The obligations related to the international subsidiaries were measured on the same actuarial basis due to their insignificant proportion.

### Duration

The weighted average duration of the obligations is as follows in years:

	2023	2022
Service awards	3.5	3.8
Severance	10.7	11.2
Pensions	7.4	7.2

### Service awards

Civil servants and certain employees (in the following "employees") are eligible to receive service awards. In accordance with the legal regulations, eligible employees receive a cash bonus of two months' salary after 25 years of service and four months' salary after 40 years of service. Employees with at least 35 years of service when retiring (at the age of 65) or who are retiring based on specific legal regulations are also eligible to receive the service award of four monthly salaries. The obligation is accrued over the period of service, taking into account the employee turnover rate for employees who leave employment prematurely. The main risk that A1 Group is exposed to is the risk of development of salary increases and changes in interest rates.

The following table provides the components and a reconciliation of the changes in the obligation for service awards:

in TEUR	2023	2022
<b>At January 1</b>	<b>45,374</b>	<b>56,665</b>
Service cost	1,225	1,542
Interest cost	1,608	135
Actuarial gain/loss from experience adjustment	-51	-1,406
Actuarial gain/loss from changes in demographic assumptions	7	-3
Actuarial gain/loss from changes in financial assumptions	1,612	-4,192
<b>Recognized in profit or loss</b>	<b>4,401</b>	<b>-3,924</b>
Benefits paid	-6,665	-7,367
Changes in reporting entities	-69	0
<b>Obligation at December 31</b>	<b>43,040</b>	<b>45,374</b>
Less short-term portion	-6,908	-7,191
<b>Non-current obligation</b>	<b>36,132</b>	<b>38,182</b>

At December 31, 2023 and 2022, less than 1% of the non-current obligation for service awards relates to foreign subsidiaries.

### Severance

#### *Defined contribution plans*

Employees who started to work for A1 Group in Austria on or after January 1, 2003 are covered by a defined contribution plan. In 2023, A1 Group paid TEUR 3,905 (2022: TEUR 3,142), 1.53% of the salary or wage, into this defined contribution plan (BAWAG Allianz Mitarbeitervorsorgekasse AG).

#### *Defined benefit plans*

Severance benefit obligations for employees whose employment commenced before January 1, 2003, excluding civil servants, are covered by defined benefit plans. Upon termination of employment by A1 Group or upon retirement, eligible employees receive severance payments. Depending on their time in service, their severance amounts to a multiple of their monthly basic compensation plus variable components such as overtime or bonuses, up to a maximum of twelve monthly salaries. In case of death, the heirs of eligible employees receive 50% of the severance benefits. The primary risks to A1 Group are salary increases and changes in interest rates.

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The following table shows the components and a reconciliation of the changes in the obligation for severance:

in TEUR	2023	2022
<b>At January 1</b>	<b>134,580</b>	<b>170,871</b>
Service cost	3,120	4,151
Interest cost	4,939	1,692
Curtailement loss/settlement	-1,024	-648
<b>Recognized in profit or loss</b>	<b>7,036</b>	<b>5,195</b>
Actuarial gain/loss from experience adjustment	7,070	1,358
Actuarial gain/loss from changes in demographic assumptions	-413	-89
Actuarial gain/loss from changes in financial assumptions	9,017	-40,919
<b>Recognized in other comprehensive income</b>	<b>15,675</b>	<b>-39,650</b>
Benefits paid	-4,931	-2,425
Changes in reporting entities	-1,460	587
Foreign currency adjustment	1	2
<b>Obligation at December 31</b>	<b>150,901</b>	<b>134,580</b>
Less short-term portion	-5,539	-6,051
<b>Non-current obligation</b>	<b>145,362</b>	<b>128,529</b>

At December 31, 2023 and 2022, approximately 5% of the non-current obligation for severance relates to foreign subsidiaries.

### Pensions

#### *Defined contribution pension plans*

In Austria, pension benefits are generally provided by the social security system for employees, and by the government for civil servants. The contributions of 12.55% of gross salaries that A1 Group made in 2023 to the social security system and the government in Austria amount to TEUR 57,540 (2022: TEUR 59,935). In 2023, contributions of the foreign subsidiaries into the respective systems range between 7% and 28% of gross salaries and amount to TEUR 29,469 (2022: TEUR 28,156).

Additionally, A1 Group offers a defined contribution plan for employees of some of its Austrian subsidiaries. A1 Group's contributions to this plan are based on a percentage of the compensation not exceeding 5%. In 2023, the annual expenses for this plan amounted to TEUR 10,380 (2022: TEUR 11,917).

#### *Defined benefit pension plans*

A1 Group provides defined benefits for certain former employees in Austria. All eligible employees are retired and were employed prior to January 1, 1975. This unfunded plan provides benefits based on a percentage of salary and years employed not exceeding 80% of the salary before retirement and taking into consideration the pension provided by the social security system. A1 Group is exposed primarily to the risk of development of life expectancy and inflation because the benefits from pension plans are lifetime benefits.

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The following table shows the components and a reconciliation of the changes in the obligation for pensions:

in TEUR	2023	2022
<b>At January 1</b>	<b>2,979</b>	<b>5,101</b>
Service cost		43
Interest cost	105	37
Past service cost		-28
<b>Recognized in profit or loss</b>	<b>105</b>	<b>52</b>
Actuarial gain/loss from experience adjustment	297	276
Actuarial gain/loss from changes in demographic assumptions		-22
Actuarial gain/loss from changes in financial assumptions	248	-2,122
<b>Recognized in other comprehensive income</b>	<b>545</b>	<b>-1,868</b>
Benefits paid	-310	-338
Foreign currency adjustment	-0	33
<b>Obligation at December 31</b>	<b>3,319</b>	<b>2,979</b>
Less short-term portion	-367	-344
<b>Non-current obligation</b>	<b>2,952</b>	<b>2,635</b>

### *Sensitivity analysis*

The following table summarizes the short and long-term obligations recorded:

in TEUR, at December 31	2023	2022
Service awards	43,040	45,374
Severance	150,901	134,580
Pensions	3,319	2,979

A change in the discount rate of half a percentage point would lead to the following changes in obligations (negative values indicate a reduction in obligations):

in TEUR, at December 31	0.5 percentage point decrease	0.5 percentage point increase
<b>2023</b>		
Service awards	742	-721
Severance	8,139	-7,581
Pensions	124	-116
<b>2022</b>		
Service awards	856	-830
Severance	7,542	-7,008
Pensions	344	-307

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A change in the rate of compensation of one percentage point would lead to the following changes in obligations (negative values indicate a reduction in obligations):

in TEUR, at December 31	1 percentage point decrease	1 percentage point increase
<b>2023</b>		
Service awards	-1,378	1,431
Severance	-14,641	16,536
Pensions	-228	256
<hr/>		
in TEUR, at December 31		
<b>2022</b>		
Service awards	-1,606	1,675
Severance	-13,571	15,421
Pensions	-267	300

A change in the employee turnover rate of half a percentage point would lead to the following changes in obligations (negative values indicate a reduction in obligations):

in TEUR, at December 31	0.5 percentage point decrease	0.5 percentage point increase
<b>2023</b>		
Service awards	6	-748
Severance	2,145	-3,651
<hr/>		
in TEUR, at December 31		
<b>2022</b>		
Service awards	12	-865
Severance	2,150	-3,271

As all beneficiaries for pensions are retired, no fluctuation is calculated.

The calculation of a 0.5% decrease is limited to a maximum of 0.0% of the employee turnover rate.

### Long-term incentive program

For the long-term incentive program, see Note (31).

## (28) Stockholders' Equity

### Capital management

The equity attributable to the equity holders of the parent company, which is disclosed in the Consolidated Statement of Changes in Stockholders' Equity, comprises common stock, treasury shares, additional paid-in capital, retained earnings and other comprehensive income (loss) items.

The capital management of A1 Group focuses primarily on maintaining the capital basis. This shall continue to be documented by solid investment grade ratings from renowned rating agencies. At the same time, A1 Group pursues a sustainable and transparent dividend policy. Management pays attention to a sound balance between shareholder remuneration, the debt level and financial flexibility for strategic projects.

### Share capital

At December 31, 2023 and 2022, the common stock of Telekom Austria AG amounts to TEUR 1,449,275 and is divided into 664.5 million bearer shares. At December 31, 2023, América Móvil indirectly holds a stake of 58.47% (2022: 51.00%) through its 100% subsidiary América Móvil B.V., Netherlands, while ÖBAG holds a stake of 28.42% (2022: 28.42%) and free floated shares including treasury shares amount to 13.11% (2022: 20.58%). The shares have no par value.

According to the Austrian Banking Act and the Capital Requirements Regulation, a regulation for banks by the European Union, the subsidiary paybox Bank AG must fulfil regulatory minimum equity requirements regarding bank-related risks, notably credit risk and operating risks as well as liquidity coverage requirements. On December 31, 2023 and 2022, these requirements were fulfilled.

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The number of authorized, issued and outstanding shares and treasury shares is presented in the table below:

At December 31	2023	2022
Shares authorized	664,500,000	664,500,000
Shares issued	664,500,000	664,500,000
Treasury shares	-415,159	-415,159
Shares outstanding	664,084,841	664,084,841

The shares issued are fully paid.

### Dividend payments

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

	2023	2022
Date of Annual General Meeting	June 7, 2023	June 27, 2022
Dividend per share in euro	0.32	0.28
Total dividend paid in TEUR	212,507	185,944
Date of payment	June 15, 2023	July 5, 2022

The net income of Telekom Austria AG according to Austrian GAAP amounts to:

in TEUR	2023	2022
Net income	1,689,685	114,356
Reduction in net assets due to spin-off	-819,975	0
Release of reserves reported in retained earnings	0	251,143
Allocation to reserves reported in retained earnings	-645,907	0
Profit carried forward from prior year	422,078	269,086
Unappropriated retained earnings	645,881	634,585

The unappropriated retained earnings of Telekom Austria AG according to Austrian GAAP are not subject to a dividend limitation as the restrictions of Section 235 UGB do not apply. The Management Board plans, after approval from the Supervisory Board, to propose to the shareholders at the Annual General Meeting to distribute a dividend of euro 0.36 (2022: euro 0.32) per share from unappropriated retained earnings.

### Treasury shares

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

- (a) use treasury shares to settle obligations under the share-based compensation plans disclosed in Note (31) and/or to transfer them for or without a consideration to employees, leading managers and members of the Management Board/management of Telekom Austria AG and of its affiliated companies;
- (b) use them as consideration for acquisitions, or
- (c) sell treasury shares at any time via the stock exchange or by public offer.

Treasury shares held at December 31	2023	2022
Number of treasury shares	415,159	415,159
Average price per share in euro	18.80	18.80
Deduction in equity in TEUR	7,803	7,803

### Additional paid-in capital

The additional paid-in capital results from the incorporation of A1 Group as well as the subsequent capital increase and reorganization measures. Furthermore, effects related to employee participation plans and the retirement of treasury shares are reported in additional paid-in capital.

### Retained earnings

The increase in retained earnings due to the spin-off of ETS Group is disclosed in Note (2).

**Other comprehensive income (loss) items (OCI)**

The IAS 19 reserve contains the remeasurement of severance and pension obligations (see Note (27)). The FVOCI reserve includes the measurement of debt instruments at fair value through other comprehensive income (see Note (19)). For the hedging reserve, see Note (33). The translation reserve relates mainly to the consolidation of subsidiaries in Belarus and in the Republic of Serbia (see Note (3)). The development of the individual OCI items is presented in the Consolidated Statement of Comprehensive Income and the Consolidated Statement of Changes in Stockholders' Equity.

**(29) Income Taxes**

Income taxes are calculated for each taxable entity based on the expected actual income tax rate applicable. For the purpose of calculating deferred tax assets and liabilities, A1 Group uses the tax rates that have been enacted or substantively enacted at the reporting date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period the tax rate is effectively enacted. The distribution of dividends by Telekom Austria AG has no effect on the tax rate. Investment tax credits are recognized as a reduction in income taxes in the period in which these credits are granted.

In accordance with IFRIC 23, management regularly reviews certain tax issues for uncertainties regarding the treatment under effective tax regulations by the relevant tax authorities. Correspondingly, income tax liabilities were recognized for possibly existing tax risks based on all information available including interpretations of tax law and experience.

The concept of the so-called Pillar Two regulations, drawn up by the OECD and implemented by the EU via a directive, provides for a global minimum level of income tax of 15% and aims at containing tax competition. It is unclear if the Pillar Two model rules create additional temporary differences, whether to remeasure deferred taxes for the Pillar Two model rules and which tax rate to use to measure deferred taxes. In response to this uncertainty, the IASB issued an amendment to IAS 12 introducing a mandatory temporary exception to the requirement of IAS 12 under which a company does not recognize or disclose information about deferred tax assets and liabilities related to the Pillar Two model rules. A1 Group applied the temporary exception on December 31, 2023. As of January 2024, Pillar Two was implemented by law in the following countries in which A1 Group operates: Austria, Bulgaria, Croatia, Slovenia, Switzerland, Germany, Czech Republic, Hungary, Italy, Rumania, Slovakia and United Kingdom. The ultimate parent of A1 Group and thus the Ultimate Parent Entity ("UPE") for Pillar Two is América Móvil (see Note (2)).

In preparation for introducing Pillar Two, A1 Group carried out "safe harbour tests". The "Transitional Country-by-Country Safe Harbours" enable groups affected by Pillar Two to avoid the complex, detailed and work-intensive calculation of the "top-up tax" foreseen by the EU directive in the first years after the introduction of the global minimum tax in those tax jurisdictions where the risk of a low taxation is small. If one of the three tests ("De minimis", "Simplified Effective Tax Rate", "Routine Profits") is met, the top-up tax for the tax jurisdiction is zero. The temporary safe harbours are valid for the tax years starting before December 31, 2026 and ending before June 30, 2028. In a first preliminary analysis, the safe harbour regulations can be applied to all tax jurisdictions of A1 Group with the exception of Bulgaria and North Macedonia. However, Bulgaria plans to introduce a domestic top-up tax.

Income tax attributable to income before income taxes consists of the following (negative values indicate an income tax benefit):

in TEUR	2023	2022
Current income tax	174,098	188,130
Deferred income tax	1,203	-6,711
<b>Income tax</b>	<b>175,301</b>	<b>181,419</b>

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The table below provides information about the allocation of total income tax in the Consolidated Financial Statements:

in TEUR	2023	2022
Continuing operations	175,301	181,419
Income tax on realized result on hedging activities*	730	1,460
Income tax on result of debt instruments*	430	-679
Income tax on remeasurement of defined benefit obligations*	-3,673	10,430
<b>Total income tax</b>	<b>172,788</b>	<b>192,630</b>

\* Recognized in other comprehensive income (OCI).

The following table shows the major reconciling items between the reported income taxes and the amount of income taxes that would have resulted by applying the Austrian statutory income tax rate of 24% (2022: 25%) to earnings before income tax:

in TEUR	2023	2022
Income tax expense at statutory rate	197,084	204,001
Foreign tax rate differential	-29,498	-25,010
Non-tax-deductible expenses	25,185	22,788
Tax incentives and tax-exempted income	-13,064	-18,816
Tax-free income (loss) from investments	-94	-99
Change in tax rate	-1,725	-3,888
Tax benefit/expense previous years	838	1,431
Changes in deferred tax assets not recognized	1,940	1,888
Impairments (reversals of impairments) of investments in subsidiaries	-155	44
Other	-5,211	-917
<b>Income tax</b>	<b>175,301</b>	<b>181,419</b>
Effective income tax rate	21.35%	22.23%

In 2023 and 2022, non-deductible expenses consist mainly of non-deductible withholding taxes on dividends as well as various non-deductible expenses in the individual countries.

In 2023 and 2022, tax incentives and tax-exempted income relate mainly to investment and other tax incentives in the individual countries. The decrease relates to a tax-privileged revaluation of assets in Belarus in 2022. Furthermore, the tax-free income on the fictitious amortization of goodwill related to the Austrian tax group is included in both years reported. Amortization of tax goodwill according to Section 9 (7) of the Austrian Corporate Tax Act (KStG) is treated as temporary differences on investments in subsidiaries for tax purposes. According to IAS 12.39, no deferred tax liabilities are recorded in that case.

In 2023, the change in tax rate is due to the increase of the Slovene corporate income tax rate from 19% to 22% for the years 2024 to 2028. In 2022, the effect was due to the decrease of the Austrian corporate income tax rate from 25% to 24% for the year 2023 and to 23% starting 2024. At December 31, 2022, the calculation of deferred taxes was based on 23% as the material temporary differences will be reversed only as of 2024.

The tax effect of impairments (reversals of impairments) of investments relates to taxable write-downs and reversals of write-downs of investments in affiliated companies in Austria.

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In accordance with IAS 12, deferred tax assets and liabilities are recognized for all temporary differences between the carrying amounts of assets and liabilities and their tax bases. Furthermore, deferred taxes are recognized for current year tax losses and tax loss carry-forwards as well as certain impairment losses on investments for which recognition for tax purposes is deferred over a specified period.

The tax effects of temporary differences that give rise to deferred tax assets and liabilities are set out below:

in TEUR, at December 31	Deferred tax assets 2023	Deferred tax assets 2022	Deferred tax liabilities 2023	Deferred tax liabilities 2022
Loss carry-forwards	11,079	8,430	0	0
Property, plant and equipment	8,892	7,411	-24,178	-29,813
Right-of-use assets, net	0	0	-312,541	-127,189
Other intangible assets	1,161	1,143	-65,837	-64,380
Accounts receivable: Subscribers, distributors and other	11,922	12,350	-38	-24
Contract cost	0	0	-7,567	-6,600
Lease liabilities	313,658	130,600	0	0
Provisions, long-term	18,073	34,129	0	0
Employee benefit obligations	20,245	17,651	0	0
Accrued liabilities and accounts payable	13,391	12,755	-9	-55
Other	6,568	5,676	-7,018	-4,609
<b>Total</b>	<b>404,990</b>	<b>230,144</b>	<b>-417,187</b>	<b>-232,670</b>
Set off	-357,770	-188,226	357,770	188,226
<b>Deferred tax assets/liabilities</b>	<b>47,221</b>	<b>41,919</b>	<b>-59,417</b>	<b>-44,444</b>
<b>Net deferred tax assets/liabilities</b>	<b>-12,197</b>	<b>-2,526</b>		

For the deferred tax assets spun off with ETS Group, see Note (2).

In assessing the recoverability of deferred tax assets, the Management Board considers whether it is probable that all deferred tax assets will be realized. The realization of deferred tax assets is dependent upon the generation of sufficient future taxable income during the periods in which these temporary differences become deductible. These are based on business plans with a detailed planning period of five years. The Management Board considers the scheduled release of deferred tax liabilities and projected future taxable income when making this assessment.

In Austria, A1 Group established a tax group according to Section 9 of the Austrian Corporate Tax Act (KStG), with Telekom Austria AG as the head of the tax group. The head of the tax group and its members agreed on tax compensation. As of January 1, 2023, positive as well as negative taxable results are charged on the basis of the legal corporate tax rate less half a percentage point. Until December 31, 2022, positive taxable results were subject to a tax rate of 23%. Negative taxable results were not reimbursed but netted with future positive results of the tax group members. Deferred tax assets and liabilities for the members of the tax group (currently all significant Austrian subsidiaries) are reported on a net basis since the tax group is treated as one taxable entity.

The loss carry-forwards relate mostly to Austrian companies. In Austria, the annual usage of loss carry-forwards, which can be carried forward indefinitely, is generally limited to 75% of the respective taxable income.

Deferred tax liabilities on property, plant and equipment are mostly due to differences in the carrying amounts of retirement obligations for assets as well as to interest capitalized, which may not be recognized for tax purposes (see Notes (7), (15) and (23)).

Right-of-use assets and lease liabilities according to IFRS 16 may not be recognized for tax purposes in some countries, resulting in deferred tax assets or liabilities. The increase is due to the capitalization of lease contracts with ETS Group (see Note (2)).

Deferred tax liabilities on other intangible assets are mainly due to the recognition of assets according to IFRS 3 in the course of business combinations.

Contract costs may not be recognized for tax purposes in some countries, resulting in deferred tax liabilities.

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Deferred tax assets on long-term provisions relate mostly to the provision for the asset retirement obligation, which may only be partly recognized for tax purposes, as well as to differences in the IFRS and tax value of the restructuring provision in Austria (see Note (23)). The decrease is due to the spin-off of the provision for asset retirement obligations to ETS Group (see Note (2)).

Deferred tax assets on employee benefit obligations largely result from the difference between the amount recognized in accordance with Section 14 of the Austrian Income Tax Act (EStG) and the amount calculated using the projected unit credit method in accordance with IAS 19 (see Note (27)).

