Earnings Update: Q2 2023 and H1 2023

Highlights

- Revenues: +7% vs. Q2 2022 to EUR 1,299 mn, driven by value-protecting pricing measures and upselling.
- Revenue guidance: Revenues expected to grow by around 5% in financial year 2023 (previously: around +4%).
- EBITDA: +6% vs. Q2 2022 to EUR 486 mn, due to the positive revenue development and despite higher operating expenses.
- Financial result: The significant year-on-year increase in interest rates is reflected in the interest expense. In addition, currency effects had a negative impact on the financial result.
- CAPEX: Increase of EUR 148 mn to EUR 359 mn, of which approximately EUR 110 million for frequencies in Croatia.
- Free cash flow: Below prior year due to higher CAPEX and changes in working capital.
- Dividend: EUR 0.32 per share (total EUR 213 mn) paid to shareholders.
- Rating: First rating by Fitch: With an A-, Telekom Austria has the best Fitch rating of all European telcos.
- Towers: Next step for the spin-off of the tower business: Extraordinary General Meeting on August 1, 2023.

In this Earnings Update, rounding differences may occur in the summing of rounded amounts due to the use of automatic calculation tools.

Key financial data

in EUR million	Q2 2023	Q2 2022		H1 2023	H1 2022	
Total revenues	1,299	1,208	7.5%	2,557	2,375	7.6%
Service revenues	1,082	1,026	5.5%	2,120	2,014	5.3%
Equipment revenues	194	162	20.2%	389	317	22.8%
Other operating income	23	21	7.9%	47	44	6.9%
Wireless revenues	760	717	5.9%	1,513	1,406	7.6%
Service revenues	603	575	4.9%	1,186	1,122	5.7%
Equipment revenues	156	142	10.0%	327	284	15.2%
Wireline revenues	517	470	9.8%	996	924	7.8%
Service revenues	478	451	6.1%	934	891	4.8%
Equipment revenues	38	20	93.9%	62	33	88.7%
EBITDA before restructuring	503	477	5.4%	960	930	3.2%
EBITDA margin before restructuring	38.7%	39.5%	-0.8pp	37.5%	39.1%	-1.6pp
EBITDA	486	457	6.3%	922	889	3.7%
EBITDA margin	37.4%	37.8%	-0.4pp	36.1%	37.4%	-1.4pp
Depreciation and amortisation	242	238	1.8%	483	475	1.7%
EBIT	241	219	9.9%	436	413	5.4%
EBIT margin	18.5%	18.1%	0.4pp	17.0%	17.4%	-0.4pp
Net result	166	167	-0.4%	301	298	1.1%
Net margin	12.8%	13.8%	-1.0pp	11.8%	12.5%	-0.8pp
Capital expenditures	359	211	70.0%	606	391	55.1%
Tangible	215	173	24.4%	421	318	32.4%
Intangible	144	38	276.9%	185	73	153.3%
Free cash flow	30	171	-82.4%	123	368	-66.6%

	Jun 30, 2023	Dec 31, 2022
Net debt / EBITDA (12 M)	1.3x	1.3x
Net debt (excl. leases) / EBITDA after leases (12 M)	1.1x	1.0x

Customer indicators (thousand)	Jun 30, 2023	Jun 30, 2022	
Mobile subscribers	24,486	23,275	5.2%
Postpaid	20,680	19,353	6.9%
Prepaid	3,807	3,922	-2.9%
RGUs	6,249	6,134	1.9%

	Q2 2023	Q2 2022		H1 2023	H1 2022	
ARPU (in EUR)	8.3	8.3	0.0%	8.2	8.1	1.2%
Mobile churn	1.2%	1.2%	0.0pp	1.3%	1.3%	0.0pp

	Jun 30, 2023	Jun 30, 2022	
Employees (full-time equivalent)	17,757	17,843	-0.5%

All comparisons are year-on-year.

Q2 2023 in a nutshell

In the second quarter, A1 Group increased total revenues by 7% year-on-year. This increase was mainly driven by value-protecting pricing measures and the continuation of up-selling activities.