The following deferred tax assets were not recognized as their realization in the near future is not probable according to tax planning:

in TEUR, at December 31	2023	2022
Net operating loss carry-forwards	309,475	355,397

The deferred tax assets not recognized relate essentially to Austrian investment companies and are due to tax impairments of investments in subsidiaries. As these investment companies do not generate operating results, no future taxable income is expected and thus a realization of the deferred tax assets in the detailed planning period and thereafter is unlikely, although the loss carry-forwards can be carried forward indefinitely.

At December 31, 2023, no deferred tax liabilities were recognized on temporary differences related to investments in subsidiaries amounting to TEUR 76,459 (2022: TEUR 74,252) since it is unlikely that these temporary differences will be reversed in the foreseeable future.

### (30) Leases

#### Lessee

A1 Group essentially leases telecommunication sites for fixed-line and mobile telephony as well as other infrastructure and buildings.

According to IFRS 16, a lessee recognizes a right-of-use asset and a lease liability upon lease commencement.

The lease term is generally equal to the non-cancellable term of the contract. In addition, options to extend or terminate a contract are taken into account. For lease contracts containing options to extend or terminate a lease, A1 Group assesses at lease commencement date whether it is reasonably certain to exercise the options. A1 Group reassesses whether it is reasonably certain to exercise the option to extend or terminate the lease if there is a significant event or significant changes in circumstances within its control.

For cancellable contracts with an indefinite term, A1 Group determined a contract term of seven years which takes into account the planning period, technology and business strategy as well as the probability of a lease contract being cancelled. Within this period, options to extend lease contracts are considered as exercised, while options to terminate lease contracts are considered as not exercised. Apart from this, A1 Group has no other lease contracts with significant options in its portfolio. For the determination of the lease term of MLAs with ETS Group, see explanations in the following chapter "Tower lease contracts".

Some lease contracts are subject to restrictions, as the approval of the lessor is needed to sublease the leased asset or to extend an existing lease asset. However, this has no impact on current business operations.

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The following table provides a roll-forward of the right-of-use assets ("RoU") recognized, broken down into the respective asset classes:

in TEUR	RoU Land & Telecommunicati buildings	RoU on sites	RoU Other facilities	RoU Leased lines	Total
<b>Cost</b>					
At January 1, 2022	416,318	579,460	41,380	166,924	1,204,082
Additions	41,544	59,575	12,166	15,054	128,340
Disposals	-24,409	-30,394	-5,150	-7,359	-67,312
Translation adjustment	-51	-499	25	9	-516
Changes in reporting entities	15	0	255	0	270
<b>At December 31, 2022</b>	<b>433,418</b>	<b>608,142</b>	<b>48,677</b>	<b>174,628</b>	<b>1,264,864</b>
Additions	38,760	321,302	14,857	40,915	415,833
Disposals	-16,311	-41,297	-5,168	-45,486	-108,262
Translation adjustment	-1,673	-7,144	-127	-231	-9,174
Changes in reporting entities	-382	1,031,270	-2,105	0	1,028,783
<b>At December 31, 2023</b>	<b>453,812</b>	<b>1,912,274</b>	<b>56,134</b>	<b>169,826</b>	<b>2,592,045</b>
<b>Accumulated amortization and impairment</b>					
At January 1, 2022	-120,442	-232,992	-21,050	-67,290	-441,773
Additions	-46,335	-84,434	-11,246	-26,297	-168,313
Disposals	6,738	9,753	4,639	1,555	22,684
Translation adjustment	102	400	-27	-3	473
<b>At December 31, 2022</b>	<b>-159,937</b>	<b>-307,273</b>	<b>-27,684</b>	<b>-92,035</b>	<b>-586,929</b>
Additions	-47,034	-125,979	-11,911	-29,899	-214,822
Disposals	5,087	9,665	4,577	41,673	61,002
Translation adjustment	1,182	3,977	27	35	5,220
Changes in reporting entities	26	103,445	1,329	0	104,800
<b>At December 31, 2023</b>	<b>-200,676</b>	<b>-316,166</b>	<b>-33,662</b>	<b>-80,226</b>	<b>-630,730</b>
<b>Carrying amount at</b>					
December 31, 2023	253,136	1,596,108	22,472	89,599	1,961,315
December 31, 2022	273,481	300,869	20,992	82,593	677,935

Other facilities contain mainly vehicles.

In addition to new contracts, additions to right-of-use assets contain modifications and renewals of contracts as well as index adjustments.

As disclosed in Note (2), the changes in reporting entities in 2023 relate to lease contracts spun off to ETS Group as well as the following additions to lease contracts with the tower companies:

### *Tower lease contracts*

With respect to the transfer of parts of the passive infrastructure of the base stations into the tower companies, Master Lease Agreements ("MLAs") were concluded between the "A1 companies" and the tower companies. The A1 companies record right-of-use assets as well as lease liabilities for these MLAs. Until the spin-off of ETS Group on September 22, 2023, the right-of-use assets and the lease liabilities, being intragroup transactions, were eliminated at group level. After the spin-off they qualify as leases with related parties, which are no longer eliminated, but are reported in the Consolidated Statement of Financial Position. They amount to:

in TEUR, at December 31	2023
Right-of-use assets, net	1,477,000
Lease liabilities short-term	185,794
Lease liabilities long-term	1,318,388

The carrying amounts at the time of the spin-off of ETS Group on September 22, 2023 are disclosed in Note (2).

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The MLAs have an indefinite term. However, they may be terminated by A1 Group at the end of the eighth, 16<sup>th</sup> and 24<sup>th</sup> year of contract and by ETS Group at the end of the 24<sup>th</sup> year of contract at the earliest. After the 24<sup>th</sup> year of contract, either party may terminate at the end of a calendar year by observing the notice period of 36 months.

As described, A1 Group only takes into account options to extend a lease contract within the planning period of seven years. In accordance with this lease policy, the lease liabilities relating to the MLAs with the tower companies were determined based on a term of eight years.

The following services are provided by the tower companies to the relevant A1 companies:

- Space for the installed active equipment of the A1 companies including any installed microwave link for the existing configuration as well as air-conditioning and access systems
- Contract management including collocation for all existing and future contracts with the landlords
- Maintenance of the passive infrastructure which includes the structure, air-conditioning systems, security systems and energy systems (external power supplies and generators)
- ETS Group shall implement upgrades of the passive infrastructure for new technologies (e.g. 5G or any other upgrade needed by the A1 companies)
- The service also includes necessary contract upgrades

### *Cash outflows and maturity analysis*

Total cash outflow for leases is disclosed in the following table (for the development of lease liabilities, see Note (32)).

in TEUR	2023	2022
Lease principal paid	205,603	158,949
Lease interest paid	36,371	11,845
Prepaid right-of-use assets	19,026	11,412
Operating lease expense	4,985	4,270
<b>Total cash outflow for leases</b>	<b>265,986</b>	<b>186,477</b>

The following table provides a maturity analysis of lease liabilities:

in TEUR at December 31	2023	2022
2023	n.a.*	171,822
2024	351,912	150,059
2025	332,279	134,961
2026	301,444	64,144
2027	291,082	53,600
2028	281,540	n.a.*
<b>Thereafter</b>	<b>704,317</b>	<b>170,639</b>
<b>Total minimum lease payments</b>	<b>2,262,574</b>	<b>745,224</b>
Less amount representing interest	-307,003	-64,315
<b>Present value of lease payments</b>	<b>1,955,571</b>	<b>680,909</b>
thereof short-term portion	283,652	159,272
thereof long-term portion	1,671,919	521,637

\*Not applicable for the respective reporting period.

The increase in cash outflows and in minimum lease payments is due to the MLAs with ETS Group (see Note (2)).

A1 Group elected to apply the recognition exemptions for low-value assets and short-term leases for certain right-of-use assets that are insignificant for its business operations. The recognition exemptions were not applied to base stations, technical sites and facilities or buildings and vehicles. Non-lease components in contracts such as electricity, maintenance, etc. are excluded from the right-of-use calculation. The following table discloses the expenses recognized for:

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in TEUR	2023	2022
Short-term leases	1,249	1,142
Leases of low-value assets	94	42
Variable lease payments	3,642	3,086

Interest recognized is disclosed in Note (7).

COVID-19-related rent concessions are netted with variable lease payments.

### COVID-19-related rent concessions

In the period from January 1, 2020 to June 30, 2022, the amendment to IFRS 16 "COVID-19-Related Rent Concessions" was applied to all rent concessions that met these requirements. Lessees were exempted from assessing whether a COVID-19-related rent concession was a lease modification. Reductions in lease payments (such as forgiveness of payments) were reported as negative variable lease payments in the statement of comprehensive income in the period in which the event occurred and the lease liability was reduced correspondingly. Deferred lease payments affected only the timing of the individual payments. In 2022, operating lease expense was reduced due to COVID-19-related rent concessions by TEUR 90 and related mainly to sites.

### Lessor

Lessors shall classify each lease as an operating lease or a finance lease:

#### Operating leases

If substantially all the risks and rewards incidental to ownership are not attributable to the lessee, the leased asset is recognized by A1 Group. Measurement of the leased asset is then based on the accounting policies applicable to that asset in accordance with IAS 16. At December 31, 2023, the carrying amount of assets held exclusively under finance leases amounts to TEUR 33,889 (2022: TEUR 48,077). Furthermore, lease revenues are generated by renting out parts of buildings and telecommunication sites. The share in these leased items of property, plant and equipment is not reported separately. Thus, their carrying amount is not included in the amounts disclosed above (see Note (15)).

Payments under operating leases are recognized as revenue on a straight-line basis over the terms of the contracts. Future lease payments amount to:

in TEUR at December 31	2023	2022
2023	n.a.*	28,934
2024	25,015	20,597
2025	17,986	16,643
2026	13,687	13,654
2027	11,526	7,499
2028	6,064	n.a.*
Thereafter	20,098	20,663
<b>Total minimum lease payments</b>	<b>94,376</b>	<b>107,991</b>

\*Not applicable for the respective reporting period.

**Finance leases**

Since 2019, the lease of private automatic branch exchange equipment (PABX) is classified as a finance lease. The following table sets forth a maturity analysis of the future lease payments as well as the recognized loss allowances on finance lease receivables (see Notes (13) and (20)):

in TEUR at December 31	2023	2022
2023	n.a.*	1,485
2024	1,301	1,027
2025	811	547
2026	469	256
2027	232	91
2028	84	n.a.*
Thereafter	32	44
<b>Total minimum lease payments</b>	<b>2,928</b>	<b>3,450</b>
Less amount representing interest	-243	-256
<b>Present value of finance lease receivables</b>	<b>2,685</b>	<b>3,194</b>
thereof short-term portion	1,186	1,362
thereof long-term portion	1,499	1,831
Loss allowances	90	90

\*Not applicable for the respective reporting period.

Finance lease revenues are reported in equipment revenues (see Note (5)). Interest income on finance lease, which is recognized in the financial result, is disclosed in Note (7).

**(31) Share-based Compensation**

**Long-term incentive (LTI) program**

A1 Group introduced a long-term incentive program (LTI) in 2010. In accordance with IFRS 2, share-based payments are measured at fair value at the grant date and at every reporting date. The expense is recognized over the vesting period. Due to the Supervisory Board’s decision to settle bonus shares granted in the course of the LTI in cash (subsequently called fictitious bonus shares), the share-based payments are recorded as a liability.

The members of the Management Board of Telekom Austria AG (see Note (36)) are the participants of this program. They are required to invest an amount depending on the annual gross basic salaries in Telekom Austria shares and to hold these shares until the end of the holding period (at least three years). For each tranche, the number of fictitious bonus shares granted is calculated based on the average Telekom Austria stock price for a defined period. The performance period for meeting the performance targets was determined to be three years. The target values for these key indicators were determined by the Supervisory Board. At the vesting date (at the earliest three years after the grant date), if the targets are fully met fictitious bonus shares equal to double the personal investment will be allocated to the participants and will be settled in cash. The right cannot be transferred. If the targets are more than 100% met, additional fictitious bonus shares will be allocated on a pro rata basis. If the targets are overachieved by 175% or more, fictitious bonus shares will be allocated up to a maximum of 350% of the personal investment. In the event of significant underperformance, no bonus shares will be allocated.

For the 14<sup>th</sup> tranche (LTI 2023) and the 13<sup>th</sup> tranche (LTI 2022), the following key performance indicators were determined:

- Operating return on invested capital (“operating ROIC”), weighted at 34%
- Revenue market share of A1 Group, weighted at 33%
- Two Environmental, Social & Corporate Governance (“ESG”) goals:  
 LTI 2023: Reduction of gender pay gap and closing of the equal pay gap by year-end 2025, weighted at 16%, and reduction of the carbon footprint by year-end 2025 in accordance with the emission reduction curve approved by the Science Based Targets Initiative, weighted at 17%.  
 LTI 2022: Increase of energy efficiency until 2024, weighted at 20%, and increase in the training hours per employee, weighed at 13%.

The key performance indicators for the twelfth tranche (LTI 2021) and the eleventh tranche (LTI 2020) are the following:

- Operating ROIC, weighted at 34%
- Revenue market share of A1 Group, weighted at 33%

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- Sustainable financing (long-term financing in the years 2021 to 2023 and 2020 to 2022 under a green bond or another sustainable finance certificate, weighted at 33%)

For the tenth tranche (LTI 2019), the ROIC and the revenue market share of A1 Group (weighted at 50% each) were defined as key performance indicators.

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

	LTI 2023	LTI 2022	LTI 2021
Grant date	June 1, 2023	June 1, 2022	June 1, 2021
Start of the program	January 1, 2023	January 1, 2022	January 1, 2021
End of vesting period	December 31, 2025	December 31, 2024	December 31, 2023
Vesting date	June 1, 2026	June 1, 2025	June 1, 2024
Personal investment at grant date	60,814	70,341	81,387
Adjustment ETS share split	10,338	11,958	13,836
Personal investment at the end of the vesting period	71,152	82,299	95,223
Expected performance	100.00%	118.80%	125.50%
Expected bonus shares	142,305	195,542	239,009
Maximum bonus shares*	249,033	288,046	333,280
Fair value of program in TEUR	1,064	1,280	1,766

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

As disclosed in Note (2), the shares in ETS AG were issued at a ratio of 4:1. As a consequence of this share split, the shares of the personal investment of the Management Board were increased by the factor 1.17 by resolution of the Remuneration Committee of the Supervisory Board on December 18, 2023. The increase in the personal investment is disclosed in the line item "Adjustment ETS share split".

The former CFO Siegfried Mayrhofer participated in the LTI program on a pro rata basis only until the end of his term on August 31, 2023, (see Note (36)). For LTI 2023, this was already taken into account in the personal investment at grant date. For LTI 2022 and LTI 2021, the reduced period of performance will be taken into account at the future settlement, and thus also in the fair value of the program.

The following table summarizes the significant terms and conditions and the actual achievement of targets for each tranche settled in cash in the current and the previous year:

	LTI 2020	LTI 2019
Grant date	August 1, 2020	August 1, 2019
Start of the program	January 1, 2020	January 1, 2019
End of vesting period	December 31, 2022	December 31, 2021
Vesting date	August 1, 2023	August 1, 2022
Personal investment at grant date	75,770	77,618
Personal investment at the end of the vesting period	75,770	77,618
Actual performance	80.30%	112.80%
Allocated bonus shares per share of personal investment	1.61	2.26
Allocated bonus shares	121,687	175,106
Average stock price at end of vesting period in euro	5.85	7.62
Share-based compensation in TEUR	712	1,334

As of the reporting date, a provision measured at fair value has been recognized for the portion of the expected future expense of the LTI program that has already vested. The fair value of the liability is measured based on the expected achievement of the performance criteria and the expected share price, as determined by applying a binomial calculation model generally used for modelling the share price. Expected dividends were also included in the calculation of the share price. The provision is recognized over the vesting period (see Notes (22) and (27)). The following personnel expense is recognized in the Consolidated Statement of Comprehensive Income:

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in TEUR	2023	2022
Personnel expense LTI	1,855	935

### (32) Cash Flow Statement

The other adjustments in the non-cash and other reconciliation items in the Consolidated Statement of Cash Flows in 2023 and 2022 result mainly from non-cash effects of the asset retirement obligation recognized in other operating income (see Note (23)).

The dividends received in 2023 and 2022 and recognized in the financial result (see Note (7)) had already been settled as of December 31 and are reported in cash flow from operating activities. Dividends paid in 2023 and 2022 to the non-controlling interests of subsidiaries (see Note (34)) are disclosed in the Consolidated Statement of Changes in Stockholders' Equity.

In 2023, cash and cash equivalents of TEUR 1,032,880 were spun off into ETS Group (see Note (2)); in 2022, cash and cash equivalents of TEUR 104 were acquired in a business combination.

The following table provides a reconciliation of capital expenditures paid to total capital expenditures:

in TEUR	2023	2022
<b>Capital expenditures paid</b>	<b>1,093,971</b>	<b>895,923</b>
Reconciliation of additions in accounts payable	41,686	45,924
Reconciliation of liabilities of government grants	-40,866	0
Reconciliation of assets of government grants	12,243	14,012
Reconciliation of right-of-use assets paid	-14,484	-11,412
<b>Total capital expenditures</b>	<b>1,092,551</b>	<b>944,446</b>

For the definition of capital expenditures, see Note (1). At December 31, 2023, TEUR 121,368 (2022: TEUR 192,152) of the additions to intangible assets and property, plant and equipment in the current year have not yet been paid (see Notes (15) and (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 liabilities of government grants includes grants received that are to be allocated to the cash flow from investing activities (see Note (22)). The reconciliation of assets of government grants contains grants not yet paid, which have already been deducted from capital expenditures as well as grants of prior periods paid in the current period (see Notes (13) and (15)). The reconciliation of right-of-use assets paid contains prepayments and other direct costs, which are paid up to the commencement date of the lease and are reported in the cash flow from investing activities.

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The following tables show the development of the total liabilities from financing activities (see Notes (2), (21), (25) and (30)):

in TEUR	December 31, 2023	Cash flow	Foreign exchange differences	Non-cash changes			December 31, 2022
				Accretion expense	Lease*	Additions /Disposals	
Debt	807,974	-66,185	7	0	0	-994,587	1,868,740
Payables due to related parties financing	0	-25,120				25,120	0
Lease liabilities	1,955,571	-241,975	-3,915	38,528	316,965	1,165,059	680,909
Deferred consideration from business combinations	9,282	-1,867	0	0	0	-985	12,134
<b>Total liabilities from financing activities</b>	<b>2,772,828</b>	<b>-335,147</b>	<b>-3,908</b>	<b>38,528</b>	<b>316,965</b>	<b>194,608</b>	<b>2,561,783</b>

in TEUR	December 31, 2022						December 31, 2021
Debt	1,868,740	-730,592	0	0	0	0	2,599,332
Lease liabilities	680,909	-170,795	-555	13,067	71,818	275	767,098
Deferred consideration from business combinations	12,134	-1,313	1	0	0	6,297	7,149
<b>Total liabilities from financing activities</b>	<b>2,561,783</b>	<b>-902,700</b>	<b>-554</b>	<b>13,067</b>	<b>71,818</b>	<b>6,573</b>	<b>3,373,578</b>

\* Includes additions to new lease contracts as well as terminations or modifications of existing lease contracts.

- Additions to lease liabilities and financing payables due to related parties as well as the disposal of debt in 2023 relate to the spin-off of ETS Group (see Note (2)).
- In 2023, the disposal of deferred consideration from business combinations relates to the determination of the final purchase price of the Bulgarian company Stemo acquired in 2022. The acquisition of Stemo resulted in additions to lease liabilities and deferred consideration from business combinations in 2022.
- The cash flow from debt includes cash flows from the issuance of the bond and the taking out of the bank loan in July 2023 through the subsidiary A1 Towers Holding GmbH, which was spun off on September 22, 2023 (see Notes (2) and (25)).
- The cash flow from lease liabilities includes lease principal paid and interest, the latter being reported in the line item "interest paid". The increase relates to payments to ETS Group, as disclosed in the Notes (2) and (30).
- In 2023, the cash flow for deferred consideration from business combinations relates to payments for the Bulgarian company Stemo, acquired in 2022. In 2022, the deferred consideration was paid for the acquisition of the company Akenes in 2017 (see Note (34)).

### (33) Financial Instruments

#### Classification of financial instruments

Financial assets and financial liabilities are classified at initial recognition.

Financial assets and financial liabilities are recognized when A1 Group becomes a party to a financial instrument. A1 Group uses the settlement date for recording regular purchases and sales of financial assets. Financial assets and financial liabilities are recognized at the fair value of the consideration paid or received. Transaction costs are included in the initial measurement of fair value, except for financial instruments, which are recognized at their fair value through profit or loss.

Financial assets include, in particular, cash and cash equivalents, investments, accounts receivable: subscribers, distributors and other, net as well as other receivables and receivables due from related parties, which are measured at the lower of cost or net realizable value. The contractual cash flows of non-derivative financial instruments consist mainly of principal and interest. Furthermore, financial assets include financial instruments that are measured at fair value (see Note (19)).