The positive revenue development led to an EBITDA increase of 6% to EUR 486 million, despite higher operating expenses.

However, the operating gains were fully offset by the lower financial result: Higher interest rates compared to the second quarter of last year resulted in higher interest expenses. In addition, the financial result was negatively impacted by exchange rate effects (mainly the Belarusian ruble against the euro).

In Belarus, as everywhere else, A1 experienced rising costs. However, restrictive price regulations limit A1's ability to adjust prices accordingly.

Capital expenditures ("CAPEX") increased by EUR 148 mn to EUR 359 mn. Of this amount, approximately EUR 110 mn was invested to secure spectrum in Croatia for 15 years. In addition, investments in the broadband roll-out, especially in Austria, were higher than in the previous year.

As a result of the higher CAPEX and changes in working capital, the free cash flow amounted to EUR 30 mn (Q2 2022: EUR 171 mn). Excluding spectrum investments, the free cash flow would have been EUR 140 mn.

The Annual General Meeting on June 7, 2023 approved a dividend of EUR 0.32 per share. In mid-June, Telekom Austria AG paid a total dividend of EUR 213 million to its shareholders.

In June, the international credit rating agency Fitch published its first rating for the A1 Group (Telekom Austria AG). The long-term issuer rating of A- (positive outlook) is the best Fitch rating for a European telco. A1 Group is now rated by the three major international rating agencies.

At the end of June, Telekom Austria AG invited for an Extraordinary General Meeting regarding the spin-off of the tower business. The meeting is scheduled to take place on August 1, 2023.

Mobile subscribers and fixed-line RGUs

In mobile communications, the number of subscribers rose by 5.2% to a total of about 24.5 million. Growth was largely driven by the strong increase in M2M business. Excluding M2M customers, the number of subscribers remained stable (-0.2%). The share of contract customers increased to 84.5% as of June 30, 2023.

In the fixed-line business, the number of revenue generating units (RGUs) increased by 1.9% year-on-year. While the number of voice RGUs decreased, the number of broadband RGUs and TV at home RGUs increased. The RGU growth in international operations, especially in Belarus and Bulgaria, more than compensated for the decline in Austria.

Internet@home
+5.1%

Internet@home customer base increased by 5.1% to 3.8 million in the Group, driven by the increase in mobile WiFi routers and broadband RGUs.

Planned spin-off of the tower business

Following the agreement of the core shareholders, the Supervisory Board of Telekom Austria AG has formally approved the spin-off of the tower business. The company will be named "EuroTeleSites AG" and is expected to be listed on the Vienna Stock Exchange before the end of 2023. The ownership structure of the spun-off company will initially remain in line with the previous ownership structure of Telekom Austria AG. The transaction is expected to be approved by the shareholders of Telekom Austria AG at an Extraordinary General Meeting on August 1, 2023 and to be implemented as soon as possible thereafter.

As of June 30, 2023 the tower portfolio comprised 13,225 macro sites in Austria, Bulgaria, Croatia, Serbia, Slovenia and Northern Macedonia. The tenancy ratio was 1.2 tenants per tower. On a pro forma basis, the tower business would have generated revenues from leases of about EUR 230 million and EBITDAaL of EUR 127 million in 2022.

The impact of the spin-off on A1 Group's revenues would be negligible (-0.2%) based on the pro forma figures in 2022. As the tower company will assume approximately EUR 1 billion of A1 Group's debt, the latter's net debt excluding leases will decrease by approximately EUR 1 billion. On the other hand, free cash flow will decrease by approximately EUR 60 million on average per year. Due to the increase in leasing expenses as a result of the transaction, net debt (including leasing)/EBITDA is expected to increase to 1.3x. In contrast, net debt (excluding leasing)/EBITDAaL will be more than halved to 0.4x.

A1 Group has contractually secured long-term access to the towers. The spin-off will allow A1 Group to focus more on its core business, which does not include the management of towers.