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Financial liabilities include, in particular, accounts payable trade, issued bonds, other financial liabilities and payables due to related parties and are recognized initially in the amount corresponding to the financial inflow. Differences between the amount received and the amount to be repaid are recognized over the term of the liability in the financial result (amortized cost) using the effective interest rate method. For financial liabilities carried at amortized cost, gains or losses are recognized in profit or loss when the financial liability is derecognized.

Financial assets and financial liabilities are offset and the net amount is presented in the Statement of Financial Position only when A1 Group has a contractual right to offset the recognized amounts and intends to settle on a net basis.

### Fair value and fair value hierarchy of financial instruments

According to IFRS 13, the fair value is the price that would be received to sell an asset or paid to transfer a liability. A three-level hierarchy is to be applied. Level 1 contains financial assets and liabilities based on quoted prices in active markets for identical assets or liabilities. Financial assets and liabilities are allocated to level 2 if the input factors on which their fair value is based are observable, either directly or indirectly. Financial assets and liabilities are allocated to hierarchy level 3 if the fair value is not determined exclusively from observable input factors. When determining the fair value, the credit risk is taken into account as well.

The following tables show the classification as well as the carrying amounts and fair values of financial assets and financial liabilities (debt) including information on their hierarchy level. Fair values are not disclosed if the carrying amount is a reasonable approximation of the fair value:

#### Financial assets

in TEUR, at December 31	Carrying amount 2023	Fair value 2023	Carrying amount 2022	Fair value 2022
Cash and cash equivalents	168,545	n.a.	149,816	n.a.
Accounts receivable: Subscribers, distributors and other	843,084	n.a.	839,627	n.a.
Receivables due from related parties	21,546	n.a.	1,092	n.a.
Other current financial assets	10,651	n.a.	9,647	n.a.
Other non-current financial assets	3,503	n.a.	4,731	n.a.
Investments at amortized cost	210,100	206,580	193,748	184,502
<b>Financial assets at amortized cost</b>	<b>1,257,428</b>	<b>n.a.</b>	<b>1,198,661</b>	<b>n.a.</b>
Equity instruments at fair value through profit or loss*	3,079	3,079	2,691	2,691
Debt instruments at fair value through other comprehensive income*	38,396	38,396	38,515	38,515
Debt instruments at fair value through profit or loss*	40,413	40,413	31,275	31,275
<b>Financial assets at fair value</b>	<b>81,887</b>	<b>81,887</b>	<b>72,480</b>	<b>72,480</b>

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

\*Mandatory. For further information on financial investments (at amortized cost and at fair value), see Note (19).

The fair values of investments at amortized cost include:

in TEUR, at December 31	2023	2022
Quoted bonds	192,370	176,099
Fixed-term deposits	14,210	8,403
<b>Investments at amortized cost</b>	<b>206,580</b>	<b>184,502</b>

The fair values of the quoted bonds 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. For fixed deposits, the carrying amount approximates the fair value.

The fair value hierarchy of financial assets measured at fair value reflects the market proximity of the inputs in such fair value measurements:

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in TEUR	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value</b>				
December 31, 2023	80,974	913	0	81,887
December 31, 2022	72,009	472	0	72,480

### *Financial liabilities*

in TEUR, at December 31	Carrying amount 2023	Fair value 2023	Carrying amount 2022	Fair value 2022
Short-term bank debt	60,055	60,099	521,658	521,781
Bonds	747,919	723,383	1,047,082	993,561
Long-term bank debt	0	0	300,000	304,827
Payables due to related parties	24,447	n.a.	835	n.a.
Current financial liabilities	842,060	n.a.	771,543	n.a.
Other non-current financial liabilities	21,573	20,972	39,073	36,953
<b>Financial liabilities at amortized cost</b>	<b>1,696,054</b>	<b>n.a.</b>	<b>2,680,191</b>	<b>n.a.</b>
<b>Lease liabilities</b>	<b>1,955,571</b>	<b>n.a.</b>	<b>680,909</b>	<b>n.a.</b>

n.a. - not applicable as the practical expedients of IFRS 7.29 (a) or IFRS 7.29 (d) for lease obligations were applied.  
For further information on short-term financial liabilities, see Note (22).

The fair values of the quoted bonds equal the face value multiplied by the price quotations at the reporting date and are thus classified as level 1 of the fair value hierarchy.

The fair values of the bank liabilities are measured at the present values of the cash flows associated with the debt, based on the applicable yield curve. The fair values of other non-current financial liabilities are measured at the present value of their cash flows based on current discount rates. Thus, these financial liabilities are classified as level 2 of the fair value hierarchy.

### **Financial risk management**

#### *Overview*

A1 Group is exposed to various financial risks with respect to its financial assets, liabilities and anticipated transactions, including credit risk, liquidity risk and the market risk, which comprises interest rate and foreign currency exchange rate risk.

The financial risk management is centrally organized. The guideline establishing policies, responsibilities and competences is valid for both the A1 Group Treasury and the financial departments of the subsidiaries. The existing risks are regularly monitored and, if necessary, A1 Group responds to changes in market conditions. A1 Group neither holds nor issues derivative financial instruments for trading, hedging or speculative purposes.

At the reporting dates and with the exception of the contracts with ETS Group described below, A1 Group did not have any significant concentration of business transacted with a particular supplier or customer or creditor which could, if suddenly eliminated, significantly impact operations. Furthermore, A1 Group does not have any concentration of risk with respect to contractors, providers of other services, franchises or other rights which could, if suddenly eliminated, severely impact operations.

As a result of the spin-off of the tower business, ETS Group became a central supplier for A1 Group. Due to the indefinite contracts, coupled with long-term non-termination clauses on the part of ETS Group, A1 Group ensured the long-term use of the radio towers. Thus, there is limited risk in this respect (see Notes (2) and (30)).

A1 Group operates in markets in the Central Eastern European (CEE) region. Operations in the CEE region involve uncertainties, including transfer, currency and tax uncertainties that may affect business activities. The accompanying Consolidated Financial Statements reflect the Management Board's risk assessment of the impact on the operations and the financial position of A1 Group. The actual development of the future business environment may differ from this assessment.

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Detailed explanations on further risks to which A1 Group is exposed as well as their risk management are disclosed in the Management Report in the chapter "Risk and Opportunity Management". Furthermore, the chapter "Segment development" provides information on the macroeconomic uncertainties and risks in Belarus.

### Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from accounts receivable trade and investment activities.

#### *Financial investments and cash and cash equivalents*

A1 Group holds cash with various financial institutions with appropriate credit standings. If no external rating is available, an internal rating is performed on the basis of quantitative ratios. Financial investments are entered into only with counterparties holding investment grade ratings. Therefore, neither was an exposure to a significant credit risk identified for financial investments and cash and cash equivalents nor has the risk of default increased significantly since the initial recognition. Accordingly, the expected 12 months' credit loss is recognized in profit or loss for debt instruments at fair value through other comprehensive income as well as for investments at amortized cost, as disclosed in Note (7). A1 Group applies external credit ratings to estimate expected credit losses and to determine if the credit risk for a debt instrument has significantly increased.

The carrying amount of financial investments and cash and cash equivalents represents the maximum credit risk exposure (see Notes (9) and (19)):

in TEUR, at December 31	2023	2022
Short- and long-term investments	291,987	266,228
Cash and cash equivalents	168,545	149,816
<b>Carrying amount</b>	<b>460,531</b>	<b>416,044</b>

#### *Accounts receivable: Subscribers, distributors, contract assets and other financial assets*

A1 Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer or group of customers. Within the framework of the applicable legal regulations, each potential new customer is analyzed individually for creditworthiness when placing an order. Credit risk or the risk of late payment by contractual partners is monitored via credit checks, credit limits and routine controls. Due to the large number of customers and the high level of diversification of the portfolios, the default of any single customer would not have a significant impact (low concentration risk) on the Consolidated Financial Statements. Within A1 Group, operative credit risk management functions are performed at the operating company level.

The maximum exposure to credit risk for the receivables and the assets presented in the following table equals their carrying amounts (see Notes (10), (11), (13), (20) and (14)):

in TEUR, at December 31	2023	2022
Accounts receivable: Subscribers, distributors and other	843,084	839,627
Receivables due from related parties	21,546	1,092
Financial assets	14,153	14,378
Contract assets	88,391	97,334
<b>Carrying amount</b>	<b>967,174</b>	<b>952,432</b>

As a result of the low concentration of credit risk described above, A1 Group has no insurance for its accounts receivable. However, based on the credit assessment of retail and wholesale customers, A1 Group requires bank guarantees and cash deposits (see Notes (22) and (26)).

in TEUR, at December 31	2023	2022
Cash deposits	16,796	14,007
Bank guarantees	4,043	3,295

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Impairment losses of contract assets and accounts receivable: subscribers, distributors and other are measured at the expected lifetime credit loss (see Note (6)). A1 Group uses an allowance matrix to determine the lifetime expected credit losses on accounts receivable: subscribers, distributors and other as well as contract assets. The following table shows the total gross carrying amounts ("Gross") and the average expected credit losses ("ECL") for accounts receivable: subscribers, distributors and other measured by using the allowance matrix:

in TEUR, at December 31	Gross 2023	ECL 2023	Gross 2022	ECL 2022
Unbilled & billed, not yet due	767,916	20,765	766,047	20,394
Past due 0-30 days	56,349	4,705	57,249	4,929
Past due 31-60 days	16,445	5,836	15,932	5,891
Past due 61-90 days	12,779	4,811	10,271	4,345
More than 90 days	274,075	248,363	275,259	249,571
<b>Total</b>	<b>1,127,563</b>	<b>284,479</b>	<b>1,124,757</b>	<b>285,130</b>

A1 Group has grouped accounts receivable according to similar default patterns based on past experience (accounts receivable: subscribers, installment sales, distributors, interconnection and roaming) and the loss rates are based on days past due. The loss allowance matrix is based on A1 Telekom Austria's historically observed default rates, which are updated annually. Due to the large number of customers and the high degree of diversification of the portfolio the default risk of individual industries in which customers operate has less of an influence on the overall credit risk. Nevertheless, forward-looking information has been taken into account in determining the general loss allowance for accounts receivable not yet due from subscribers and from installment sales. In the years 2020 to 2021, A1 Group estimated a rise in insolvencies, especially once government COVID-19 support had expired. As this assumption had not been confirmed the valuation allowance 2022 was reduced accordingly, which led to an income of TEUR 2,912 (see "Reversed" in the following table presenting the development of the loss allowance as well as Note (6)).

The assessment of the correlation between historically observed default rates, forecast economic conditions and expected credit losses represents a significant estimate. Customers' actual default in the future may differ from these estimates due to changes in the circumstances.

The following table shows the development of the loss allowance for accounts receivable: subscribers, distributors and other, net (see Note (10)):

in TEUR	2023	2022
At January 1	285,130	279,041
Foreign currency adjustment	-2,534	-270
Changes in reporting entities	-224	0
Reversed	-3,808	-8,016
Charged to expenses	45,607	45,930
Amounts written-off	-39,692	-31,555
<b>At December 31</b>	<b>284,479</b>	<b>285,130</b>

The maximum credit risk of accounts receivable: subscribers, distributors and other broken down by geographic region and the breakdown of the loss allowance was:

in TEUR, at December 31	2023	2022
Domestic	1,067,678	1,066,476
Foreign	59,885	58,281
Loss allowances	-284,479	-285,130
<b>Accounts receivable: Subscribers, distributors and other</b>	<b>843,084</b>	<b>839,627</b>
Thereof		
Specific loss allowance	6,897	6,633
General loss allowance	277,583	278,498

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If there is objective evidence that A1 Group will not be able to collect all amounts due according to the original terms, a default in payment is expected and an impairment is recorded (specific loss allowance). Serious financial difficulties of the debtor, the probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered to be indicators that the receivable is impaired. A financial asset is impaired if the collection of contractual cash flows cannot be reasonably expected. In 2023, income from collections of impaired receivables subject to enforcement activity amounted to TEUR 4,564 (2022: TEUR 2,705) and was recognized in other operating income (see Note (5)).

At December 31, 2023, accounts receivable: subscribers, distributors and other from A1 Group's customer with the highest turnover amount to TEUR 7,938 (2022: TEUR 6,742). Thus, there is no major concentration of risk of default respectively credit risk.

The following table shows the development of the loss allowance of contract assets (see Note (14)):

in TEUR	2023	2022
<b>At January 1</b>	<b>2,844</b>	<b>2,958</b>
Foreign currency adjustment	1	0
Reversed	-4,943	-5,168
Charged to expenses	4,843	5,053
<b>At December 31</b>	<b>2,746</b>	<b>2,844</b>

Upon recognition of contract assets, the related impairment loss is recognized at the credit default rate of the receivables "not yet billed & billed and not yet due". Upon reclassification to receivables, the impairment of contract assets is derecognized.

Impairment losses on financial assets are based on the expected credit loss for twelve months and are disclosed in Notes (13) and (20). Loss allowances for finance lease receivables are measured at the expected credit loss and are disclosed in Note (30).

### Liquidity risk

Liquidity risk is the risk that A1 Group will not be able to meet its financial obligations as they fall due. A1 Group's approach to managing liquidity is to ensure that A1 Group will always have sufficient liquidity to meet liabilities when due, under both normal and stressed conditions. A monthly rolling consolidated liquidity planning is drawn up for this purpose and serves as the basis for determining the liquidity requirement. Furthermore, there is a liquidity reserve in the form of committed credit lines.

### Funding sources

A1 Group's Treasury department is responsible for the financial management and makes optimum use of potential synergies in financing the operations of A1 Group's subsidiaries. Its primary objective is to secure liquidity in a cost-effective manner by pooling the cash flows and clearing group accounts. This ensures the management of short-term investments and loans at optimal interest rates with minimal administrative effort.

Cash flow from operations is the basis for securing sufficient liquidity of A1 Group. Principal sources of external funding are bank loans and capital markets. For details of outstanding long-term debt and a description of the different types of debt as of the reporting date, see Note (25).

At December 31, 2023, A1 Group disposes of unutilized committed credit lines of TEUR 1,355,000 (2022: TEUR 1,227,000).

- Credit lines of TEUR 1,000,000 have a term until July 2026 (2022: July 2026).
- TEUR 15,000 have a term until September 2024 (2022: September 2023).
- From a further committed credit line of TEUR 400,000 (2022: TEUR 500,000) with a term until March 2025 (2022: March 2025), TEUR 60,000 were drawn at December 31, 2023 (2022: TEUR 488,000). On January 25, 2024, this credit line was reduced by TEUR 100,000 to TEUR 300,000.
- TEUR 200,000 with a term until October 2024 ended in September 2023.

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Furthermore, at December 31, 2023, A1 Group has a Commercial Paper Program with a maximum volume of TEUR 1,000,000 (2022: TEUR 1,000,000). At December 31, 2023 and 2022, no commercial papers were issued.

### *Exposure to liquidity risk*

The following table sets forth the contractual (undiscounted) interest and redemption payments of financial liabilities. Foreign currency amounts were translated at the rates valid on the reporting date.

in TEUR	Contractual cash flow	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
<b>At December 31, 2023</b>						
Bonds	783,750	0	11,250	11,250	761,250	0
Bank debt	60,298	60,298	0	0	0	0
Accounts payable - trade	673,156	663,119	2,924	7,081	11	21
Lease obligations	2,262,574	185,960	165,952	332,279	874,066	704,317
Other financial liabilities	190,366	145,017	27,834	4,976	7,896	4,642
<b>At December 31, 2022</b>						
Bonds	1,105,500	0	321,750	11,250	772,500	0
Bank debt	837,043	525,667	3,778	307,598	0	0
Accounts payable - trade	674,560	663,548	1,738	2,893	6,348	32
Lease obligations	745,224	101,996	69,825	150,059	252,704	170,639
Other financial liabilities	135,113	95,132	1,215	15,906	16,894	5,966

It is not expected that the cash flows of the financial liabilities included in the maturity analysis could occur significantly earlier or at significantly different amounts.

The increase in payments for lease obligations is due to the MLAs with ETS Group (see Note (2)).

### **Market risks**

Market risk is the risk of changes in market prices. A1 Group faces the risk of market price changes in interest rates and foreign exchange rates.

### **Interest rate risk**

#### *Financial liabilities*

At December 31, 2023, all financial liabilities were concluded on the basis of fixed interest rates. Thus, there is no significant interest rate risk for the cash flows (see Notes (21) and (25)). TEUR 300,000 of the financial liabilities recognized at December 31, 2022 had a variable interest rate (see Note (25)). A change in the interest rate of 0.5 percentage points would have increased respectively decreased the yearly net profit by TEUR 1,500.

#### *Financial investments*

Changes in interest rates have an impact on the fair value of financial investments held. As investments at amortized cost are not measured at fair value, changes in interest rates only have an impact on the carrying value of debt instruments held at fair value through other comprehensive income or through profit or loss (see Note (19)). A change in the interest rate of 0.5 percentage points would change other comprehensive income by TEUR 314 (2022: TEUR 360) and profit by TEUR 309 (2022: EUR 395), respectively.

#### *Hedging reserve*

The hedging reserve resulted from the three forward-starting interest rate swap contracts (pre-hedges) concluded in 2011 with a face value of TEUR 100,000 each. The related hedging reserve was released in the Consolidated Statement of Comprehensive Income in accordance with the recognition of interest expense on the bond, which was issued on July 4, 2013, and redeemed on July 4, 2023, as the interest rate risk on that bond was hedged. In 2023, the release of the hedging reserve through other comprehensive income (OCI) resulted in interest expense of TEUR 2,920 (2022: TEUR 5,840) and a tax benefit of TEUR 730 (2022: TEUR 1,460).

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### Exchange rate risk

At December 31, 2023 and 2022, of all accounts receivable: subscribers, distributors and other, net as well as accounts payable trade, only the following are denominated in a currency other than the functional currency of the reporting entities (for foreign exchange rates, see Note (3)):

in TEUR, at December 31 Denominated in	EUR	2023 USD	Other	EUR	2022 USD	Other
Accounts receivable: Subscribers, distributors and other	14,244	2,406	32,187	11,524	2,521	10,809
Accounts payable - trade	50,313	9,392	17,972	53,777	4,783	8,959

At December 31, 2023 and 2022, a change of 10% in the exchange rate for the monetary items listed above would increase/decrease foreign exchange rate differences as follows:

in TEUR	2023	2022
Serbian dinar (RSD)	1,088	1,264
Belarusian ruble (BYN)	58	268

No sensitivity analysis was performed for other accounts receivable or for accounts payable denominated in foreign currencies, as there is no significant risk.