Outlook for financial year 2023

Based on the solid revenue performance in the first half of 2023, the company is raising its full-year revenue guidance. Revenue growth is now expected to be around 5% (previously: around 4%). The CAPEX guidance (excluding spectrum investments) of around EUR 950 million remains unchanged.

Group results (Q2 and H1 2023)

In Q2, total revenues grew 7.5%. Service revenues were up 5.5% year-on-year, benefitting from upselling and value-protecting pricing measures. Equipment revenues increased by 20.2%. STEMO in Bulgaria (not consolidated in H1 2022) had a positive impact on total revenues of almost EUR 14 million. This positive effect on the one hand was offset on the other hand by the depreciation of the Belarusian ruble, which reduced revenues by more than EUR 14 million. Mobile service revenues increased by 4.9%, driven by a strong performance of the mobile core business. Fixed-line service revenues increased by 6.1% year-on-year, driven by the Solutions & Connectivity business.

In H1 2023, total revenues increased by 7.6% to EUR 2,557 million. STEMO in Bulgaria had a positive impact of EUR 22 mn on total revenues, while the depreciation of the Belarusian ruble had a negative impact of EUR 8 million. Service revenues increased by 5.3% and equipment revenues by 23%.

In Q2, EBITDA increased by 6.3% to EUR 486 mn. This positive development was achieved despite cost pressures (in particular workforce costs, electricity costs and equipment costs). Restructuring charges in Austria amounted to EUR 17 mn (previous year: EUR 20 mn). The weakening Belarusian ruble had a negative impact of EUR 7 mn.

In H1 2023, EBITDA rose by 3.7% to EUR 922 Mio. as the effect of value-protecting pricing measures was mainly noticeable in the second quarter. Workforce costs, electricity costs and equipment costs were clearly above the levels of the first half of 2022. Restructuring charges amounted to EUR 38 mn (2021: EUR 41 mn). The development of the Belarusian ruble had a negative impact on the EBITDA of EUR 3 mn.

In Q2, operating income (EBIT) increased by 9.9% to EUR 241 mn.

In H1 2023, the EBIT reached EUR 436 mn, an increase of 5.4%.

In Q2, the financial result amounted to EUR -27 mn (previous year: EUR -4 mn). This development was the result of significantly higher interest rates and foreign currency exchange losses.

In H1 2023, the financial result deteriorated to EUR -48 mn (previous year: EUR -30 mn) due to the above mentioned reasons.

In Q2, the net result decreased by 0.4% to EUR 166 mn.

In H1 2023, the net result increased by 1% to EUR 301 mn.

In Q2, capital expenditures (“CAPEX”) increased to EUR 359 mn (Q2 2022: EUR 211 mn). Approximately EUR 110 mn was invested to secure spectrum in Croatia for 15 years. In addition, investments in the broadband roll-out, especially in Austria, were higher than in the previous year. CAPEX excluding spectrum was EUR 249 mn.

In H1 2023, CAPEX increased to EUR 606 mn (H1 2022: EUR 391 mn). CAPEX excluding spectrum was EUR 496 mn.

In Q2, **free cash flow** decreased strongly to EUR 30 mn (Q2 2022: EUR 171 mn). This was due to the increased CAPEX as well as to working capital changes. Free cash flow excluding spectrum amounted to EUR 140 mn.

In H1 2023, free cash flow amounted to EUR 123 mn (H1 2022: EUR 368 mn). Free cash flow excluding spectrum amounted to EUR 233 mn.

in EUR million	Q2 2023	Q2 2022		Jun 30, 2023	Jun 30, 2022	
EBITDA	486	457	6.3%	922	889	3.7%
Restructuring charges and cost of labor obligations	18	16	15.9%	41	38	6.7%
Lease paid (principal, interest and prepayments)	-42	-39	9.0%	-108	-104	3.4%
Income taxes paid	-31	-22	39.5%	-48	-39	24.0%
Net interest paid	-7	-26	-74.1%	-9	-26	-67.3%
Change working capital and other changes	-15	29	-151.5%	-26	58	-144.3%
Capital expenditures	-359	-211	70.0%	-606	-391	55.1%
Social plans new funded*	-20	-32	-36.3%	-43	-57	-24.2%
FCF after social plans new	30	171	-82.4%	123	368	-66.6%

* Cost for social plans granted in the respective period.