### (34) Companies and Business Combinations

Name and company domicile	Share in capital at December 31, 2023 in %	Method of consolidation*	Share in capital at December 31, 2022 in %	Method of consolidation*
<b>Segment Austria</b>				
A1 Telekom Austria Aktiengesellschaft, Vienna	100.00	FC	100.00	FC
Telekom Austria Personalmanagement GmbH, Vienna	100.00	FC	100.00	FC
A1 now TV GmbH in Liqu, Vienna	-	LIQ	100.00	FC
CableRunner GmbH, Vienna	76.00	FC	76.00	FC
CableRunner Austria GmbH & Co. KG, Vienna	76.00	FC	76.00	FC
World-Direct eBusiness solutions Gesellschaft m.b.H., Vienna	100.00	FC	100.00	FC
paybox Bank AG, Vienna	100.00	FC	100.00	FC
paybox Service GmbH, Vienna	100.00	FC	100.00	FC
wedify GmbH, Vienna	100.00	FC	100.00	FC
mk Logistik GmbH, Vienna	100.00	FC	100.00	FC
A1 Towers Austria GmbH, Vienna	-	SpO	100.00	FC
A1 Open Fiber GmbH, Vienna	100.00	FC	100.00	FC
Canal+ Austria GmbH, Vienna	49.00	EQ	49.00	EQ
JetStream Hungary Kft., Budapest	100.00	FC	100.00	FC
JetStream Slovakia s.r.o., Bratislava	100.00	FC	100.00	FC
JetStream RO s.r.l., Bucharest	100.00	FC	100.00	FC
JetStream TR Telekomünikasyon Hizmetleri Ve Ticaret Limited Sirketi, Istanbul	100.00	FC	100.00	FC
JetStream Switzerland GmbH, Zurich	100.00	FC	100.00	FC
JetStream Poland Spolka Z Ograniczona Odpowiedzialnoscia, Warsaw	100.00	FC	100.00	FC
JetStream Germany GmbH, Frankfurt on the Main	100.00	FC	100.00	FC
JetStream Italy S.r.l., Milan	100.00	FC	100.00	FC
TA CZ sitě s.r.o., Prague	100.00	FC	100.00	FC
JetStream BH d.o.o. drustvo za telekomunikacije, Sarajevo	100.00	FC	100.00	FC
JetStream England Limited, London	100.00	FC	100.00	FC
<b>Segment Bulgaria</b>				
A1 Bulgaria EAD, Sofia	100.00	FC	100.00	FC
Cabletel-Prima AD, Nessebar	51.00	FC	51.00	FC
Aprimis EOOD, Sofia	100.00	FC	100.00	FC
A1 Towers Bulgaria EOOD, Sofia	-	SpO	100.00	FC
STEMO EOD, Gabrovo	100.00	FC	100.00	FC
<b>Segment Croatia</b>				
A1 Hrvatska d.o.o., Zagreb	100.00	FC	100.00	FC
A1 Towers d.o.o., Zagreb	-	SpO	100.00	FC
<b>Segment Belarus</b>				

CONSOLIDATED FINANCIAL STATEMENTS

Name and company domicile	Share in capital at December 31, 2023 in %	Method of consolidation*	Share in capital at December 31, 2022 in %	Method of consolidation*
Unitary enterprise A1 , Minsk	100.00	FC	100.00	FC
Unitary enterprise TA-Engineering, Minsk	100.00	FC	100.00	FC
Unitary enterprise Solar Invest, Brahin	-	ME	100.00	FC
A1 ICT services, Minsk	100.00	FC	100.00	FC
<b>Segment North Macedonia</b>				
A1 Makedonija DOOEL, Skopje	100.00	FC	100.00	FC
Telemedia DOOEL, Skopje	100.00	FC	100.00	FC
A1 TOWERS DOOEL Skopje, Skopje	-	SpO	100.00	FC
LEANWORX DOOEL, Skopje	100.00	FC	100.00	FC
<b>Segment Serbia</b>				
A1 Srbija d.o.o., Belgrade	100.00	FC	100.00	FC
A1 TOWERS INFRASTRUCTURE d.o.o., Belgrade	-	SpO	100.00	FC
<b>Segment Slovenia</b>				
A1 Slovenija d.d., Ljubljana	100.00	FC	100.00	FC
STUDIO PROTEUS, d.o.o., Postojna	-	ME	100.00	FC
A1 Towers d.o.o., Ljubljana	-	SpO	100.00	FC
<b>Corporate &amp; Other</b>				
Telekom Finanzmanagement GmbH, Vienna	100.00	FC	100.00	FC
Mobilkom Beteiligungsgesellschaft mbH, Vienna	100.00	FC	100.00	FC
mobilkom Bulgarien Beteiligungsverwaltung GmbH, Vienna	100.00	FC	100.00	FC
mobilkom CEE Beteiligungsverwaltung GmbH, Vienna	100.00	FC	100.00	FC
mobilkom Mazedonien Beteiligungsverwaltung GmbH, Vienna	100.00	FC	100.00	FC
mobilkom Belarus Beteiligungsverwaltung GmbH, Vienna	100.00	FC	100.00	FC
Kroatien Beteiligungsverwaltung GmbH, Vienna	100.00	FC	100.00	FC
SB Telecom Ltd., Limassol	100.00	FC	100.00	FC
A1 Digital International GmbH, Vienna	100.00	FC	100.00	FC
A1 Digital Deutschland GmbH, Munich	100.00	FC	100.00	FC
Akenes S.A., Lausanne	100.00	FC	100.00	FC
A1 Towers Holding GmbH, Vienna	-	SpO	100.00	FC
A1 Towers Bulgaria Holding GmbH, Vienna	-	SpO	100.00	FC
A1 Towers Croatia Holding GmbH, Vienna	-	SpO	100.00	FC
A1 Towers Macedonia Holding GmbH, Vienna	-	SpO	100.00	FC
A1 Towers Serbia Holding GmbH, Vienna	-	SpO	100.00	FC
A1 Towers Slovenia Holding GmbH, Vienna	-	SpO	100.00	FC
Invenium Data Insights GmbH, Graz	51.00	FC	51.00	FC

\* FC - full consolidation, EQ - equity method, ME - merged, SpO - spin-off ETS Group (see Note (2)), LIQ - liquidation  
All affiliated companies have December 31 as their reporting date.

According to IFRS 3, business combinations are accounted for using the acquisition method at the acquisition date, which is the date when the acquirer obtains control over the acquiree. Goodwill is measured as the difference between the aggregate of the fair value of the consideration transferred as of the acquisition date, the amount of any non-controlling interest, and, in a business combination achieved in stages, the fair value of the acquirer's previously held equity interest in the acquiree less the fair value of the identifiable assets acquired and the liabilities assumed. Non-controlling interests are not measured at fair value but at their share of the fair value of identified net assets of the acquiree. In accordance with IFRS 3.45, goodwill may be adjusted for subsequent changes in the estimated purchase price. If the fair value of the net assets acquired exceeds the consideration transferred, the gain resulting from a bargain purchase is immediately recognized in other operating income in profit or loss. Transaction costs are expensed as incurred. In case of an acquisition achieved in stages, the previously held interest is restated at fair value and any resulting difference is recognized in profit or loss. All transactions with non-controlling interest holders are recognized directly in stockholder's equity. No non-controlling interests are recognized for acquisitions where a put option is granted to the remaining non-controlling shareholders, as A1 Group applies the anticipated acquisition method. In the course of the allocation of the consideration transferred, fair values of assets and liabilities acquired are determined based on state-of-the-art discounted cash flow methods. The input factors used are categorized as Level 3 of the fair value hierarchy defined by IFRS 13.

### (35) Contingent Assets and Liabilities

In the normal course of business, Telekom Austria AG and its subsidiaries are subject to proceedings, lawsuits and other claims, including proceedings under laws and regulations related to network access. Such matters are subject to many uncertainties, and the outcomes are not predictable with certainty. Consequently, the Management Board is unable to ascertain the ultimate aggregate amount of the monetary liability or the impact on the financial position of A1 Group with respect to these matters at December 31, 2023. These matters could affect the results or cash flows of any quarter when resolved in future periods. However, the Management Board believes that, after final settlement, any monetary liability or financial impact on A1 Group, beyond such provided for at year-end, would not be material to its Consolidated Financial Statements.

In the course of a tax audit in Austria the provision related to the reference date for salary increments of Austrian civil servants was not accepted for tax purposes for the financial year 2015. A1 Group filed an appeal against the assessment which could result in an additional tax payment of TEUR 11,600. As the Austrian law regarding the reference date was repeatedly repealed later on by the European Court of Justice (see also Note (23)), A1 Group expects with a high degree of probability that the appeal will be successful. Thus, no tax liability was recognized.

In Serbia, a lawsuit regarding copyright infringement is pending. A1 Group filed a statement of defense in response to the lawsuit. In case the lawsuit is decided in favor of the plaintiff, A1 Group expects a maximum payment of TEUR 7,500. As A1 Group expects with a high degree of probability that the case will be dismissed, no provision was recognized.

Following a class action lawsuit against market leader Telekom Slovenije, an association of small shareholders also sued the Slovenian subsidiary of mobilkom CEE Beteiligungsverwaltung GmbH, A1 Slovenija (see Note (34)), for allegedly unjustified unilateral price increases for contract customers. The lawsuit against A1 Slovenija amounts to TEUR 52,334. The plaintiff's chances of success are currently considered unlikely.

In its tax assessment the Austrian Tax Authority did not accept the treatment of value-added tax on expired prepaid telephone card credit respectively the change in the place of performance with regard to value-added tax on certain telecommunication services in A1 Group for the years 2010 to 2016. A1 Group filed an appeal against the Tax Authority's assessment at the Federal Finance Court and will file an appeal at the European Court of Justice if necessary. The possible subsequent payment of taxes relating to both circumstances would amount to TEUR 9,640 for the years 2010 to 2023. As A1 Group expects with a high probability that the appeal will be granted, no tax liability was recognized.

On January 19 and 25, 2024, the Austrian subsidiary A1 Telekom Austria received a lawsuit from the Austrian Federal Chamber of Labor (Bundesarbeitskammer) according to Sections 28 and 28a of the Consumer Protection Act (Konsumentenschutzgesetz) and Section 14 of the Act against Unfair Competition (Gesetz gegen unlauteren Wettbewerb) which shall prevent the charging of service flat rates and which demand the repayment of the service flat rates charged. A1 Group has a different legal opinion and considers the service flat rates in accordance with the law. This is also confirmed by an external legal opinion by a renowned university professor. A1 Group is of the opinion that the situation with respect to the service flat rates cannot be compared basically to the fitness studio judicature referred to in the lawsuit, as the service flat rates contain indeed services of value exceeding the basic contractual relationship. Since 2011, the regulatory authority for telecommunications has checked preliminarily and regularly the service flat rate regulations without complaint. Furthermore, there are special legal regulations in the telecommunications industry, also due to European law, that allow the charging of different fees. Thus, no provision was recognized for these lawsuits at December 31, 2023.

### (36) Remuneration Paid to the Management Board and Supervisory Board

At December 31, 2023, the Management Board of Telekom Austria AG consists of two members: On September 1, 2023, Alejandro Plater took office as Chief Executive Officer (CEO) and Thomas Arnoldner as Deputy Chief Executive Officer (Deputy CEO).

Until August 31, 2023, Thomas Arnoldner was Chief Executive Officer (CEO), Alejandro Plater was Chief Operating Officer (COO) and Siegfried Mayrhofer was Chief Financial Officer (CFO). Siegfried Mayrhofer left the company at the end of his term of office on August 31, 2023.

The following table summarizes the remuneration of members of the Management Board (the base salary of Siegfried Mayrhofer is included until his resignation, the variable yearly remuneration includes the full year 2022) and Supervisory Board:

in TEUR	2023	2022
Base salary (incl. remuneration in kind)	1,565	1,680
Variable yearly remuneration (Short Term Incentive - "STI")	2,333	2,428
Multi-year share-based remuneration (Long Term Incentive Program)*	712	1,334
Severance payment	871	0
<b>Total</b>	<b>5,481</b>	<b>5,442</b>
Compensation Supervisory Board	380	365

\* In 2023, the remuneration relates to the payment of the tranche for LTI 2020 (2022: LTI 2019), see Note (31).

### (37) Employees

The average number of employees during the year 2023 was 17,708 (2022: 17,860). At December 31, 2023, A1 Group employed 17,508 (2022: 17,906) employees (full-time equivalents).

### (38) Release for Publication

On February 2, 2024, the Management Board of Telekom Austria AG approved the Consolidated Financial Statements for submission to the Supervisory Board. The Supervisory Board will review the Consolidated Financial Statements and report its decision on approval.

Vienna, February 2, 2024



CEO Alejandro Plater



Deputy CEO Thomas Arnoldner

## Declaration of the Management Board

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

Vienna, February 2, 2024

The Management Board of Telekom Austria



Alejandro Plater  
Chief Executive Officer



Thomas Arnoldner  
Deputy Chief Executive Officer

# AUDITOR'S REPORT

## Report on the Consolidated Financial Statements

### Audit Opinion

We have audited the consolidated financial statements of

#### **Telekom Austria Aktiengesellschaft, Vienna,**

and of its subsidiaries (the Group) comprising the consolidated statement of financial position as of December 31, 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year then ended and the notes to the consolidated financial statements.

Based on our audit the accompanying consolidated financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Group as of December 31, 2023 and its financial performance for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted by EU, and the additional requirements under Section 245a Austrian Company Code UGB.

### Basis for Opinion

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

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

## Key Audit Matters

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

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

1. Valuation of property, plant and equipment and intangible assets, including goodwill
2. Revenues and related IT systems
3. Spin-off of EuroTeleSites AG

### 1. Valuation of property, plant and equipment and intangible assets, including goodwill

#### Description

A1 Group shows significant amounts of goodwill (mEUR 1,089.2, intangible assets (mEUR 1,654.6) and property, plant and equipment (mEUR 3,029.0) in its consolidated financial statements as of December 31, 2023.

Under IFRS, an entity is required to annually test the amount of goodwill and intangible assets with an indefinite life for impairment. For intangible assets with a definite life as well as property, plant and equipment, it is required to assess on each balance sheet date whether impairment indicators exist and if they exist, an impairment test is required for these assets.

A1 Group's disclosures about goodwill, intangibles assets and property, plant and equipment and related impairment testing are included in Note 4 (Estimations), Note 15 (Property, plant and equipment), Note 16 (Intangibles), Note 17 (Goodwill) and Note 30 (Leases) in the consolidated financial statements.

We considered the impairment testing of property, plant and equipment and intangible assets, including goodwill, as a key audit matter as the related asset amounts are significant and the assessment process itself is complex and requires judgment. The impairment tests include assumptions that are affected by future market or economic conditions. The uncertain situation regarding the Belarussian subsidiary should still be noted as an impairment might be required due to the Ukraine crisis.

### How our audit addressed the matter:

Our audit procedures included, among others, the following:

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

Furthermore, we evaluated the composition of cash generating units (CGU's) and the assets allocated to each CGU and assessed the valuation model.

We compared forecasted revenues and EBITDA margins as well as capital expenditure and changes in working capital for all CGU's with the Telekom Austria Group plans submitted to the audit committee and analyzed the main drivers for the future development included in the business plan to determine the appropriateness of the projections. We also verified the assumptions made in relation to discount rates and growth rates. EY valuation specialists assisted us in performing the audit procedures.

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

We also evaluated the adequacy of disclosures made regarding impairment testing and related assumptions.

## 2. Revenues and related IT systems

### Description

A1 Group's revenues in 2023 resulted from various revenue streams and IT systems processing millions of records per day.

A1 Group's disclosures about revenues are included in Note 5 (Revenues) in the consolidated financial statements.

Revenues and related IT systems were important for our audit as there is an industry inherent risk around the accuracy of revenues recorded given the complexity of systems and the large volume of data processed as well as the impact of changing pricing models to revenue recognition (tariff structures, incentive arrangements, discounts etc.).

### How our audit addressed the matter:

Our audit procedures included, among others, the following:

We assessed the accounting policies relating to revenue recognition and the impact of new business models. In particular we evaluated the related accounting treatment of multiple element contracts (identification and separation of customer contracts in separate accounting units, identification of separate performance obligations, determination as well as allocation of the transaction price) in accordance with IFRS 15. In addition, we assessed the impact of customer loyalty programs on revenue recognition.

Furthermore, we assessed the design and operating effectiveness of the controls over the revenue processes including the revenue related IT systems (rating, billing and other support systems) and IT general controls with involvement of EY IT specialists.

We performed substantive audit procedures on revenues to corroborate the results of the design and implementation assessment of controls over revenue related processes and IT systems.

Finally, we also evaluated the adequacy of disclosures made regarding revenues.

### 3. Spin-off of EuroTeleSites AG

#### Description

At the Extraordinary General Meeting on August 1, 2023, a resolution was passed to spin off the passive mobile infrastructure (the so-called "Towers Business") into the newly founded EuroTeleSites AG. The spin-off and the first-time listing of EuroTeleSites AG on the Vienna Stock Exchange took effect on September 22, 2023. This is also the date of deconsolidation of the Towers Business from the consolidated financial statements of the A1 Group. The spin-off led to an increase in equity of mEUR 624.4, as the book value of the transferred assets was lower than the book value of the transferred liabilities and the spin-off was accounted for using book values.

A1 Group's disclosures on the spin-off of EuroTeleSites AG are included in Note 2 (The Company and Spin-off of ETS Group) in the consolidated financial statements.

The spin-off of EuroTeleSites AG was considered as a key audit matter as the accounting for this transaction and related matters is complex, requires judgment and the amounts involved are material.

#### How our audit addressed the matter:

Our audit procedures included, among others, the following:

We assessed the design of the controls over the spin-off accounting process.

In the context of the spin-off of EuroTeleSites AG, the goodwill allocated to the individual cash-generating units had to be allocated between the spun-off units and the remaining units. The allocation was based on the relative enterprise values of the respective units. We verified the arithmetical accuracy of the allocation on the basis of the relative enterprise values. The underlying calculation of the relative enterprise values was reviewed together with our EY valuation specialists. We assessed the forecasted revenues and EBITDA margins as well as the capital expenditure and changes in working capital and analyzed the main drivers for the future development included in the business plans in order to verify the appropriateness of these plans. We also verified the assumptions made in relation to discount rates and growth rates.

The spin-off of assets and liabilities into EuroTeleSites AG does not constitute a distribution of non-cash assets to owners within the scope of IFRIC 17 "Distributions of Non-cash Assets to Owners" according to A1 Group's assessment, as it is a transaction under common control. We verified this assessment and the recognition of the deconsolidation as part of our audit.

According to A1 Group's assessment, the conclusion of the lease agreements for the leaseback of the passive infrastructure does not constitute a sale and leaseback transaction within the scope of IFRS 16 as it is not a sale and therefore the relevant provisions are not applicable. Accordingly, the spun-off of the assets and the recognition of the rental agreements as right-of-use assets respectively lease liabilities were accounted for separately. We verified this assessment as part of our audit. In regard to the initial recognition of the lease agreements with EuroTeleSites AG as right-of-use assets and lease liabilities at the spin-off date, we evaluated the appropriateness of the significant accounting decisions and judgements made with regard to these lease agreements (mainly assessment of the effects of any extension or termination options in determining the contractual term of the leases, incremental borrowing rates, separation of lease components). Furthermore, we performed substantive audit procedures to assess the completeness and correct recognition of the leases with EuroTeleSites AG.

Finally, we evaluated the adequacy of disclosures made regarding the spin-off of EuroTeleSites AG.

## Other Information

The legal representatives are responsible for the other information. The other information comprises all information in the combined annual report, except for the consolidated financial statements, the group management report and the auditor's report.

We received the consolidated non-financial report and the consolidated Corporate Governance

Report until the date of this audit opinion; the rest of the combined annual report is estimated to be provided to us after the date of the auditor's report.

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

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

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

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

Management is responsible for the preparation of the consolidated financial statements in accordance with IFRS as adopted by the EU, and the additional requirements under Section 245a Austrian Company Code UGB for them to present a true and fair view of the assets, the financial position and the financial performance of the Group and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

We also:

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

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

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

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

## Report on Other Legal and Regulatory Requirements

### Comments on the Management Report for the Group

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

Management is responsible for the preparation of the management report for the Group in accordance with Austrian Generally Accepted Accounting Principles and other legal or regulatory requirements.

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

### Opinion

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

### Statement

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

### Additional information in accordance with article 10 EU regulation

We were elected as auditor by the ordinary general meeting on June 7, 2023. We were appointed by the Supervisory Board on October 12, 2023. We are auditors without cease since 2015.

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

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

### Responsible Austrian Certified Public Accountant

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

**Vienna, February 2, 2024**

Ernst & Young  
Wirtschaftsprüfungsgesellschaft m.b.H.

**Mag. Marion Raninger mp**

**Mag. (FH) Severin Eisl mp**

Wirtschaftsprüferin / Certified Public Accountant

Wirtschaftsprüfer / Certified Public Accountant

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



## Financial calendar

April 23, 2024	Results Q1 2024	July 2, 2024	Dividend record date
June 17, 2024	Record date: Annual General Meeting	July 4, 2024	Dividend payment date
June 27, 2024	Annual General Meeting	July 16, 2024	Results Q2 / H1 2024
July 1, 2024	Dividend ex-date	Oct 15, 2024	Results Q3 / Q1-Q3 2024

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## Disclaimer

This report contains forward-looking statements. These forward-looking statements are usually accompanied by words such as ›believe‹, ›intend‹, ›anticipate‹, ›plan‹, ›expect‹ and similar expressions or by ›outlook‹. Actual events may differ materially from those anticipated in these forward-looking statements. Forward-looking statements involve inherent risks and uncertainties. A number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward looking statement. Neither the A1 Group nor any other person assumes any liability for any such forward-looking statements. The A1 Group will not update these forward-looking statements, whether due to changed factual circumstances, changes in assumptions or expectations.

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

This report contains quarterly and year-to-date results that have not been audited or reviewed by a certified public accountant. This document does not constitute a recommendation or invitation to buy or sell any A1 Group security.

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# Financial Report 2023

Telekom Austria AG



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# Management report

of Telekom Austria Aktiengesellschaft for  
the period of January 1 to December 31, 2023

## Business environment

Overall economic development remained under high pressure in 2023. In addition to geopolitical crises, the year under review was characterized by persistently high, albeit somewhat lower inflation rates than last year, which continue to weigh on purchasing power and overall economic demand. In general, economic growth slowed further and the global economic outlook was revised downwards compared to the previous forecast.

Starting from a high level at the end of 2022, inflation rates fell over the course of 2023 in both the U.S. and Europe. In the U.S., inflation fell from a high of 9.1 % in June 2022 to 6.45 % at the beginning of 2023, before reaching its lowest level since March 2021 at 3.2 % in October 2023. In the eurozone, inflation peaked at 10.6 % in October 2022 and fell over the course of 2023, from 8.6 % at the beginning of the year to 2.4 % in November 2023.