As of June 30, 2023, the **total assets** amounted to EUR 8,560 mn, 2.6% higher than at December 31, 2022. This was driven by investments in broadband, in particular in fiber infrastructure, which led to an increase in property, plant and equipment.

Current liabilities increased due to higher short-term debt as a result of higher CAPEX and the dividend payment of EUR 213 mn.

Non-current liabilities declined, driven by repayment of lease liabilities .

Net debt/EBITDA was 1.3x and on the same level as of December 31, 2022. Net debt (excl. leases) increased by 6.1%. The ratio “net debt (excl. leases)/EBITDA after leases” increased to 1.1x from 1.0x as of December 31, 2022.

in EUR million	Jun 30, 2023	Dec 31, 2022	
Long-term debt	1,048	1,047	0.0%
Lease liability long-term	463	522	-11.3%
Short-term debt	919	822	11.9%
Lease liability short-term	153	159	-3.7%
Cash and cash equivalents	-143	-150	-4.7%
Net debt (incl. leases)	2,440	2,400	1.7%
Net debt (incl. leases) / EBITDA (12 months)	1.3x	1.3x	
Net debt (excl. leases)	1,824	1,719	6.1%
Net debt (excl. leases) / EBITDA after leases (12 M)	1.1x	1.0x	

Segment Performance in Q2 2023

Segment Austria

in EUR million	Q2 2023	Q2 2022		H1 2023	H1 2022	
Total revenues	702	676	3.9%	1,379	1,340	2.9%
Service revenues	620	603	2.8%	1,214	1,191	2.0%
Equipment revenues	70	62	14.5%	141	122	15.9%
Other operating income	12	12	1.3%	24	27	-11.8%
Wireless revenues	318	302	5.2%	632	604	4.7%
Service revenues	267	255	4.7%	524	504	3.8%
Equipment revenues	51	47	8.2%	108	99	9.1%
Wireline revenues	372	362	2.8%	723	709	2.0%
Service revenues	353	348	1.5%	691	687	0.6%
Equipment revenues	20	15	34.6%	33	22	46.2%
EBITDA before restructuring	286	279	2.8%	539	544	-0.9%
EBITDA margin before restructuring	40.8%	41.2%	-0.4pp	39.1%	40.6%	-1.5pp
EBITDA	270	258	4.3%	501	503	-0.3%
EBITDA margin	38.4%	38.2%	0.2pp	36.3%	37.5%	-1.2pp
EBIT	132	123	7.6%	227	229	-1.0%
EBIT margin	18.8%	18.2%	0.7pp	16.5%	17.1%	-0.7pp

Customer indicators (thousand)	Jun 30, 2023	Jun 30, 2022	
Mobile subscribers	5,134	5,113	0.4%
RGUs	2,892	2,995	-3.4%

	Q2 2023	Q2 2022		H1 2023	H1 2022	
ARPU	17.3	16.7	3.8%	17.0	16.5	2.9%
Mobile churn	1.1%	1.0%	0.1pp	1.2%	1.0%	0.2pp

In Q2 and H1 2023, total revenues in Austria increased due to higher service and equipment revenues. Roaming (visitor roaming and national roaming) revenues were flat in Q2 but about 14% higher in H1 compared to the previous year. The trend of declining interconnection revenues, primarily due to EU regulation, continued.

The intensified competitive environment in H2 2022 has increasingly subsided in the course of 2023. It is now possible to speak of a return to normal competitive intensity. As of April, A1 has implemented value-protecting pricing measures.

A1 is focusing strongly on the expansion of its broadband network. The five thousandth 5G site was installed in the spring. The expansion of the fiber optic network is also progressing, albeit somewhat slower than planned due to a bottleneck in construction capacity.

Mobile service revenues increased on the back of the solid retail business. Fixed service revenues also grew in Q2 2023, driven by positive developments in the retail business and in Solutions & Connectivity. The latter's year-on-year growth in Q2 was slower than in Q1 due to a larger project in the second quarter of last year.

Fierce competition in the second half of last year led to a reduction in voice RGUs in particular. The number of mobile subscribers increased slightly, and the share of contract customers improved to 79.2% as of June 30, 2023.

On the cost side, the main driver was electricity costs, which rose sharply in both Q2 and H1 2023. In 2022, A1 Austria benefited from electricity supply conditions prior to the Ukraine crisis. However, these contracts have expired, resulting in higher prices to be paid in 2023. The equipment margin improved in Q2. However, this could not compensate for the subsidy-driven lower equipment margin in Q1. Restructuring expenses were lower as a result of lower long-term restructuring provisions due to interest rate movements.

International segments

International segments comprise the segments Bulgaria, Belarus, Croatia, Serbia, Slovenia and North Macedonia.

in EUR million	Q2 2023	Q2 2022		H1 2023	H1 2022	
Total revenues	604	544	11.0%	1,191	1,052	13.2%
Service revenues	468	432	8.4%	917	837	9.6%
Equipment revenues	124	100	23.5%	248	195	27.0%
Other operating income	12	11	2.9%	26	20	26.9%
Wireless revenues	444	417	6.5%	884	806	9.7%
Service revenues	339	322	5.2%	666	621	7.1%
Equipment revenues	106	95	11.0%	219	185	18.5%
Wireline revenues	148	115	28.3%	281	226	24.3%
Service revenues	130	110	17.7%	252	216	16.8%
Equipment revenues	18	5	269.8%	29	10	179.1%
EBITDA	230	211	9.1%	448	409	9.4%
EBITDA margin	38.0%	38.7%	-0.7pp	37.6%	38.9%	-1.3pp
EBIT	123	110	12.5%	238	211	12.9%
EBIT margin	20.4%	20.2%	0.3pp	20.0%	20.0%	-0.1pp

Customer indicators (thousand)	Jun 30, 2023	Jun 30, 2022	
Mobile subscribers	14,975	14,969	0.0%
RGUs	3,357	3,139	6.9%

Bulgaria

in EUR million	Q2 2023	Q2 2022		H1 2023	H1 2022	
Total revenues	183	151	21.0%	348	288	20.6%
EBITDA	80	63	25.8%	148	123	20.7%
EBITDA margin	43.5%	41.8%	1.7pp	42.5%	42.5%	0.0pp

Revenues developed strongly both in both Q2 and in H1 2023, driven by continued up-selling and value-protecting pricing measures implemented in March 2023. Compared to the prior year, revenues from STEMO, acquired in the summer of 2022, added EUR 14 mn in Q2 and EUR 22 mn in H1 2023. A1 also increased the number of RGUs and the mobile subscriber base. The share of contract customers was 87.4% as of June 30, 2023. On the cost side, there was an easing of electricity costs throughout 2023. However, workforce costs and costs for licenses and software for resale increased as result of the STEMO acquisition and following the ICT revenue growth.

Croatia

in EUR million	Q2 2023	Q2 2022		H1 2023	H1 2022	
Total revenues	125	113	10.6%	245	221	11.1%
EBITDA	45	40	10.3%	85	78	8.0%
EBITDA margin	35.6%	35.7%	-0.1pp	34.5%	35.5%	-1.0pp

In Croatia, total revenues increased by 10.6%. This was attributable to both higher equipment and service revenues. This development was driven by ICT, the monetization of the fiber rollout, and a good development in postpaid mobile as well as higher hardware revenues. On the cost side, the general price increases and in particular a sharp rise in electricity costs led to an increase of 10.8%. Intensive cost transformation programs are in place to help overcome the double-digit inflation. CAPEX increased due to EUR 110 mn invested in new spectrum (acquired for 15 years). In addition, the company has accelerated the rollout of its fixed network as well as the modernization and expansion of its mobile network.