In the year under review, the U.S. Federal Reserve raised its key short-term interest rate in four steps from a range of 4.25 % to 4.50 % to between 5.25 % and 5.50 %<sup>1</sup>. The European Central Bank carried out a total of six interest rate hikes in 2023, increasing the rates on the main refinancing operations, the rates on the marginal lending facility, and the deposit facility from 2.5 %, 2.75 % and 2.0 % to 4.5 %, 4.75 % and 4.0 %, respectively. On June 15, 2023, the ECB also announced that the reinvestment of assets in the Asset Purchase Program (APP) would be discontinued from July 2023. As far as the Pandemic Emergency Purchase Program (PEPP) is concerned, net purchases were discontinued at the end of March 2022, but reinvestments of the repayment amounts due from PEPP holdings are to be made at least until the end of 2024 and can be reinvested flexibly<sup>2</sup>.

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

## GDP growth and inflation in the markets of A1 Group (in %)<sup>3</sup>

	2022		2023e		2024e	
	GDP	Inflation	GDP	Inflation	GDP	Inflation
Austria	4.8	8.6	0.1	7.8	0.8	3.7
Bulgaria	3.4	13.0	1.7	8.5	3.2	3.0
Croatia	6.2	10.7	2.7	8.6	2.6	4.2
Belarus	-3.7	15.2	1.6	4.7	1.3	5.7
Serbia	2.3	12.0	2.0	12.4	3.0	5.3
Slovenia	2.5	8.8	2.0	7.4	2.2	4.2
North Macedonia	2.1	14.2	2.5	10.0	3.2	4.3

According to the World Economic Outlook published by the IMF in January 2024, global economic growth was expected to fall from 3.5 % in 2022 to an average of 3.1 % in 2023 as well as in 2024. However, there are significant changes in the underlying growth curves of the major economies, with stronger forecasts for the U.S. and downward revisions for China and the eurozone. Growth in the eurozone is expected to fall from 3.3 % in 2022 to 0.5 % in 2023, before rising to 0.9 % in 2024. The forecast has been revised downwards by 0.2 and 0.3 percentage points compared to previous projections from October 2023 for 2023 and 2024 respectively. Here, too, there is a divergence in growth between the major economies in the eurozone in 2023<sup>4</sup>.

<sup>1</sup> Source: [https://www.federalreserve.gov/monetarypolicy/publications/mpr\\_default.htm](https://www.federalreserve.gov/monetarypolicy/publications/mpr_default.htm)

<sup>2</sup> Source: [https://www.ecb.europa.eu/pub/projections/html/ecb.projections202309\\_ecbstaff4eb3c5960e.de.html](https://www.ecb.europa.eu/pub/projections/html/ecb.projections202309_ecbstaff4eb3c5960e.de.html)  
<https://www.oenb.at/isawebstat/stabfrage/createReport?lang=DE&report=2.2>

<sup>3</sup> Source: <https://www.imf.org/en/Publications/WEO/Issues/2023/10/10/world-economic-outlook-october-2023>

<sup>4</sup> Source: <https://www.imf.org/en/Publications/WEO/Issues/2024/01/30/world-economic-outlook-update-january-2024>

## Spin-off of the “EuroTeleSites AG” (“EuroTeleSites”) tower business

On September 22, 2023, the tower business of Telekom Austria AG (tower business) was listed on the Vienna Stock Exchange under the newly established EuroTeleSites AG. The transferred companies form the EuroTeleSites Group, see notes (34). At the Extraordinary General Meeting on August 1, 2023, the shareholders of Telekom Austria AG approved the spin-off.

The shares in EuroTeleSites AG were issued to the shareholders of Telekom Austria AG on September 22, 2023 on a pro rata basis, making América Móvil the ultimate parent company of the EuroTeleSites Group, as in A1 Group. For every four shares in Telekom Austria AG, Telekom Austria AG shareholders received one EuroTeleSites share. Telekom Austria AG thus received 103,789 EuroTeleSites shares worth TEUR 514 for its own treasury shares. Telekom Austria holds no other stake in EuroTeleSites.

The spun-off passive infrastructure of the towers comprises components that are not directly attributable to the mobile communications network, such as foundations and metal structures, containers, air-conditioning units, power supply and other supporting systems.

### Operational impact

The spin-off of passive infrastructure not only enables the budget to be allocated more efficiently, but also permits a stronger focus on A1 Group's core business. A1 Group has contractually secured long-term access to the towers as anchor tenant via local master lease agreements with the local EuroTeleSites operating companies. The contract term is indefinite, but can be terminated by A1 Group at the end of the eighth, 16th and 24th contract year, by the EuroTeleSites Group for the first time at the end of the twenty-24th year and by either party after 24th contract year subject to a 36-month notice period at the end of each calendar year. There is protection against inflation. The rent and other price elements are adjusted annually by 85 % of the annual adjustment of the consumer price index, but by a maximum of 3 % per year. The prices for steel components in case of additional modifications are to be adjusted in line with the steel price index.

For new towers to be erected, A1 Group is free to choose the tower company. However, A1 Group is currently planning to expand around one thousand sites over the next five years in cooperation with the EuroTeleSites Group. In the event of significant financial difficulties or the sale of a significant amount of infrastructure at or by an EuroTeleSites operating company in breach of contract, A1 Group has the right to repurchase the towers at regional level. A1 Group will temporarily provide certain services to EuroTeleSites Group at market prices (e.g. SAP-related services).

As of June 30, 2023, the tower portfolio comprised 13,225 macro sites in Austria, Bulgaria, Croatia, Serbia, Slovenia and North Macedonia.

## Financial key performance indicators

Total assets as of December 31, 2023 amounted to EUR 8,247 million (previous year: EUR 8,944 million). Long-term assets decreased to EUR 7,522 million (previous year: EUR 8,071 million) in financial year 2023, primarily due to the divestment of the interests in connection with the spin-off of EuroTeleSites AG.

The decrease in current assets by EUR 148 million to EUR 720 million as of December 31, 2023 is mainly due to lower receivables from affiliated companies from cash pooling.

Revenues increased by 9.0% to EUR 41 million in financial year 2023.

The operating result decreased to EUR -116 million in financial year 2023 (previous year: EUR -44 million).

Income from investments decreased to EUR 420 million (previous year: EUR 470 million). This is mainly due to a lower dividend payment by mobilkom Belarus Beteiligungsverwaltung than in 2022.

Expenses from financial assets of EUR 51 million (previous year: income of EUR 310 million, net) relate to the impairment of mobilkom Belarus Beteiligungsverwaltung. In 2023, interest expenses increased to EUR 47 million (previous year: EUR 40 million).

As a result of the factors described above, the result before income taxes increased to EUR 240 million (previous year: EUR 79 million).

The income tax benefit for 2023 was EUR 22 million (previous year: EUR 35 million), mainly due to the Group tax allocation.

In the 2023 financial year, EUR 1.428 was attributable to additions from reorganization.

Net income amounted to EUR 1.690 million in financial year 2023 (previous year: EUR 114 million).

## MANAGEMENT REPORT

The Management Board plans to propose a dividend of EUR 0.36 (previous year: EUR 0.32) per share to the Annual General Meeting, subject to the approval of the Supervisory Board.

The following section provides a brief explanation of the most important financial and operational key figures:

- The equity ratio according to Section 23 of the Austrian Company Reorganization Act (URG) was 89.7% as of December 31, 2023 (December 31, 2022: 75.3%). This ratio is calculated by dividing stockholders' equity by total assets.
- The "notional debt repayment period" according to Section 24 URG was to 0.5 years as of December 31, 2023 (previous year: 7.3 years). The "notional debt repayment period" indicates how many years it would theoretically take to repay the total debt on the basis of the result before income taxes.
- The return on equity (ratio of EBIT to stockholders' equity) was 3.4% (previous year: 1.7%). Return on assets (EBIT divided by the sum of total liabilities and stockholders' equity) was 3.1% (previous year: 1.3%).
- Net debt is the balance of interest-bearing liabilities and cash and cash equivalents. On December 31, 2023, net debt amounted to EUR 754 million (previous year: EUR 2,119 million).
- In addition to other operating cash flows, dividends amounting to EUR 425 million (previous year: EUR 689 million) were received from subsidiaries, dividends amounting to EUR 213 million (previous year: EUR 186 million) were distributed to owners and liabilities to banks amounting to EUR 300 million (previous year: EUR 0 million) were repaid in the reporting year.

## Equity investments

In addition to Austria, A1 Group was successfully positioned in six other European countries as of December 31, 2022<sup>5)</sup>

	Inhabitants in millions	GDP/capita in USD	Mobile subscribers in millions	market position	RGUs in millions	market position
Austria	9.0	67,900	5.2	#1	2.9	#1
Bulgaria	6.5	33,800	3.8	#1	1.2	#2
Croatia	3.9	40,200	2.0	#2	0.7	#2
Belarus	9.2	22,600	4.9	#2	0.8	#2
Serbia	6.7	23,900	2.4	#3	n.a.	n.a.
Slovenia	2.1	48,300	0.7	#2	0.2	#4
North Macedonia	2.1	20,300	1.1	#1	0.4	#2

In mobile communications, A1 Group served around 25.2 million subscribers at the end of 2023 (2022: 23.9 million), of which around 5.1 million were attributable to A1 Digital; in the fixed-line business, the total number of revenue-generating units (RGUs) was around 6.3 million, 1.1% more than in the previous year.

**A1 Austria**, the largest telecommunications provider in Austria, had 5.1 million customers (-0,6%) at the end of the year. In the fixed network, the number of RGUs decreased by 3,4% to around 2.8 million in 2023.

**A1 Bulgaria EAD**, the largest mobile communication provider in Bulgaria, had around 3.8 million subscribers at the end of 2023 (+0.2%). In the fixed-line business, the number of RGUs increased by 5.2% to around 1.2 million in 2023.

**Unitary enterprise A1**, the second-largest mobile communication provider in Belarus, served around 4.9 million subscribers (+0.0%) at the end of 2023. In the fixed-line business, the number of RGUs increased by 12.7% to around 0.9 million in 2023.

**A1 Hrvatska, d.o.o.**, the second-largest mobile communication provider in Croatia, had around 2.1 million subscribers at the end of 2023 (+2.8%). In the fixed-line business, the number of RGUs increased by 2.1% to around 0.7 million in 2023.

**A1 Srbija d.o.o.**, the third-largest mobile communication provider in Serbia, had around 2.4 million subscribers (+0.3%) at the end of 2023.

**A1 Slovenija d.d.**, the second-largest mobile communication provider in Slovenia, served around 0.7 million subscribers (-0.6%) at the end of 2023. In the fixed-line business, the number of RGUs decreased by 7.3% to around 0.2 million in 2023.

**A1 Makedonija DOOEL** had around 1.1 million subscribers at the end of 2023 (+1.6%). In the fixed-line business, the number of RGUs increased by 1.5% to around 0.4 million in 2023.

<sup>5)</sup> Source for inhabitants as well as GDP/capita (PPP, current international USD): <https://data.worldbank.org> (November 21, 2023), data for most recent year: 2022, figures rounded

## Outlook for financial year 2024

In the financial year 2024, A1 Group expects to achieve revenue growth of 3-4 %, mainly stemming from an increase in service revenues. Both the international markets and Austria are expected to contribute to this growth. As in the financial year 2023, the main growth drivers are value-protecting measures, upselling in the retail business, and a strong development of the solution business. A further decline in voice business and international wholesale business in Austria as well as lower interconnection revenues due to intra-EU interconnection regulation will have a dampening effect on growth.

The Belarusian ruble depreciated by 15 % on average in 2023 putting pressure on revenue and EBITDA growth. The currency is also expected to depreciate against the euro in 2024.

On the cost side, management assumes workforce and electricity costs to be the main drivers for cost increases, while costs related to revenue growth, such as for content or licenses etc., are also expected to rise. To counter cost increases, A1 Group will foster efficiency projects and transformational initiatives.

Management expects CAPEX before investments in spectrum to be around EUR 800 mn in the financial year 2024. A1 Group will continue its commitment to fiber roll-out as well as to further expansion of its 5G networks both in Austria and internationally. In 2024, the temporary decrease in CAPEX before spectrum versus the financial year 2023 is due to reductions both in Austria and internationally. The main drivers are a reassessment of non-critical projects, lower CAPEX compared to 2023 because of the tower spin-off, as well as less CAPEX for fiber roll-out in CEE after higher investments in the 2023. The investments into fiber in Austria will remain roughly on prior year's level.

In terms of spectrum, tenders are expected in Austria (3.5 GHz, 26 GHz), Bulgaria (renewal of spectrum: 900 MHz, 1800 MHz), Serbia (700 MHz, 2.6 GHz, 3.5 GHz) and Slovenia (local licenses in 2.3 GHz, 3.5 GHz). This list of tenders neither claims to be exhaustive nor does it allow any conclusions to be drawn regarding the actual implementation of these auctions or A1's intention to participate in the tenders listed. A1 Group does not comment on this matter.

The Management Board plans to propose a dividend of EUR 0.36 (2022: EUR 0.32) per share to the Annual General Meeting, subject to the approval of the Supervisory Board.

## Risk and opportunity management

### Principles and organization

A1 Group pursues a systematic risk management system in which opportunities and risks are analyzed and evaluated, and measures to avoid and eliminate risks are implemented and improved on an ongoing basis.

A1 Group operates as a telecommunications company in Austria and six other countries is also active in Germany and Switzerland via its A1 Digital entity. Thus, A1 Group benefits from geographical diversification. To address the respective market-specific risks directly, local risk management falls under the responsibility of the operating units, while the holding company is responsible for central management. Company-wide risk management is carried out by Enterprise Risk Management (ERM), which is structurally independent of the business areas and is the responsibility of the Group CFO. Enterprise Risk Management reports at least annually and on an ad-hoc basis to the Management Board, which in turn reports relevant developments to the Audit Committee of the Supervisory Board or directly to the Supervisory Board. The effectiveness of the risk management system is reviewed internally by Internal Audit and annually by A1 Group's auditor and reported to the Management Board and the Supervisory Board.

### Methods

Strategic discussions with the Supervisory Board form the starting point for A1 Group's Enterprise Risk Management (ERM). The Management Board presents strategic risks, their relevance to A1 Group and corresponding countermeasures. At the same time, planning assumptions are presented, including the strategic orientation for the coming business plan period and planned measures for realizing opportunities. In the business plan, expectations of business success, necessary costs and investments are mapped and the risks assumed are evaluated in relation to overarching objectives are evaluated in terms of both growth and expenditure.

The risk management system is divided into the following four risk categories:

- (1) Strategic risks
- (2) ESG risks
- (3) Financial risks, and
- (4) Operational risks

Based on the budget or forecast, Enterprise Risk Management identifies and analyzes risks and opportunities together with the respective specialist departments. Risk assessment is carried out systematically, iteratively and collaboratively using the knowledge, experience and views of the parties involved. Emerging risks are also considered. These are new, long-term risks whose potential threat is difficult to assess due to the high level of uncertainty.

Once the risks and opportunities have been identified and assessed, the risks are aggregated and simulated in order to present the company's overall risk position in relation to the planned budget. Risks and opportunities are updated and reassessed at least once a year in Group Enterprise Risk Management.

Effective risk management also requires the development and implementation of effective measures to identify opportunities and reduce risks. These measures include risk assessments with the specialist departments and monthly performance calls between the Group and the local company, based on leadership meetings of the extended Management Board of the companies. Critical deviations from the targets set are analyzed, as is the effectiveness of the countermeasures taken. Once the risks have been prioritized, the greatest risks are examined in order to plan further targeted measures. In addition to regular management meetings and strategic discussions, A1 Group has a multi-year plan. The close integration of the multi-year plan with risk management ensures adequate longer-term risk management.

### Risks and opportunities

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

#### (1) Strategic risks and opportunities

##### Macroeconomics, geopolitics and regulation

## MANAGEMENT REPORT

On the one hand, macroeconomic risks and opportunities arise from economic developments in the markets in which A1 Group operates and their knock-on effects (for example, a sharp rise in inflation affects interest rate levels, exchange rates and, ultimately, demand). On the other hand, economic policy conflicts can have a direct or indirect impact (such as punitive tariffs, delivery stops, production bottlenecks). While macroeconomic developments are easier to forecast and assess, trade policy decisions are more difficult to predict.

In the context of the conflict in Ukraine, the situation in Belarus continues to be monitored in order to mitigate risks in the best possible way. The A1 Group's sanctions management ensures the supply of goods and services exempt from sanctions. Risk management also places a special focus on the impact of sanctions on A1 Belarus' cash flow and ability to pay dividends. The established procedures are applied for the duration of the conflict.

Due to the conflict in the Middle East that flared up in October 2023, an ad hoc risk analysis was carried out in the year under review. Assumptions about macroeconomic developments in connection with the Middle East conflict are still vague, as it is not possible to predict how long the conflict will last, how intense it could become and whether it will spread to other countries.

Inflation (particularly in Austria) remained at a high level in the year under review, which entails a number of risks. Price increases due to inflation-related indexation of tariffs on the one hand and lower real income and wealth on the other may lead to a decline in demand. Cost items such as energy are still affected in the current planning horizon. The shortage of energy supply combined with the way prices are set has led to excessive price increases here, which even telecommunications companies cannot compensate for without stepping up counter-measures.

In the current reporting period, regulatory risks (focused on telecommunications) are only region-specific. Since May 15, 2019, retail charges charged to consumers for regulated intra-EU communications may not exceed EUR 0.19 per minute for calls and EUR 0.06 per text message (fees excluding VAT in each case). Regardless of this obligation, it is possible to offer consumers an explicit choice of alternative tariffs. Although the period of validity of this regulatory EU pricing requirement (Article 5a of the EU Regulation) ends on May 14, 2024, it is currently not expected that this requirement will disappear without replacement. Based on current developments, the existing price regime is likely to be extended for the time being.

### **Market and competition**

Due to the frequency and aggressiveness of offers, volume growth in data services does not necessarily lead to rising revenue, particularly in the case of mobile communications. While these data volumes can be handled more efficiently with new technologies, there is a risk for A1 Group that new technologies will be marketed without a premium and that higher transmission rates, quality and lower latency will also not lead to an adequate increase in revenue.

### **Supply chain and suppliers**

As a company with numerous suppliers, A1 Group is potentially exposed to supply bottlenecks. As far as possible, these are mitigated with the help of a multi-vendor strategy and geo-redundant sourcing. Where goods are scarce, A1 Group improves its attractiveness with suppliers through long-term purchase guarantees or increases inventories to bridge delivery shortfalls. As a result of the spin-off of the mobile tower business, EuroTeleSites AG has become a central supplier for A1 Group. Due to the indefinite contracts, coupled with long-term non-termination clauses on the part of EuroTeleSites, the utilization of the mobile towers for the A1 Group is secured for the long term. Therefore, the associated risk is limited. (Details can be found in "Spin-off of the "EuroTeleSites AG" ("EuroTeleSites") tower business").

### **New growth areas**

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

### **Budget and business plan risks**

The business plan reflects the assessment of the planning assumptions and incorporates external effects as much as possible. High inflation and its economic impact on companies and households represent a risk for 2024 and subsequent years. This was discussed with the country organizations in the planning process and mapped in risk management in the macroeconomic risks category. Budgetary risks primarily relate to targets for further increasing cost, investment and human resource efficiency that have not yet been consistently backed up with measures. Opportunities in 2024 include the mitigation of energy costs. This is mainly achievable by lowering energy consumption, such as

through the modernization of equipment (e.g., radio access network [RAN]) and infrastructure or through the increased use of electricity from renewable sources.

### **Public image**

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

## **(2) ESG risks and opportunities**

ESG (Environmental, Social, and Governance) risks represent another category of ERM. It is necessary to comply with the relevant legal requirements and to survey and assess the corporate risks in relation to the sustainability strategy. A1 Group updated the climate scenario analysis in the 2023 financial year. This involved reassessing the impact of extreme scenarios (outlier scenarios) on the business model. Other topics already considered on an ongoing basis include digitalization, diversity, labor shortages, compliance, and data protection risks. The company addresses relevant topics in terms of risk potential and avoidance from both an internal and external perspective. The ESG risks and opportunities are described in detail in the Consolidated Non-Financial Report.

### **Environmental (E) – environmental risks and opportunities**

Climate change can give rise to physical and transition risks for A1 Group (natural events triggered by heavy rainfall such as flooding and mudslides, rising carbon prices, and rising electricity prices). For this reason, A1 Group has carried out a climate scenario analysis. One scenario assumed global warming of 1.5 °C and a comparative scenario that anticipated a temperature increase of 4 °C. At the same time, different time periods were analyzed in both scenarios. While no significant differences were found in the short- and medium-term assessments, the long-term comparison (up to 30 years) revealed larger differences in terms of the financial impact as expected. The year 2022 was used as the base year in each case. By their nature, differences over a long period of time are subject to greater uncertainty. It can be assumed, given the increasing attention on this issue, that further mitigation measures will be initiated depending on actual development. Regardless, A1 Group is actively engaged in climate protection and is monitoring regional developments in order to be able to initiate measures to protect its infrastructure if necessary. The impact on finances and service availability of this risk category has been marginal in recent years. The climate scenario analysis does not result in any changes relevant to the valuation.

### **Social (S) – social risks and opportunities**

The 'Social' category includes risks and opportunities related to social, employee, and human rights issues. This includes risks and opportunities such as the social impact of Internet use and media consumption, access to information and education, and cybercriminality or labor shortages.

#### **Social impact of Internet use and media consumption**

Access to information and education as well as promoting the use of digital media is seen as having a positive impact on society, as the safe and competent use of new media has now permeated all areas of life – education, work, and leisure. As a network and Internet provider, A1 Group plays a key role in this and meets its social responsibility towards its customers by helping to teach digital skills. However, increasing digitalization not only brings benefits for society, but also poses risks such as excessive use, loneliness, cyber-bullying and cyber-crime. Children, young people and senior citizens are particularly affected by this due to a lack of experience and education. A1 Group is therefore committed to measures such as offering training and education for vulnerable groups in order to contain or prevent such risks. A1 Group also sees this as an opportunity to strengthen its reputation.

#### **Labor shortage**

Although A1 Group does not see an acute risk due to numerous measures, a potential labor shortage could pose a challenge in the long term and result in higher costs and a loss of revenue. Furthermore, the workload for employees could increase, which would reduce employee well-being, satisfaction and commitment.

### **Governance (G) – risks and opportunities**

Governance risks and opportunities include topics such as compliance, sanctions and data protection.

### **Compliance**

## MANAGEMENT REPORT

Compliance risks include legal, financial and reputational risks for A1 Group arising from possible violations of laws, regulations or internal guidelines by a manager, employee or representative of the company. As part of the annual compliance risk assessment process – a key element of A1 Group’s compliance management system – relevant compliance risks are identified and risk-minimizing measures defined on the basis of structured management interviews and workshops. BDO announced that it will issue a clean audit opinion for the design, implementation and effectiveness of the A1 Group Compliance Management System in the areas of anti-corruption, anti-trust, sanctions and capital markets compliance, according to the new IDW PS 980 standard.

### **Sanctions**

One risk associated with sanctions is non-compliance. This can result in financial penalties, jeopardize contracts with suppliers, customers and banks, and lead to reputational damage. A1 Group’s established process for reviewing sanctions in accordance with a risk-based approach ensures compliance and thus minimizes the likelihood of this risk occurring.

### **Data protection**

A1 Group’s products and services are subject to data protection and data security risks. This relates primarily to the unlawful handling of data. Possible violations of the EU General Data Protection Regulation (GDPR), which has been in force since May 2018, can result in significant legal and financial risks. To minimize risks, A1 Group has been implementing the EU General Data Protection Regulation in interdisciplinary projects since the beginning of 2016. Continuous investment in data protection and security measures helps to keep risks as low as possible. In addition to the implementation of guidelines that ensure compliance with legal requirements, certifications and regular training and courses are carried out in the area of data protection. Work is also being done to achieve the targets set out in the data protection maturity model. All A1 Group companies are committed to complying with the highest data protection and data security standards.

## **(3) Financial risks and opportunities**

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

### **Liquidity risk**

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

### **Credit risk**

As in 2022, one focal point in the year under review was on invoice and receivables management. In light of the expiry of government support payments for companies in 2022, open invoices will continue to be monitored with increased attention. If customers change their payment behavior, A1 Group anticipates customer liquidity so that effective and efficient countermeasures can be taken if necessary.

### **Exchange rate risks**

A1 Group is exposed to exchange rate risks in Belarus, Serbia and Macedonia. A1 Group takes appropriate countermeasures depending on the volume and fluctuation margins of foreign currency risks. Mitigation measures include, where possible, the conclusion of contracts in local currency. Furthermore, Belarus distributes advance dividends based on the results of the current financial year. Additionally, exchange rate developments, when possible and justifiable, are passed on to customers.

### **Interest rate risk**

Due to the sustained high level of inflation, the risk of high interest rates remains. However, the risks are considered low in view of the spin-off of the tower business in September 2023 and the debt transferred in this context. The positive development of A1 Group’s credit rating - an A rating from all three rating agencies - reflects this favorable situation.

### **Tax risks**

In order to identify tax risks and take the necessary action, the Group tax department conducts a quarterly internal tax review with all national companies. The report to the Group tax department on the external review carried out in the fourth quarter states that there are no material issues relating to tax risks in 2023.

### **Financial reporting**

## MANAGEMENT REPORT

A tight network of SOX (U.S. Sarbanes-Oxley Act) controls, results analyses, monthly senior management discussions of results and, separately, a results discussion between the Chief Financial Officers and the Group CFO minimize the risk of material misreporting.

### (4) Operational risks and opportunities

This category covers the following focus areas:

#### **Availability and continuity**

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

#### **IT changes and digital transformation**

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

#### **Cyber security**

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

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

#### **Litigation**

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

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

On January 19 and 25, 2024, the Austrian subsidiary A1 Telekom Austria received a lawsuit from the Austrian Federal Chamber of Labor (Bundesarbeitskammer) according to Sections 28 and 28a of the Consumer Protection Act (Konsumentenschutzgesetz) and Section 14 of the Act against Unfair Competition (Gesetz gegen unlauteren Wettbewerb) which shall prevent the charging of service flat rates and which demand the repayment of the service flat rates charged. A1 Group has a different legal opinion and considers the service flat rates in accordance with the law. This is also confirmed by an external legal opinion by a renowned university professor. A1 Group is of the opinion that the situation with respect to the service flat rates cannot be compared basically to the fitness studio judicature referred to in the lawsuit, as the service flat rates contain indeed services of value exceeding the basic contractual relationship. Since 2011, the regulatory authority for telecommunications has checked preliminarily and regularly the service flat rate regulations without complaint. Furthermore, there are special legal regulations in the telecommunications industry, also due to European law, that allow the charging of different fees. Thus, no provision was recognized for these lawsuits at December 31, 2023.

#### **Material damage**

Damage to infrastructure can have various causes and result in business interruptions and/or financial losses. The risk of financial losses is largely covered by insurance.

## Emerging risks

Every company is faced with a number of uncertain situations where an emerging risk can potentially have an impact on operations. In the case of new or foreseeable long-term risks ("emerging risks"), there is generally not enough information available to assess the probability and speed of occurrence and the impact of the risk. As a result, A1 Group may not be able to determine a complete risk mitigation plan until a better understanding of the threat is available. A1 Group identifies emerging risk trends by referring to an analysis of the external environment and internal sources. Risks are assessed over different time periods to ensure an appropriate focus on these emerging risks.

Among the main emerging risks, A1 Group sees risks in connection with the use of artificial intelligence as well as the EU Supply Chain Law.

### Artificial intelligence

The use of artificial intelligence or machine learning not only brings considerable opportunities, but also entails risks in connection with guidelines and regulations. Existing regulations in the areas of data protection, intellectual property protection and cyber security are coming up against new regulations that are being created for artificial intelligence. In harmonizing these regulations, there is a risk that investments made may not yet meet all future requirements; conversely, delayed adjustment would mean a competitive disadvantage. In both cases, the risk would be reflected in a possible decline in cash flow, whether due to higher investments or the delayed exploitation of opportunities. In terms of risk mitigation, A1 Group pursues a path of ongoing improvement in areas such as data protection and security and integrates ethical principles into development in order to anticipate compliance with future regulations.

### EU Supply Chain Law (Corporate Sustainability Due Diligence Directive)

As the requirements in connection with the EU Supply Chain Law adopted at the end of 2023 remain unclear, it is not yet known whether the activities already in place will be sufficient or whether further measures will be necessary. Failure to comply with the legislation could result in fines or damage to the company's image, which could have a negative impact on its attractiveness as a supplier and customer loyalty. The measures taken by A1 Group to mitigate this risk range from the continuation of the suppliers' compliance self-declaration through to audits, participation in corresponding external ratings and the creation of transparency at level three of the supply chain. As soon as the exact details are known, further measures will be taken to close any gaps.

### Internal control system for financial reporting

Telekom Austria Aktiengesellschaft has an internal control system (ICS) for financial reporting in accordance with the applicable legal requirements. The ICS is designed to provide reasonable assurance regarding the reliability and accuracy of external financial reporting in accordance with international and national standards. Regular internal reporting to management as well as audits of the ICS by Internal Audit also ensure that weaknesses are identified in good time and communicated and remedied accordingly. The most important content and principles apply to all companies of A1 Group. The effectiveness of the ICS system is analyzed and evaluated at periodic intervals. At the end of each year, an evaluation of the ICS is carried out by management for relevant Group companies with the involvement of the responsible specialist departments. Based on the findings of this assessment and the defined criteria, management has assessed the internal control system over financial reporting as effective as of December 31, 2023.

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

## Other information

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

At the end of 2022, a total of 58.47 % or 388,542,516 shares of Telekom Austria Aktiengesellschaft were held by América Móvil B.V., Netherlands (“América Móvil B.V.”), a wholly owned subsidiary of América Móvil, S.A.B. de C.V. (“América Móvil”). The Republic of Austria held 28.42 % via Österreichische Beteiligungs AG (“ÖBAG”), while the remaining 13.11 % of the shares were in free float. This includes 415,159 treasury shares as well as 519,777 employee shares that are held in a collective custody account. The voting rights associated with employee shares were exercised by a custodian (notary) in 2023

The total number of no-par value shares remains at 664,500,000.

In the year under review, the American Depositary Receipts (ADR) program was terminated on March 31, 2023, as ADRs have become less important for European issuers and the ADR volume for Telekom Austria has fallen significantly. The program was originally set up for Telekom Austria as part of the IPO in order to appeal to U.S. investors.

The majority of financial agreements are subject to standard change-of-control clauses that could ultimately lead to the termination of contracts. None of these clauses came into effect in the 2023 financial year or up to the date this report was prepared.

The following information concerning the shareholders’ agreement is based solely on publicly available information. The company does not have any additional information.

The shareholders’ agreement between ÖBAG and América Móvil came into force on June 27, 2014. Under the terms of the shareholders’ agreement, the parties have undertaken to jointly pursue a long-term policy with regard to the management of Telekom Austria Aktiengesellschaft by exercising their voting rights on a concerted basis. On February 6, 2023, América Móvil and ÖBAG agreed to extend their syndicate agreement for a further ten years, with the syndicate agreement coming into effect immediately.

The two syndicate partners agreed on an investment package with a total volume of EUR 1 bn. The investment package is intended to guarantee the accelerated expansion of high-speed internet in Austria, which has been underway since 2022, in particular the expansion of fiber networks.

The extended syndicate agreement also includes the continuation of the “Austria package”. In particular, this secures the company’s headquarters in Vienna and its listing on the Vienna Stock Exchange. ÖBAG and América Móvil have agreed that at least 10 % of the shares of the company should continue to be held in free float.

The shareholders’ agreement also contains provisions on the joint exercise of voting rights in the committees of the company for the election of Supervisory Board and Management Board members and restrictions on the sale of shares.

The Supervisory Board of the company consists of ten shareholder representatives, of which eight members will continue to be nominated by América Móvil – including the Deputy Chairperson – and two members, including the Chairperson, by ÖBAG. The Management Board as a whole was reduced from three to two members at the end of August following the expiry of the previous Management Board contracts. The right to nominate the CEO of the Management Board was transferred from ÖBAG to América Móvil. ÖBAG nominates the Deputy CEO of the Management Board.

The Extraordinary General Meeting on August 14, 2014, also amended the Articles of Association to state that, as long as the Republic of Austria directly or indirectly holds at least 25 % plus one share of the share capital of the company, resolutions on capital increases and the issue of instruments containing a conversion right or a conversion obligation for shares of the company and amendments to the provisions of the Articles of Association relating to capital increases and such instruments shall require a majority of at least three quarters of the share capital represented at the vote on the respective resolution.

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

## MANAGEMENT REPORT

ÖBAG shall also be granted the blocking minority rights accruing by law to a minority shareholder with an equity interest of 25 % plus one share. ÖBAG's veto rights in connection with capital increases and the issue of certain convertible instruments are also set out in the Articles of Association of the company. If ÖBAG's equity interest falls below 20 % but remains above 10 %, ÖBAG shall retain certain veto rights. The voting rights agreement shall expire automatically if the equity interest held by one of the parties falls below 10%.

Vienna, February 2, 2024

The Management Board of Telekom Austria AG



Alejandro Plater  
Chief Executive Officer



Thomas Arnoldner  
Deputy Chief Executive Officer

# Telekom Austria AG Financial Statements 2023

Financial Statements according to the  
Austrian Commercial Code – UGB

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## Statement of Financial Position as of December 31, 2023

## Annex I/1: Assets

		31.12.2023	31.12.2022
		EUR	TEUR
<b>A.</b>	<b>Long-term assets</b>		
I.	Financial assets		
1.	Investments in affiliated companies	7,520,427,232.64	8,070,491
2.	Other investments	1,057,097.41	543
3.	Other loans granted	99,849.20	338
		<b>7,521,584,179.25</b>	<b>8,071,372</b>
<b>B.</b>	<b>Current assets</b>		
I.	Stocks		
1.	Work in progress	1,337,486.06	1,156
II.	Receivables		
1.	Accounts receivable - trade	8,795.37	13
	<i>thereof with a remaining maturity of &gt; 1 year:</i>	<i>0.00</i>	<i>0</i>
2.	Receivables - affiliated companies	720,497,650.21	868,099
	<i>thereof with a remaining maturity of &gt; 1 year:</i>	<i>0.00</i>	<i>0</i>
3.	Other accounts receivable	143,941.85	328
	<i>thereof with a remaining maturity of &gt; 1 year:</i>	<i>0.00</i>	<i>0</i>
		<b>720,650,387.43</b>	<b>868,439</b>
III.	Cash and cash equivalents	958.59	1
		<b>721,988,832.08</b>	<b>869,596</b>
<b>C.</b>	<b>Prepaid expenses</b>	<b>2,490,226.26</b>	<b>2,093</b>
<b>D.</b>	<b>Deferred tax assets</b>	<b>1,016,362.86</b>	<b>1,214</b>
		<b>8,247,079,600.45</b>	<b>8,944,275</b>

## Annex I/2: Liabilities and Stockholders' Equity

		31.12.2023 EUR	31.12.2022 TEUR
<b>A.</b>	<b>Stockholders' equity</b>		
<b>I.</b>	<b>Common stock issued</b>		
	Common stock	1,449,274,500.00	1,449,275
	less Treasury shares	-905,461.78	-905
		<b>1,448,369,038.22</b>	<b>1,448,369</b>
<b>II.</b>	<b>Additional paid-in capital</b>		
1.	Appropriated	1,582,004,573.67	1,582,005
2.	Appropriated for treasury shares	905,461.78	905
		<b>1,582,910,035.45</b>	<b>1,582,910</b>
<b>III.</b>	<b>Retained earnings</b>		
1.	Other reserves (unrestricted reserves)	3,716,719,372.16	3,070,812
<b>IV.</b>	<b>Net income</b>	<b>645,881,000.00</b>	<b>634,585</b>
	<i>thereof carried forward:</i>	<i>422,077,850.88</i>	<i>269,086</i>
		<b>7,393,879,445.83</b>	<b>6,736,676</b>
<b>B.</b>	<b>Provisions</b>		
1.	Provisions for severance obligations	6,488,035.97	6,616
2.	Tax provisions	56,589,651.94	68,460
3.	Other provisions	12,843,338.07	11,083
		<b>75,921,025.98</b>	<b>86,159</b>
<b>C.</b>	<b>Liabilities</b>		
1.	Liabilities to banks	0.00	300,249
	<i>thereof with a remaining maturity of &lt; 1 year:</i>	<i>0.00</i>	<i>249</i>
	<i>thereof with a remaining maturity of &gt; 1 year:</i>	<i>0.00</i>	<i>300,000</i>
2.	Accounts payable - trade	3,383,299.31	3,461
	<i>thereof with a remaining maturity of &lt; 1 year:</i>	<i>3,383,299.31</i>	<i>3,461</i>
	<i>thereof with a remaining maturity of &gt; 1 year:</i>	<i>0.00</i>	<i>0</i>
3.	Liabilities due to affiliated companies	772,373,970.69	1,815,938
	<i>thereof with a remaining maturity of &lt; 1 year:</i>	<i>22,373,970.69</i>	<i>1,065,938</i>
	<i>thereof with a remaining maturity of &gt; 1 year:</i>	<i>750,000,000.00</i>	<i>750,000</i>
4.	Other liabilities	1,521,858.64	1,791
	<i>thereof with a remaining maturity of &lt; 1 year:</i>	<i>1,521,858.64</i>	<i>1,791</i>
	<i>thereof with a remaining maturity of &gt; 1 year:</i>	<i>0.00</i>	<i>0</i>
	<i>thereof from taxes:</i>	<i>0.00</i>	<i>0</i>
	<i>thereof to social security:</i>	<i>734,576.02</i>	<i>723</i>
	<i>thereof with a remaining maturity of &lt; 1 year:</i>	<i>734,576.02</i>	<i>723</i>
	<i>thereof with a remaining maturity of &gt; 1 year:</i>	<i>0.00</i>	<i>0</i>
		<b>777,279,128.64</b>	<b>2,121,439</b>
	<i>thereof with a remaining maturity of &lt; 1 year:</i>	<i>27,279,128.64</i>	<i>1,071,439</i>
	<i>thereof with a remaining maturity of &gt; 1 year:</i>	<i>750,000,000.00</i>	<i>1,050,000</i>
		<b>8,247,079,600.45</b>	<b>8,944,275</b>

FINANCIAL STATEMENTS

Annex II: Statement of Profit or Loss for the Year 2023

		EUR	2023 EUR	TEUR	2022 TEUR
1.	Revenues		40,078,301.13		36,752
2.	Other operating income				
a)	Income from the reversal of accruals	1,270,316.31		47	
b)	Other	509,931.11	1,780,247.42	494	540
3.	Personnel expenses				
a)	Salaries	-42,280,124.68		-39,025	
b)	Social security contributions	-10,317,686.31		-8,725	
	<i>thereof pension expense:</i>	<i>-946,124.36</i>		<i>-1,069</i>	
aa)	Expenses for severance payments and payments to staff contribution plans:	-1,252,450.30		107	
bb)	Expenses for statutory social security and payroll related taxes and contributions:	-8,016,530.03		-7,627	
			-52,597,810.99		-47,750
4.	Depreciation and amortization		-56,593,715.58		0
5.	Other operating expenses		-48,916,454.33		-33,737
	<i>thereof from taxes:</i>	<i>-122,039.19</i>		<i>-38</i>	<i>0</i>
<b>5.</b>	<b>Subtotal from line 1 to 4 (operating result)</b>		<b>-116,249,432.35</b>		<b>-44,194</b>
6.	Income from investments		420,177,260.24		470,549
	<i>thereof from affiliated companies:</i>		<i>419,787,360.24</i>		<i>470,151</i>
7.	Other interest income		34,359,785.06		3,207
	<i>thereof from affiliated companies:</i>		<i>34,358,263.26</i>		<i>0</i>
8.	Expenses for financial assets		-50,900,000.00		-309,800
	<i>thereof: a) impairment losses:</i>		<i>-50,900,000.00</i>		<i>-309,800</i>
	<i>thereof: b) expenses from affiliated companies:</i>		<i>-50,900,000.00</i>		<i>-309,800</i>
9.	Interest and similar expenses		-47,199,171.28		-40,389
	<i>thereof from affiliated companies:</i>		<i>-38,932,789.33</i>		<i>-40,140</i>
<b>10.</b>	<b>Subtotal from line 6 to 10 (financial result)</b>		<b>356,437,874.02</b>		<b>123,566</b>
<b>11.</b>	<b>Result before income taxes (Subtotal from line 5 and line 11)</b>		<b>240,188,441.67</b>		<b>79,372</b>
12.	Income taxes		21,647,400.06		34,985
	<i>thereof deferred taxes:</i>		<i>3,491,045.64</i>		<i>-434</i>
	<i>thereof additional charges to group parent:</i>		<i>93,706,863.25</i>		<i>122,790</i>
13.	Additions from reorganization		1,427,849,291.74		0
<b>14.</b>	<b>Earnings after income taxes</b>		<b>1,689,685,133.47</b>		<b>114,356</b>
<b>15.</b>	<b>Reduction in net assets due to spin-off</b>		<b>-819,974,968.33</b>		<b>0</b>
16.	Release to retained earnings		0.00		251,143
17.	Transfer from net income to other reserves		-645,907,016.02		0
18.	Profit carried forward from prior year		422,077,850.88		269,086
<b>19.</b>	<b>Retained Profit</b>		<b>645,881,000.00</b>		<b>634,585</b>

## Annex III: Notes to the Financial Statements for the Year 2023

### 1 The Company

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

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

At December 31, 2023, the Management Board of Telekom Austria AG consists of two members: On September 1, 2023, Alejandro Plater took office as Chief Executive Officer (CEO) and Thomas Arnoldner as Deputy Chief Executive Officer (Deputy CEO). Until August 31, 2023, Thomas Arnoldner was Chief Executive Officer (CEO), Alejandro Plater was Chief Operating Officer (COO) and Siegfried Mayrhofer was Chief Financial Officer (CFO). Siegfried Mayrhofer left the company at the end of his term of office on August 31, 2023.