Belarus

A1 has been facing a challenging business environment in 2023. There was a strong upward movement in costs due to adapted asymmetric interconnection rates (which also had a negative impact on revenues), inflation-related employee cost increases, higher usage-driven network costs, and the increase of the state-broadcast channel fee imposed in Q2 of last year. At the same time, restric-tive price regulations limit A1's ability to adjust prices accordingly. Furthermore, the state-regulated prices for solar power were reduced in June 2022, leading to a decline in revenues from solar power. In this challenging environment, A1 succeeded in growing fixed-line RGUs strongly. The mobile subscriber base was kept stable with a share of contract customers of 98.7% as of June 30, 2023. The development of the Belarusian ruble against the euro had a negative impact on revenues (EUR 14 mn in Q2 2023, EUR 8 mn in H1 2023) and EBITDA (EUR 7mn in Q2 2023, EUR 3 mn in H1 2023).

in EUR million	Q2 2023	Q2 2022		H1 2023	H1 2022	
Total revenues	109	107	2.5%	225	205	9.3%
Total costs and expenses	61	54	12.5%	123	106	17.0%
EBITDA	48	52	-7.8%	101	100	1.3%

in BYN million	Q2 2023	Q2 2022		H1 2023	H1 2022	
Total revenues	350	301	16.5%	690	611	13.0%
Total costs and expenses	195	153	27.7%	380	314	20.9%
EBITDA	155	148	4.7%	311	297	4.7%

Serbia

in EUR million	Q2 2023	Q2 2022		H1 2023	H1 2022	
Total revenues	92	86	7.4%	183	167	10.0%
EBITDA	31	28	10.0%	62	56	11.8%
EBITDA margin	34.0%	33.2%	0.8pp	33.9%	33.4%	0.6pp

In Serbia, where A1 is present as a mobile network operator, service revenues performed consistently well throughout H1 2023. In the first quarter, higher equipment revenues strongly supported total revenues. After eliminating inactive prepaid customers from the subscriber base in the first quarter, the number of subscribers has increased slightly year-on-year at the end of the second quarter. The share of contract subscribers continued to grow (June 30, 2023: 71.8%). On the cost-side, workforce and electricity costs stood out in a generally higher price environment.

A1 has agreed to acquire approximately 850 kilometers of gage piping from the Serbian provider Conexio. After the completion of the transaction, A1 Group will be able to lay fiber in the pipes and close the existing network infrastructure gap between the A1 markets Croatia and Bulgaria, while also providing routes to Hungary and North Macedonia.

Slovenia

in EUR million	Q2 2023	Q2 2022		H1 2023	H1 2022	
Total revenues	59	53	11.6%	121	105	15.4%
EBITDA	14	14	-3.9%	28	30	-6.7%
EBITDA margin	22.9%	26.6%	-3.7pp	22.9%	28.3%	-5.4pp

Service revenues increased due to the introduction of interconnection for text messages as well as tariff increases in July 2022 and January 2023. In the previous quarter (Q1 2023), higher equipment revenues strongly supported total revenues. A1 increased the mobile subscriber base and the share of contract customers (June 30, 2023: 92.1%). In the fixed-line business, reductions in voice and basic broadband RGUs were more than compensated by higher advanced broadband RGUs. On the cost side, there was a mandatory base-salary increase of 10% in January 2023. Costs for electricity were also significantly higher compared to the corresponding period of the previous year. At the end of June 2023, A1 shut down the 3G network.

North Macedonia

in EUR million	Q2 2023	Q2 2022		H1 2023	H1 2022	
Total revenues	37	34	6.3%	71.9	67.5	6.5%
EBITDA	12	12	3.8%	24.0	23.1	3.9%
EBITDA margin	33.7%	34.5%	-0.8pp	33.4%	34.2%	-0.9pp

In North Macedonia, service revenues performed consistently well throughout H1 2023. In the previous quarter (Q1 2023), higher equipment revenues supported total revenues. A1 increased its mobile subscriber base and the share of contract customers (June 30, 2023: 71.9%). In the fixed-line business, the number of broadband and voice RGUs increased as well as the total number of RGUs. On the cost side, there was an easing of electricity costs throughout 2023 whereas workforce costs increased.