All business transactions with related parties are continually monitored and documented to ensure that pricing is at arm's length.

#### Information on the sidestream spin-off of Towers Holding GmbH by way of a spin-off by formation thereby creating EuroTeleSites AG on September 22, 2023

With the spin-off and takeover contract of June 12, 2023, the business unit "AT Towers" holding the passive mobile radio infrastructure and the towers including all the relevant assets and legal relationships of A1 Telekom Austria AG was spun off into Telekom Austria AG (Section 17 of the Demerger Act (SpaltG)) retroactively as of December 31, 2022, thereby making use of the benefits of Article VI of the Reorganization Tax Act and without granting shares pursuant to Section 1 (2) no. 2 of the Demerger Act. This transaction was registered in the Company Register on July 4, 2023. The assets and liabilities transferred were recognized in Telekom Austria AG at the fair value pursuant to Section 202 (1) of the Austrian Commercial Code (UGB). The addition is reported in the Statement of Profit or Loss in the line item "Additions from reorganization".

The main additions of assets and liabilities are:

• Goodwill	760 mEUR
• Intangibles	1 mEUR
• Property, plant and equipment	883 mEUR
• Receivables	28 mEUR
• Provision for severance obligations	1 mEUR
• Other provisions	66 mEUR
• Payables	6 mEUR
<b>Net assets and liabilities acquired</b>	<b>1,428 mEUR</b>

The goodwill was determined based on a valuation report.

The fair value of the business unit "Towers AT", pursuant to Section 202 (1) of the Austrian Commercial Code (UGB), spun off by A1 Telekom Austria AG was determined by an external expert opinion using the DCF method.

The business unit was transferred without liabilities respectively cash, except for immaterial other receivables, an asset retirement obligation (ARO), employee benefit obligations for the employees of the business unit and other liabilities. The capital costs were determined based on

a target capital structure (debt/equity ratio) of zero, as the business unit was in fact spun off without debt. The sensitivity analysis showed that the debt/equity ratio was of minor relevance in terms of amounts.

The enterprise value, which was determined based on a WACC of 5.93% and a growth rate of 2.0% of the perpetual annuity resulted in the value of TEUR 1,467,000.

The fair value of assets on single asset basis pursuant to Section 202 (1) of the Austrian Commercial Code (UGB) was determined based on the price list of the existing contract with A1 Telekom Austria AG, which has a maximum term of 24 years. The price list defines the prices for different categories of sites based on their type (greenfield, rooftop, indoor and so on). Furthermore, revenues from existing collocation contracts (sites that are currently leased out to competitors of A1 Telekom Austria AG as well) were included in the valuation.

As far as the costs are concerned, the average cost of rent, personnel, energy and maintenance was applied as well as capital expenditure for replacements according to planning. A WACC of 5.93% and a term of 24 years was applied to discounting. This resulted in a revaluation of property, plant and equipment of TEUR 750,800.

The useful life of property, plant and equipment was determined to be 24 years taking into account a civil engineering expert opinion and the planned current maintenance. This corresponds to the non-cancellable lease term of the tower companies.

Pursuant to Section 203 of the Austrian Commercial Code (UGB) goodwill is measured as the difference between the consideration for the business acquired less the fair value of the identifiable assets acquired and the liabilities assumed at the time of the acquisition. As a result of the revaluation at fair value at January 1, 2023, in the course of the spin-off of the business unit "Towers AT" from A1 Telekom Austria AG to Telekom Austria AG, retrospectively at December 31, 2022, a goodwill of TEUR 760,198 considering deferred tax liabilities of TEUR 173,000 was generated for the business unit "Towers AT", which is subject to regular amortization pursuant to Section 203 of the Austrian Commercial Code (UGB).

A useful life of 10 years was determined for the amortization of the goodwill pursuant to Section 203 of the Austrian Commercial Code (UGB), as the value of the business unit "Towers AT" was determined using the DCF method taking into account a perpetual annuity, on the other hand the valuation of the individual assets of property, plant and equipment were determined on the basis of a useful life of 24 years only. Thus, the useful life of goodwill cannot be estimated with sufficient accuracy, also with regard to the regular technological development cycles of mobile communication and the dynamic development of the tower business sector.

On August 1, 2023, the Extraordinary General Meeting of Telekom Austria AG approved the following two transfer steps of the reorganization plan according to the takeover contract of June 28, 2023:

- Downstream spin-off of the business unit "Towers AT" and the 100% investments in Towers Bulgaria Holding GmbH, Vienna, in A1 Towers Croatia Holding GmbH, Vienna, in A1 Towers Macedonia Holding GmbH, Vienna, in A1 Towers Slovenia Holding GmbH, Vienna, and in A1 Towers Serbia Holding GmbH, Vienna, as well as spin-off of debt in the amount of TEUR 1,031,000 (plus related interest liabilities) and a cash pooling receivable of TEUR 27,500 from Telekom Austria AG into its 100% subsidiary A1 Towers Holding GmbH, retroactively as of March 30, 2023..
- Sidestream spin-off of the investment in A1 Towers Holding GmbH held by Telekom Austria AG by way of a spin-off by formation thereby creating ETS AG, retroactively as of March 31, 2023.

The spin-off was entered into the commercial register on September 22, 2023.

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The net assets of TEUR 819,975, transferred in a first step into A1 Towers Holding GmbH, increased the book value of the 100% subsidiary A1 Towers Holding GmbH and comprises substantially the following items:

• Intangibles	723 mEUR
• Property, plant and equipment	871 mEUR
• Investments in affiliated companies	474 mEUR
• Receivables	28 mEUR
• Prepaid expenses	12 mEUR
• Provisions for severance obligations	1 mEUR
• Tax provisions	166 mEUR
• Payables	7 mEUR
• Liabilities due to affiliated companies	1.047 mEUR
• <u>Deferred income</u>	<u>1 mEUR</u>
<b>Net assets and liabilities spun off</b>	<b>820 mEUR</b>

In a second step, the total share in A1 Towers Holding GmbH was spun off by way of universal succession, under a proportionate spin-off by formation, preserving the legal form, and thereby creating EuroTeleSites AG according to section 1 (2) no.2 of the Demerger Act and the demerger and takeover contract. The shareholders of Telekom Austria AG received proportionate shares in EuroTeleSites AG. The spin-off by formation was based on section 2 and following of the Demerger Act. The spin-off resulted in a reduction in assets and liabilities in the amount of TEUR 819,975 and is reported in the Statement of Profit or Loss in the line item "Reduction in net assets due to spin-off".

The shareholders of Telekom Austria AG received one share in ETS AG for every four Telekom Austria shares held. Thus Telekom Austria AG received 103,789 ETS shares in the amount of TEUR 514 for its treasury shares, which are included in the line item "Reduction in net assets due to spin-off" as well.

Due to the reorganization described above amounts can only be compared to the previous period to a limited extent, especially in the Statement of Profit or Loss.

## 2 Accounting Principles

### 2.1 General Principles

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

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

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

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

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

### 2.2 Long-term Assets

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

Fair values are determined on the basis of the discounted cash flow method. Significant assumptions of the calculation are made for the development of revenues, cost drivers, working capital changes, capital expenditure for maintenance and replacement of assets, growth rate and discount rate. The applied discount rates before taxes range between 5.6% and 34.7% (previous year: 6.4% and 35.2%). These rates are based on market data for each cash-generating unit, taking into account risks related to the cash-generating unit. The growth rates applied for the perpetual annuity range between 1.9% and 5.0% (previous year: 1.5% and 5.7%) and are based on the general growth rate, the Company's historical revenue growth and detailed plans. Cash-Flow estimates are based on a five year business plan.

## 2.3 Current Assets

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

Work in progress is measured at cost.

## 2.4 Provisions

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

	2023	2022
Discount rate	3.25%	3.75%
Rate of compensation increase - employees	3.50%	3.40%
Employee turnover rate	0.26%	0.50%
Duration in years	8.60	8.01

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

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

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

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

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

	2023	2022
Discount rate	3.25%	3.75%
Rate of compensation increase - employees	5.40%	4.60%
Rate of compensation increase - civil servants	6.00%	5.30%
Duration in years	5.18	5.95

## 2.5 Liabilities

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

## 3 Notes to the Statement of Financial Position

### 3.1 Long-term Assets

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

The detail of investments in affiliated companies is shown in the investment table (Appendix 3).

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

At the reporting date, loans to employees amount to TEUR 100 (previous year: TEUR 338). The related interest was recognized in personnel expenses. Loans with a remaining term of up to one year amount to TEUR 0 (previous year: TEUR 0).

### 3.2 Receivables

Receivables due from related parties comprise:

in TEUR, at December 31	2023	2022
Accounts receivable - trade	6,888	7,578
Financial assets	713,602	860,514
Other assets	8	7
<b>Receivables - affiliated companies</b>	<b>720,498</b>	<b>868,099</b>

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

### 3.3 Work in Progress

Due to an internal project concerning the whole A1 Group work in progress includes services not yet invoiced in the amount of TEUR 1,337 (previous year: TEUR 1,156).

### 3.4 Prepaid Expenses

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

### 3.5 Deferred Tax Assets

in TEUR, at December 31	2023	2022	Change
Deferred tax assets	1,016	1,214	-198

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

At December 31, 2022, the calculation of deferred taxes was already based on the future tax rate of 23%, applicable starting 2024, as the material temporary differences will be reversed only as of 2024. The reversal effects in 2023, when the applicable rate was 24%, were immaterial.

### 3.6 Share Capital

The share capital of Telekom Austria AG amounts to TEUR 1,449,275 and is divided into 664,500,000 bearer shares. The shares have no par value. ÖBAG holds 28.42% (previous year: 28.24%), América Móvil holds 58.47% (previous year: 51.00%) and 13.05 % (previous year: 20.52%) of the shares are attributable to the free float and the remaining 0.06% are held as treasury shares. Treasury shares amount to TEUR 905 of the share capital, equal to 415,159 shares and were acquired in September 2007.

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

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

### 3.7 Distribution of Dividend

The unappropriated retained earnings of Telekom Austria AG according to Austrian GAAP are not subject to a dividend limitation as the restrictions of Section 235 UGB do not apply. The Management Board plans to propose to the shareholders at the Annual General Meeting to distribute a dividend of euro 0.36 per share (previous year: euro 0.32) from unappropriated retained earnings.

### 3.8 Provisions

Other provisions include provisions for:

in TEUR, at December 31	2023	2022
Personnel	9,342	8,674
Long Term Incentive Program (LTI)	3,058	1,915
Other	444	495
<b>Other provisions</b>	<b>12,843</b>	<b>11,083</b>

### 3.9 Liabilities

Bank debt reported at December 31, 2022 was redeemed in September 2023. The variable interest rate of the bank debt amounted to 2.49% and was linked to the 1-month Euribor with a fixed margin of 0.80%.

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

Liabilities due to affiliated companies comprise:

in TEUR, at December 31	2023	2022
Accounts payable - trade	2,311	2,560
Financial liabilities	768,334	1,812,316
Other liabilities	1,729	1,062
<b>Liabilities due to affiliated companies</b>	<b>772,374</b>	<b>1,815,938</b>

In the both the current and the previous reporting period the financial liabilities do not include liabilities due to affiliated companies with a maturity of more than 5 years.

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

### 3.10 Contingent Liabilities

#### Guarantees related to issued bonds and liabilities to banks

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

Interest rate	Maturity	2023 Face value in TEUR	2022
3,500%	2023	0	300,000
1,500%	2026	750,000	750,000
<b>Guarantees related to issued bonds</b>		<b>750,000</b>	<b>1,050,000</b>

Furthermore, Telekom Austria AG is liable for the following liabilities to banks recognized by TFG:

in TEUR, at December 31	2023	2022
Liabilities to banks	60,014	520,613

At December 31, 2023, TEUR 60,000 (previous year: TEUR 488,000) of these liabilities relate to the utilization of a committed credit line of TEUR 400,000 (previous year: TEUR 500,000) with a term until March 2025, for which Telekom Austria AG issued an unconditional and irrevocable guarantee. On January 25, 2024, TFG reduced its credit line by TEUR 100,000 to TEUR 300,000. As a consequence, the unconditional and irrevocable guarantee provided in this context was also reduced by the same amount.

### Guarantees for other funding sources

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

- Syndicated committed credit line with a total volume of TEUR 1,000,000 (previous year: TEUR 1,000,000) and a term until July 2026 (previous year: July 2026) for TFG
- Committed credit line with a total volume of TEUR 15,000 (previous year: TEUR 15,000) and a term until September 2024 (previous year: September 2023) for paybox Bank AG
- The committed credit line with a total volume of TEUR 200,000 at December 31, 2022 and a term until October 2024 for TFG was redeemed in September 2023.
- Euro Commercial Paper Program with a maximum volume of TEUR 1,000,000 (previous year: TEUR 1,000,000) for TFG.

At December 31, 2023 and 2022, the credit lines were not utilized and no Commercial Papers were issued.

### Other guarantees

All other guarantees in the amount of TEUR 68,818 (previous year: TEUR 71,319) are, as in the previous year, are issued for affiliated companies. On November 10, 2008, Telekom Austria AG signed a guarantee for Telekom Austria Personalmanagement GmbH (TAP), which ensures TAP that A1 Telekom Austria AG will perform its respective duties according to the profit and loss elimination agreement. Furthermore, in the case of non-fulfillment of the duties of A1 Telekom Austria AG, Telekom Austria AG guarantees to provide Telekom Austria Personalmanagement GmbH with sufficient liquidity to meet all its financial liabilities.

## 4 Notes to the Statement of Profit or Loss

### 4.1 Revenues

Revenues of TEUR 40,078 (previous year: TEUR 36,752) relate mainly to services such as public relations and communications work, coordinating product development and the technical infrastructure, legal and tax advice and investment controlling, services in conjunction with the Department of Human Resource and Civil Service Regulations (Beamtendienstrecht) together with salary and collective agreement negotiations that are predominantly charged to A1 Telekom Austria AG, A1 Digital International GmbH, Telekom Austria Personalmanagement GmbH, A1 Tower Holding GmbH, A1 Bulgaria EAD, A1 Slovenija d.d., A1 Srbija d.o.o, A1 Makedonija DOOEL, A1 Hrvatska d.o.o. and Unitary enterprise A1 on the basis of intercompany agreements.

### 4.2 Personnel Expenses and Employees

in TEUR	2023	2022
Salaries	42,280	39,025
Expenses for statutory social security and payroll related taxes and contributions	8,017	7,627
Severance expense	779	-582
Pension expenses	946	1,069
Other social benefits	103	136
Payments to staff contributions plans	474	474
<b>Personnel expenses</b>	<b>52,598</b>	<b>47,750</b>

Salaries include an expense of TEUR 10 (previous year: income of TEUR 6) resulting from changes in the obligation for service awards.

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

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

The average number of full-time employees was 324 (previous year: 310). The average number of full-time civil servants was 8 (previous year: 5).

### 4.3 Severance and Pension Expenses

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

in TEUR	2023	2022
Members of the Management Board	328	450
Senior staff	72	-8
Other employees	1,799	519
<b>Severance and pension expenses</b>	<b>2,199</b>	<b>962</b>

### 4.4 Other Operating Expenses

in TEUR	2023	2022
Other operating taxes	122	38
Other charges	5,965	6,963
Intercompany charges	46	115
Legal and other consulting	8,425	2,774
Other expense	34,358	23,848
<b>Other Operating Expenses</b>	<b>48,916</b>	<b>33,737</b>

Other operating expenses include other charges, intercompany charges and other expenses related to services of A1 Telekom Austria AG amounting to TEUR 13,587 (previous year: TEUR 13,600).

In accordance with the last sentence of Section 238 (1) no. 18 of the Austria Commercial Code, the right not to disclose information on expenses for the auditor, which is included in legal and other consulting expense, is exercised.

#### 4.5 Income from Investments

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

in TEUR	2023	2022
A1 Austria	340,000	304,000
Mobikom BV	0	15,000
Belarus BV	65,000	133,900
TFG	14,787	17,251
<b>Income from investments of affiliated companies</b>	<b>419,787</b>	<b>470,151</b>

For full name and company domicile see "Table of Shares in Affiliated Companies" (Attachment 3).

Income from other investments includes dividend income from CEESEG Aktiengesellschaft ("CEESEG AG") amounting to TEUR 390 (previous year: TEUR 397).

#### 4.6 Expenses for Long-Term Financial Assets

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

in TEUR	2023	2022
Belarus BV	44,400	309,800
Tower Macedonia	6,500	0
<b>Expenses for financial assets</b>	<b>50,900</b>	<b>309,800</b>

For full name and company domicile see "Table of Shares in Affiliated Companies" (Attachment 3).

#### 4.7 Income Taxes

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

in TEUR	2023	2022
Corporate income tax (other) current	-76,111	-87,307
Corporate income tax (group) current	93,707	122,790
Corporate income tax (other) previous periods	590	-50
<b>Total corporate income tax</b>	<b>18,185</b>	<b>35,432</b>
Changes in deferred tax assets	3,491	-434
Withholding tax	-29	-13
<b>Income taxes</b>	<b>21,647</b>	<b>34,985</b>

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

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

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

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

As of January 1, 2023, a materially revised new tax group and tax compensation contract came into effect. Starting 2023, the tax head has a right to positive as well as negative taxable results which are charged on the basis of the legal corporate tax rate less half a percentage point. Existing tax group loss carry-forwards from years before 2023 can still be utilized.

Intragroup loss carry-forwards for which no provisions were recognized amount to TEUR 13.847 (previous year: TEUR 13,418). The increase compared to the previous year is due to a change in the result of paybox Bank AG for the years 2016 – 2018 related to a tax audit. In the past, all companies with a valid profit and loss elimination agreement with a group member did not recognize provisions for intragroup loss carry-forwards. Based on the new tax group contract, the general rules of tax compensation have to be applied by these companies as well starting in 2023.

In the reporting year, there are no loss carry-forwards to be utilized by the group head.

The tax expense of TEUR 3,491 includes essentially the effect of the release of deferred tax liabilities relating to the current depreciation according to section 202 (1) of the Austrian Commercial Code of the assets of the business unit "Towers AT" in the period from January 1, 2023, to March 30, 2023.

On December 31, 2023, the Minimum Taxation Act entered into force in Austria, implementing into Austrian law the OECD model regulations as well as the directive by the European Union to provide for a global minimum taxation for groups (Pillar Two). The Minimum Taxation Act will be applicable from December 31, 2023, onwards.

Telekom Austria AG applied the mandatory recognition of deferred tax assets and liabilities related to the introduction of the minimum taxation respectively a comparable foreign taxation law, that has been newly introduced by Section 198 (10) no.4 of the Austrian Commercial Code. Current taxes were not recognized in respect as not applicable at December 31, 2023.

Telekom Austria AG is evaluating the future possible impacts of the Minimum Taxation Act and is currently not expecting a tax expense.

## 5 Other Disclosures

### 5.1 Remuneration of the Management Board and Supervisory Board

The members of the Management Board and the Supervisory Board are disclosed in Note 6. The following table summarizes the remuneration of members of the Management Board (the base salary of Siegfried Mayrhofer is included until his resignation, the variable yearly remuneration includes the full year 2022) and Supervisory Board:

in TEUR	2023	2022
Base salary (incl. remuneration in kind)	1,565	1,680
Variable yearly remuneration (Short Term Incentive - "STI")	2,333	2,428
Multi-year share-based remuneration (Long Term Incentive Program) *	712	1,334
Severance payment	871	0
<b>Remuneration Management Board</b>	<b>5,481</b>	<b>5,442</b>
<b>Remuneration Supervisory Board</b>	<b>380</b>	<b>365</b>

\*In 2023, the compensation relates to the payment of the LTI 2020 (2022: LTI 2019). Details on payments of each single LTI tranche are included in chapter 5.2.

### 5.2 Long-Term Incentive (LTI) Program

A1 Group introduced a long-term incentive program (LTI) in 2010. The members of the Management Board of Telekom Austria AG are the participants of this program. They are required to invest an amount depending on the annual gross basic salaries in Telekom Austria shares and to hold these shares until the end of the holding period (at least three years). For each tranche, the number of fictitious bonus shares granted is calculated based on the average Telekom Austria stock price for a defined period. The performance period for meeting the performance targets was determined to be three years. The target values for these key indicators were determined by the Supervisory Board. At the vesting date (at the earliest three years after the grant date), fictitious bonus shares will be allocated to the participants and will be settled

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in cash. The right is not transferrable. If the targets are fully met, fictitious bonus shares equal to the double personal investment will be allocated to the participants. If the targets are exceeded, proportionally additional fictitious bonus shares will be allocated up to a maximum of 350% of the personal investment in shares on a pro rata basis. This maximum amount of fictitious bonus shares is allocated if the targets are overachieved by 175% or more. In case of a significant underperformance, no bonus shares will be allocated.