Condensed Consolidated Financial Statements

Condensed Consolidated Statement of Comprehensive Income

in EUR million, except per share information	Q2 2023 unaudited	Q2 2022 unaudited	1H 2023 unaudited	1H 2023 unaudited
Service revenues	1,082	1,026	2,120	2,014
Equipment revenues	194	162	389	317
Other operating income	23	21	47	44
Total revenues (incl. other operating income)	**1,299**	**1,208**	**2,557**	**2,375**
Cost of service	- 363	- 347	- 718	- 686
Cost of equipment	- 186	- 156	- 380	- 304
Selling, general & administrative expenses	- 261	- 246	- 531	- 493
Other expenses	- 3	- 2	- 5	- 4
Total cost and expenses	**- 813**	**- 752**	**- 1,635**	**- 1,486**
Earnings before interest, tax, depreciation and amortization (EBITDA)	**486**	**457**	**922**	**889**
Depreciation and amortization	- 198	- 196	- 397	- 392
Depreciation of right-of-use assets	- 44	- 42	- 86	- 84
Impairment	- 3	0	- 3	0
Operating income (EBIT)	**241**	**219**	**436**	**413**
Interest income	3	3	6	4
Interest expense	- 21	- 11	- 41	- 30
Interest on employee benefits and restructuring and other financial items, net	- 7	- 2	- 11	- 5
Foreign currency exchange differences, net	- 2	6	- 3	1
Equity interest in net income of associated companies	0	0	0	- 1
Financial result	**- 27**	**- 4**	**- 48**	**- 30**
Earnings before income tax (EBT)	**214**	**215**	**387**	**383**
Income tax	- 48	- 48	- 86	- 86
Net result	**166**	**167**	**301**	**298**
Attributable to Equity holders of the parent	166	167	301	297
Attributable to Non-controlling interests	0	0	0	0
Earnings per share attributable to equity holders of the parent in euro*	0.25	0.25	0.45	0.45
Other comprehensive income items (OCI)				
Effect of translation of foreign entities	- 13	58	- 28	21
Realized result on hedging activities, net of tax	1	1	2	2
Unrealized result on debt instruments at fair value, net of tax	0	- 2	1	- 2
Items that may be reclassified to profit or loss				
Remeasurement of defined benefit obligations, net of tax	- 2	8	- 2	7
Items that will not be reclassified to profit or loss:				
Total other comprehensive income (loss)	**- 13**	**65**	**- 27**	**28**
Total comprehensive income (loss)	153	232	274	325
Attributable to Equity holders of the parent	153	232	273	325
Attributable to Non-controlling interests	0	0	0	0

*basic=diluted; weighted-average number of ordinary shares outstanding: 664,084,841 (in each period)

Condensed Consolidated Statement of Financial Position

in EUR million	June 30, 2022 unaudited	Dec. 31, 2021 unaudited
ASSETS		
Cash and cash equivalents	143	150
Short-term investments	52	61
Accounts receivable: Subscribers, distributors and other, net	856	840
Receivables due from related parties	1	1
Inventories, net	130	105
Income tax receivable	6	2
Other current assets, net	217	183
Contract assets	91	97
Current assets	1,495	1,439
Property, plant and equipment, net	3,189	3,054
Right-of-use assets, net	624	678
Intangibles, net	1,662	1,608
Goodwill	1,298	1,300
Investments in associated companies	0	0
Long-term investments	223	206
Deferred income tax assets	49	42
Other non-current assets, net	22	19
Non-current assets	7,068	6,906
TOTAL ASSETS	8,563	8,345
LIABILITIES		
Short-term debt	919	822
Lease liabilities short-term	153	159
Accounts payable	943	864
Accrued liabilities and current provisions	241	264
Income tax payable	133	81
Payables due to related parties	1	1
Contract liabilities	243	220
Current liabilities	2,634	2,411
Long-term debt	1,048	1,047
Lease liabilities long-term	463	522
Deferred income tax liabilities	43	44
Other non-current liabilities	24	39
Asset retirement obligation and restructuring	519	518
Employee benefits	179	172
Non-current liabilities	2,275	2,342
STOCKHOLDERS' EQUITY		
Common stock	1,449	1,449
Treasury shares	– 8	– 8
Additional paid-in capital	1,100	1,100
Retained earnings	1,852	1,763
Other comprehensive income (loss) items	– 742	– 714
Equity attributable to equity holders of the parent	3,651	3,590
Non-controlling interests	2	2
TOTAL STOCKHOLDERS' EQUITY	3,653	3,593
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	8,563	8,345

Condensed Consolidated Statement of Cash Flows

in EUR million	Q2 2023 unaudited	Q2 2022 unaudited	1H 2023 audited	1H 2022 audited
Earnings before income tax	214	215	387	383
Depreciation	136	133	270	268
Amortization of intangible assets	63	63	127	124
Depreciation of right-of-use assets	44	42	86	84
Impairment/Reversal of impairment PPE	3	0	3	0
Equity interest in net income of associated companies	0	0	0	1
Result on sale/measurement of investments	- 1	2	- 1	4
Result on sale of property, plant and equipment	1	1	1	2
Net period cost of labor obligations and restructuring	23	16	50	40
Foreign currency exchange differences, net	2	- 6	3	- 1
Interest income	- 3	- 3	- 6	- 4
Interest expense	25	11	43	30
Other adjustments	- 1	- 1	- 1	- 2
Non-cash and other reconciliation items	291	258	575	544
Accounts receivable: Subscribers, distributors and other, net	- 37	- 13	- 27	- 15
Prepaid expenses	- 7	- 4	- 20	- 4
Due from related parties	0	0	0	1
Inventories	- 11	2	- 27	- 24
Other assets	- 2	5	- 20	3
Contract assets	6	6	7	11
Accounts payable and accrued liabilities	17	9	15	67
Due to related parties	0	1	0	1
Contract liabilities	9	7	23	14
Working capital changes	- 26	13	- 49	53
Employee benefits and restructuring paid	- 27	- 25	- 55	- 52
Interest received	3	4	6	5
Income taxes paid	- 31	- 22	- 48	- 39
Net cash flow from operating activities	424	442	817	895
Capital expenditures paid	- 352	- 199	- 587	- 393
Proceeds from sale of property, plant and equipment	4	2	6	2
Purchase of investments	- 56	- 55	- 81	- 78
Proceeds from sale of investments	56	35	75	40
Investments in associated companies	0	0	0	- 2
Net cash flow from investing activities	- 348	- 217	- 588	- 431
Repayments of long-term debt	0	- 750	0	- 750
Interest paid	- 15	- 32	- 25	- 37
Repayments of short-term debt	- 1,373	- 100	- 2,889	- 103
Issuance of short-term debt	1,569	100	2,987	400
Dividends paid	- 213	0	- 213	0
Acquisition of non-controlling interests	0	0	0	0
Deferred consideration paid for business combinations	0	0	0	- 1
Lease principal paid	- 36	- 33	- 96	- 91
Net cash flow from financing activities	- 69	- 816	- 237	- 582
Net cash flow from investing activities	- 348	- 217	- 588	- 431
Cash and cash equivalents beginning of period	134	1,006	150	534
Net change in cash and cash equivalents	8	- 591	- 7	- 119
Adjustment to cash flows due to exchange rate fluctuations, net	1	0	0	- 1
Cash and cash equivalents end of period	143	416	143	416

Financial calendar

August 1, 2023: Extraordinary General Meeting
October 17, 2023: Results Q3 and Q1-Q3 2023

Risks and uncertainties

A1 Group faces various risks and uncertainties that could affect its results. For further details about these risks and uncertainties, please refer to the latest A1 Group Annual Financial Report.

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Disclaimer

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