For the 14<sup>th</sup> tranche (LTI 2023) and the 13<sup>th</sup> tranche (LTI 2022) the following key performance indicators were determined:

- Operating return on invested capital ("operating ROIC"), weighted with 34%
- Revenue market share of A1 Group, weighted with 33%
- Two Environmental, Social & Corporate Governance ("ESG") goals  
 LTI 2023: Reduction of gender pay gap and closing of the equal pay gap by year-end 2025, weighted with 16%, and reduction of the carbon footprint by year-end 2025 in accordance with the emission reduction curve approved by the Science Based Targets Initiative, weighted with 17%.  
 LTI 2022: increase of energy efficiency until 2024, weighted with 20%, and increase in the training hours per employee, weighed with 13%.

The key performance indicators for the twelfth tranche (LTI 2021) and the eleventh tranche (LTI 2020) are the following:

- Operating ROIC, weighted with 34%
- Revenue market share of A1 Group (weighted with 33%)
- Sustainable financing (long-term financing in the years 2021 to 2023 and 2020 to 2022, respectively, under a green bond or sustainable finance certificate, weighted with 33%)

For the tenth tranche (LTI 2019) the ROIC and the revenue market share of A1 Group (weighted with 50% each) were defined as key performance indicators.

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

	LTI 2023	LTI 2022	LTI 2021
Grant date	June 1, 2023	June 1, 2022	June 1, 2021
Start of the program	January 1, 2023	January 1, 2022	January 1, 2021
End of vesting period	December 31, 2025	December 31, 2024	December 31, 2023
Vesting date	June 1, 2026	June 1, 2025	June 1, 2024
Personal investment at grant date	60,814	70,341	81,387
Adjustment ETS share split	10,338	11,958	13,836
Personal investment at the end of the vesting period	71,152	82,299	95,223
Expected performance	100.00%	118.80%	125.50%
Expected bonus shares	142,305	195,542	239,009
Maximum bonus shares*	249,033	288,046	333,280
Fair value of program in TEUR	1,064	1,280	1,766

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

As disclosed in Note 1, the shares in EuroTeleSites AG were issued at a ratio of 4:1. As a consequence of this share split, the shares of the personal investment of the Management Board were increased by the factor 1.17, by resolution of the Remuneration Committee of the Supervisory Board on December 18, 2023. The increase in the personal investment is disclosed in the line item "Adjustment ETS share split".

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

in number of shares	LTI 2023		LTI 2022		LTI 2021	
	at grant date	at end of vesting period	at grant date	at end of vesting period	at grant date	at end of vesting period
Thomas Arnoldner	26,377	30,861	23,252	27,204	26,970	31,555
Alejandro Plater	29,015	33,947	25,577	29,925	29,667	34,710
Siegfried Mayrhofer	5,423	6,345	21,513	25,170	24,750	28,958
<b>Personal investment</b>	<b>60,814</b>	<b>71,152</b>	<b>70,341</b>	<b>82,299</b>	<b>81,387</b>	<b>95,223</b>

The former CFO Siegfried Mayrhofer participates in the LTI program on a pro rata basis only until the end of his term on August 31, 2023, (see Note 6). For LTI 2023, this was already taken into account in the personal investment at grant date. For LTI 2022 and LTI 2021, the reduced period of performance will be taken into account at the future settlement, and thus also in the fair value of the program.

The significant terms and conditions and the actual performance are summarized in the subsequent table. The settlement was effected in cash in the current and the previous reporting year.

	LTI 2020	LTI 2019
Grant date	August 1, 2020	August 1, 2019
Start of the program	January 1, 2020	January 1, 2019
End of vesting period	December 31, 2022	December 31, 2021
Vesting date	August 1, 2023	August 1, 2022
Personal investment at grant date	75,770	77,618
Personal investment at the end of the vesting period	75,770	77,618
Actual performance	80.30%	112.80%
Allocated bonus shares per share of personal investment	1.61	2.26
Allocated bonus shares	121,687	175,106
Average stock price at end of vesting period in euro	5.85	7.62
Share-based compensation in TEUR	712	1,334

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

in number of shares	LTI 2020	LTI 2019
Thomas Arnoldner	25,046	26,534
Alejandro Plater	27,551	26,534
Siegfried Mayrhofer	23,173	24,550
<b>Personal investment at the end of the vesting period</b>	<b>75,770</b>	<b>77,618</b>

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

An expense of TEUR 2,043 (previous year: TEUR 935) was recognized in the income statement for the LTI program respectively an income from the reversal of TEUR 188 (previous year: TEUR 0).

### 5.3 Subsequent Events

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

### 6 Members of the Management Board and Supervisory Board

#### Management Board

Alejandro Plater	Chairman of the Management Board
Thomas Arnoldner	Deputy Chairman
Siegfried Mayrhofer	until August 31, 2023

#### Supervisory Board

Edith Hlawati	Chair of the Supervisory Board
Carlos García Moreno Elizondo	Deputy Chairman
Karin Exner-Wöhrer	
Peter Hagen	
Carlos M. Jarque	
Alejandro Cantú Jiménez	
Peter F. Kollmann	
Oscar Von Hauske Solís	
Daniela Lecuona Torras	

Gottfried Kehrer	
Alexander Sollak	
Renate Richter	
Gerhard Bayer	
Christine Catasta	until June 7, 2023
Stefan Fürnsinn	since June 7, 2023
Franz Valsky	since January 01, 2023

Vienna, February 2, 2024

The Management Board



Alejandro Plater  
CEO



Thomas Arnoldner  
Deputy CEO

## Attachment 1

## Movement Schedule of fixed assets of the financial year 2023

in TEUR	Balance at 01.01.23	Additions	Additions from spin-off 01.01.23	Acquisition cost Transfers due to demerger 30.03.23	Disposals from spin-off 31.03.23	Disposals	Transfers	Balance at 31.12.23
<b>1. Intangible assets</b>								
Industrial and similar rights and assets	0	0	60	-60	0	0	0	0
Goodwill	0	0	760,198	-760,198	0	0	0	0
Prepayments	0	195	860	-857	0	0	-198	0
	0	195	761,118	-761,115	0	0	-198	0
<b>2. Fixed assets</b>								
Technical equipment and machines	0	2,011	876,031	-880,327	0	-51	2,337	0
Operating and office equipment	0		3	-3	0	0	0	0
Assets under construction	0	2,940	6,161	-6,962	0	0	-2,139	0
	0	4,951	882,195	-887,292	0	-51	198	0
<b>3. Financial assets</b>								
Investments in affiliated companies	8,383,057	0	0	339,838	-820,501	-25,000	0	7,877,394
Other investments	543	0	0	0	514	0	0	1,057
Other loans granted	411	0	0	0	0	-292	0	119
	8,384,011	0	0	339,838	-819,987	-25,292	0	7,878,570
Total assets	8,384,011	5,146	1,643,313	-1,308,569	-819,987	-25,343	0	7,878,570

## FINANCIAL STATEMENTS

in TEUR	Balance at 01.01.23	Additions	Accumulated depreciation		Disposals from spin- off 31.03.23	Disposals	Balance at 31.12.23	Carrying amount at 31.12.23	Carrying amount at 31.12.22
			Additions from spin- off 01.01.23	Transfers due to demerger 30.03.23					
<b>1. Intangible assets</b>									
Industrial and similar rights and assets	0	6	0	0	-6	0	0	0	0
Goodwill	0	38,010	0	0	-38,010	0	0	0	0
Prepayments	0	0	0	0	0	0	0	0	0
	0	38,016	0	0	-38,016	0	0	0	0
<b>2. Fixed assets</b>									
Technical equipment and machines	0	18,251	0	0	-18,251	0	0	0	0
Operating and office equipment	0	0	0	0	0	0	0	0	0
Assets under construction	0	0	0	0	0	0	0	0	0
	0	18,251	0	0	-18,251	0	0	0	0
<b>3. Financial assets</b>									
Investments in affiliated companies	312,566	50,900	0	-6,500	0	0	356,966	7,520,427	8,070,491
Other investments	0	0	0	0	0	0	0	1,057	543
Other loans granted	73	0	0	0	0	-54	19	100	338
	312,639	50,900	0	-6,500	0	-54	356,985	7,521,584	8,071,372
<b>Total assets</b>	<b>312,639</b>	<b>107,167</b>	<b>0</b>	<b>-6,500</b>	<b>-56,267</b>	<b>-54</b>	<b>356,985</b>	<b>7,521,584</b>	<b>8,071,372</b>

## Attachment 2

## Movement Schedule of Investments of the financial year 2023

in TEUR	Balance at 01.01.23	Additions	Additions from spin- off 01.01.23	Acquisition cost Transfers due to demerger 30.03.23	Disposals from spin- off 31.03.23	Disposals	Balance at 31.12.23
<b>1. Shares in capital of affiliated companies</b>							
A1 Austria	4,596,606	0	0	0	0	0	4,596,606
TFG	5,571	0	0	0	0	0	5,571
Kroatien BV	545,056	0	0	0	0	0	545,056
Mobilkom BV	364,522	0	0	0	0	0	364,522
CEE BV	281,705	0	0	0	0	-25,000	256,705
Belarus BV	974,700	0	0	0	0	0	974,700
Mazedonien BV	218,434	0	0	0	0	0	218,434
Bulgarien BV	915,800	0	0	0	0	0	915,800
Tower Holding	135	0	0	820,366	-820,501	0	0
Tower Bulgaria	124,882	0	0	-124,882	0	0	0
Tower Croatia	153,734	0	0	-153,734	0	0	0
Tower Macedonia	41,606	0	0	-41,606	0	0	0
Tower Serbia	70,426	0	0	-70,426	0	0	0
Tower Slovenia	89,880	0	0	-89,880	0	0	0
	<b>8,383,057</b>	<b>0</b>	<b>0</b>	<b>339,838</b>	<b>-820,501</b>	<b>-25,000</b>	<b>7,877,394</b>
<b>2. Other investments</b>							
CEESEG AG	543	0	0	0	0	0	543
EuroTeleSites AG	0	0	0	0	514	0	514
	543	0	0	0	514	0	1,057
<b>3. Other loans granted</b>							
Other loans granted	411	0	0	0	0	-292	119
<b>Financial assets</b>	<b>8,384,011</b>	<b>0</b>	<b>0</b>	<b>339,838</b>	<b>-819,987</b>	<b>-25,292</b>	<b>7,878,570</b>

For the full name and company domicile see "Table of Shares in Affiliated Companies" (Attachment 3).

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in TEUR	Stand am 01.01.23	Additions	kumulierte Abschreibungen				Disposals	Balance at 31.12.23	Carrying amount at 31.12.23	Carrying amount at 31.12.22
			Additions from spin- off 01.01.23	Transfers due to demerger 30.03.23	Disposals from spin-off 31.03.23					
<b>1. Shares in capital of affiliated companies</b>										
A1 Austria	0	0	0	0	0	0	0	4,596,606	4,596,606	
TFG	2,766	0	0	0	0	0	2,766	2,805	2,805	
Kroatien BV	0	0	0	0	0	0	0	545,056	545,056	
Mobilkom BV	0	0	0	0	0	0	0	364,522	364,522	
CEE BV	0	0	0	0	0	0	0	256,705	281,705	
Belarus BV	309,800	44,400	0	0	0	0	354,200	620,500	664,900	
Mazedonien										
BV	0	0	0	0	0	0	0	218,434	218,434	
Bulgarien BV	0	0	0	0	0	0	0	915,800	915,800	
Tower Holding	0	0	0	0	0	0	0	0	135	
Tower Bulgaria	0	0	0	0	0	0	0	0	124,882	
Tower Croatia	0	0	0	0	0	0	0	0	153,734	
Tower										
Macedonia	0	6,500	0	-6,500	0	0	0	0	41,606	
Tower Serbia	0	0	0	0	0	0	0	0	70,426	
Tower Slovenia	0	0	0	0	0	0	0	0	89,880	
	<b>312,566</b>	<b>50,900</b>	<b>0</b>	<b>-6,500</b>	<b>0</b>	<b>0</b>	<b>356,966</b>	<b>7,520,428</b>	<b>8,070,491</b>	
<b>2. Other investments</b>										
CEESEG AG	0	0	0	0	0	0	0	543	543	
EuroTeleSites										
AG	0	0	0	0	0	0	0	514	0	
	0	0	0	0	0	0	0	1,057	543	
<b>3. Other loans granted</b>										
Other loans										
granted	73	0	0	0	0	-54	19	100	338	
<b>Financial assets</b>	<b>312,639</b>	<b>50,900</b>	<b>0</b>	<b>-6,500</b>	<b>0</b>	<b>-54</b>	<b>356,985</b>	<b>7,521,585</b>	<b>8,071,372</b>	

## Attachment 3

## Table of Shares in Affiliated Companies as of December 31, 2023

Name and company domicile	Used Abbreviation	Share in capital %	Stockholders' equity TEUR	Net result for the year TEUR
A1 Telekom Austria Aktiengesellschaft, Vienna	A1 Austria	100.0%	1,038,012	299,753
Telekom Finanzmanagement GmbH, Vienna	TFG	100.0%	2,803	14,787
Kroatien Beteiligungsverwaltung GmbH, Vienna	Kroatien BV	100.0%	468,130	-3
Mobilkom Beteiligungsgesellschaft mbH, Vienna	Mobilkom BV	100.0%	296,021	219
mobilkom CEE Beteiligungsverwaltung GmbH, Vienna	CEE BV	100.0%	559,666	52,334
mobilkom Belarus Beteiligungsverwaltung GmbH, Vienna	Belarus BV	100.0%	621,776	17,908
mobilkom Mazedonien Beteiligungsverwaltung GmbH, Vienna	Mazedonien BV	100.0%	199,355	-8
mobilkom Bulgarien BeteiligungsverwaltungsgmbH, Vienna	Bulgarien BV	100.0%	896,971	-30
A1 Tower Holding GmbH, Vienna	Tower Holding	Spin-off *	-	-
A1 Towers Bulgaria Holding GmbH, Vienna	Tower Bulgaria	Spin-off *	-	-
A1 Towers Croatia Holding GmbH, Vienna	Tower Croatia	Spin-off *	-	-
A1 Towers Macedonia Holding GmbH, Vienna	Tower Macedonia	Spin-off *	-	-
A1 Towers Serbia Holding GmbH, Vienna	Tower Serbia	Spin-off *	-	-
A1 Towers Slovenia Holding GmbH, Vienna	Tower Slovenia	Spin-off *	-	-

Spin-off \*: In the course of the spin-off the investments were demerged as described in Note 1.

## Declaration of the Management Board

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

Vienna, February 2, 2024

The Management Board of Telekom Austria



Alejandro Plater  
Chief Executive Officer



Thomas Arnoldner  
Deputy Chief Executive Officer

# AUDITOR'S REPORT \*)

## Report on the Financial Statements

### Audit Opinion

We have audited the financial statements of

#### **Telekom Austria Aktiengesellschaft, Vienna,**

These financial statements comprise the balance sheet as of December 31, 2023, the income statement for the fiscal year then ended and the notes.

Based on our audit the accompanying financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Company as of December 31, 2023 and its financial performance for the year then ended in accordance with Austrian Generally Accepted Accounting Principles.

### Basis for Opinion

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

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

## Key Audit Matters

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

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

1. *Valuation of investments*
2. *Spin-off of EuroTeleSites AG*

### 1. 1. Valuation of investments

#### Description

Telekom Austria Aktiengesellschaft shows significant investments in subsidiaries (mEUR 7,520.4) in its single financial statements as of December 31, 2023 according to Austrian GAAP and recorded impairments (mEUR 50.9) in the 2023 income statement.

Telekom Austria Aktiengesellschaft's disclosures related to investment in subsidiaries as well as the corresponding impairments are included in Note 2.2 (Long-term Assets), Note 3.1 (Long-term Assets) as well as Note 4.6 (Expenses for Long-Term Financial Assets).

We considered the valuation of investments as a key audit matter as the related asset amounts are significant and the assessment process itself is complex and requires judgment. The impairment tests include assumptions that are affected by future market and economic conditions. The uncertain situation regarding the Belarusian subsidiary – which represents a significant amount within the investments in subsidiaries – should still be noted as an impairment might be required due to the further development of the Ukraine crisis.

## How our audit addressed the matter:

Our audit procedures included, among others, the following:

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

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

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

We also evaluated the adequacy of disclosures made regarding impairment.

## 2. Spin-off of EuroTeleSites AG

### Description

At the Extraordinary General Meeting on August 1, 2023, a resolution was passed to spin off the passive mobile infrastructure (the so-called "Towers Business") into the newly founded EuroTeleSites AG. The spin-off and the first-time listing of EuroTeleSites AG on the Vienna Stock Exchange took effect on September 22, 2023. In preparation for the spin-off of EuroTeleSites AG, further preparatory reorganization steps were taken in 2023.

In the first step, the business unit "AT Towers" was transferred from A1 Telekom Austria Aktiengesellschaft to Telekom Austria Aktiengesellschaft with retroactive effect as of December 31, 2022. The assets and liabilities transferred in the course of this transaction were measured at fair value in accordance with Section 202 (1) UGB; the resulting value of mEUR 1,428 was recognized in the income statement as "Additions from reorganizations" before the net profit for the year.

In the second step, Telekom Austria Aktiengesellschaft transferred the business unit "AT Towers", consisting of the business unit "AT Towers" transferred from A1 Telekom Austria Aktiengesellschaft and the (indirect) investments in the foreign Towers companies as well as liabilities of mEUR 1,047 and receivables of mEUR 28, to A1 Towers Holding GmbH with retroactive effect as of March 30, 2023. The carrying amounts of the assets and liabilities transferred as part of this transaction led to an increase in the carrying amount of the investment in A1 Towers Holding GmbH of mEUR 820.

As a final reorganization step, the shares in A1 Towers Holding GmbH were transferred from Telekom Austria Aktiengesellschaft to the newly founded EuroTeleSites AG with retroactive effect as of March 31, 2023. The disposal of the investment in A1 Towers Holding GmbH in the course of this transaction led to a reduction in net assets in the amount of mEUR 820, which was recognized in the income statement after the net profit for the year as "Net asset reduction from spin-off".

Telekom Austria Aktiengesellschaft's disclosures on the spin-off of EuroTeleSites AG are included in Note 1 (Information on the company).

The spin-off of EuroTeleSites AG was considered as a key audit matter as the individual reorganization steps were complex, had significant effects on the financial statements and the amounts involved were material.

#### How our audit addressed the matter:

Our audit procedures included, among others, the following:

We assessed the design of the controls over the spin-off accounting process.

We evaluated the underlying demerger contracts and assessed their accounting treatment as well as disclosure of the transactions in the financial statements.

We reviewed the valuation of the assets and liabilities acquired at fair value from A1 Telekom Austria Aktiengesellschaft. We assessed the forecasted revenues and EBITDA margins as well as the capital expenditures and changes in working capital. We analyzed the main drivers for the future development included in the business plan in order to verify the appropriateness of this plan. We also reviewed the assumptions relating to discount rates and growth rates. EY valuation specialists assisted us in performing the audit procedures.

We performed substantive audit procedures to verify the amounts recognized in the income statement for "Additions from reorganizations" and "Net asset reduction from spin-off".

We evaluated the adequacy of disclosures made regarding the spin-off of EuroTeleSites AG.

## Other Information

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

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

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

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

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

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

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

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

We also:

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

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

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

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

## Report on Other Legal and Regulatory Requirements

### Comments on the Management Report

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

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

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

### Opinion

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

### Statement

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

### Additional information in accordance with Article 10 EU regulation

We were elected as auditor by the ordinary general meeting on June 7, 2023. We were appointed by the Supervisory Board on October 12, 2023. We are auditors without cease since 2015.

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

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

### Responsible Austrian Certified Public Accountant

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

**Vienna, February 2, 2024**

Ernst & Young  
Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Marion Raninger

Wirtschaftsprüferin / Certified Public Accountant

**Mag. (FH) Severin Eisl**

Wirtschaftsprüfer / Certified Public Accountant

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

## Disclaimer

This document contains forward-looking statements. These forward-looking statements are usually accompanied by words such as “believe”, “intend”, “anticipate”, “plan”, “expect” and similar expressions or by “outlook”. Actual events may differ materially from those anticipated in these forward-looking statements as a result of a number of factors. Forward-looking statements involve inherent risks and uncertainties. A number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement. Neither the A1 Group nor any other person assumes any liability for any such forward-looking statements. The A1 Group will not update these forward-looking statements, whether due to changed factual circumstances, changes in assumptions or expectations.

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