Consolidated Financial Statements 2021 [1]

1) 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	2021	2020
Service revenues		3,956,530	3,804,527
Equipment revenues		709,453	659,358
Other operating income		82,354	85,525
Total revenues (incl. other operating income)	(5)	**4,748,338**	4,549,409
Cost of service		-1,343,144	-1,311,915
Cost of equipment		-698,063	-652,416
Selling, general & administrative expenses		-988,163	-997,375
Other expenses		-12,840	-10,912
Total cost and expenses	(6)	**-3,042,211**	-2,972,619
Earnings before interest, tax, depreciation and amortization - EBITDA		**1,706,127**	1,576,790
Depreciation and amortization	(15) (16)	-789,499	-774,335
Depreciation of right-of-use assets	(30)	-163,181	-163,515
Operating income - EBIT		**753,446**	638,940
Interest income		4,845	3,777
Interest expense		-100,691	-103,909
Interest on employee benefits and restructuring and other financial items, net		-7,843	2,474
Foreign currency exchange differences, net		2,923	-18,871
Equity interest in net income of associated companies	(18)	-74	-11,560
Financial result	(7)	**-100,839**	-128,088
Earnings before income tax - EBT		**652,607**	510,851
Income tax	(29)	-197,577	-122,027
Net result		**455,030**	388,824
Attributable to:			
Equity holders of the parent		454,458	388,421
Non-controlling interests	(34)	572	403
Basic and diluted earnings per share attributable to equity holders of the parent in euro	(8)	**0.68**	0.58
Other comprehensive income items:			
Items that may be reclassified to profit or loss:			
Effect of translation of foreign entities	(3) (28)	23,756	-82,536
Realized result on hedging activities, net of tax	(33)	4,380	4,380
Unrealized result on debt instruments at fair value, net of tax	(19)	112	7
Realized result on debt instruments at fair value, net of tax	(7)	0	16
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit obligations, net of tax	(27)	4,954	-9,490
Total other comprehensive income (loss)		**33,202**	-87,622
Total comprehensive income (loss)		**488,232**	301,202
Attributable to:			
Equity holders of the parent		487,660	300,799
Non-controlling interests	(34)	572	403

For impairment losses of accounts receivable: subscribers, distributors and other, see Note (6).
The use of automated calculation systems may give rise to rounding differences.

TELEKOM AUSTRIA AG – Consolidated Statement of Financial Position

in TEUR	Notes	December 31, 2021	December 31, 2020
Current assets			
Cash and cash equivalents	(9)	534,443	210,879
Short-term investments	(19)	87,353	164,821
Accounts receivable: Subscribers, distributors and other, net	(10)	782,355	774,682
Receivables due from related parties	(11)	4,086	8,442
Inventories, net	(12)	92,817	90,761
Income tax receivable	(29)	2,080	915
Other current assets, net	(13)	179,118	152,401
Contract assets	(14)	103,559	106,845
Total current assets		1,785,811	1,509,745
Non-current assets			
Property, plant and equipment, net	(15)	2,875,792	2,753,145
Right-of-use assets, net	(30)	762,309	853,078
Intangibles, net	(16)	1,670,163	1,678,023
Goodwill	(17)	1,285,801	1,284,010
Long-term investments	(19)	141,512	12,425
Deferred income tax assets	(29)	27,657	96,487
Other non-current assets, net	(20)	23,588	25,062
Total non-current assets		6,786,822	6,702,229
TOTAL ASSETS		8,572,633	8,211,974
Current liabilities			
Short-term debt	(21)	1,553,212	749,061
Lease liability short-term	(30)	161,037	154,374
Accounts payable	(22)	736,885	685,774
Accrued liabilities and current provisions	(23)	253,292	246,408
Income tax payable	(29)	29,771	23,992
Payables due to related parties	(11)	604	181
Contract liabilities	(24)	205,648	188,658
Total current liabilities		2,940,450	2,048,448
Non-current liabilities			
Long-term debt	(25)	1,046,120	1,793,703
Lease liability long-term	(30)	606,061	700,559
Deferred income tax liabilities	(29)	24,560	4,074
Other non-current liabilities	(26)	44,436	53,901
Asset retirement obligation and restructuring	(23)	573,576	586,018
Employee benefits	(27)	222,073	231,513
Total non-current liabilities		2,516,826	3,369,769
Stockholders' equity			
Capital 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		1,315,311	1,026,869
Other comprehensive income (loss) items		-743,675	-776,877
Equity attributable to equity holders of the parent	(28)	3,113,256	2,791,611
Non-controlling interests		2,102	2,146
Total stockholders' equity		3,115,357	2,793,757
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		8,572,633	8,211,974

The use of automated calculation systems may give rise to rounding differences.

TELEKOM AUSTRIA AG – Consolidated Statement of Cash Flows

in TEUR	Notes	2021	2020
Earnings before income tax - EBT		652,607	510,851
Depreciation	(15)	532,772	517,666
Amortization of intangible assets	(16)	256,727	256,669
Depreciation of right-of-use assets	(30)	163,181	163,515
Equity interest in net income of associated companies	(18)	74	11,560
Result on sale / measurement of investments	(7)	495	-793
Result on sale of property, plant and equipment	(5) (6)	7,439	4,702
Net period cost of labor obligations and restructuring	(7) (23) (27)	94,741	97,821
Foreign currency exchange differences, net	(7)	-2,923	18,871
Interest income	(7)	-4,845	-3,777
Interest expense	(7)	105,291	97,116
Other adjustments	(32)	-4,530	-3,793
Non-cash and other reconciliation items		1,148,423	1,159,556
Accounts receivable: Subscribers, distributors and other, net	(10)	2,653	54,445
Prepaid expenses	(13)	-7,847	-3,495
Due from related parties	(11)	4,355	425
Inventories	(12)	-966	14,844
Other assets	(13) (20)	-3,335	2,276
Contract assets	(14)	3,326	17,153
Accounts payable and accrued liabilities	(22) (23)	-20,372	-113,253
Due to related parties	(11)	423	-426
Contract liabilities	(24)	16,706	15,332
Working capital changes		-5,056	-12,698
Employee benefits and restructuring paid	(23) (27)	-110,204	-115,259
Interest received	(7)	6,288	3,814
Income taxes paid	(29)	-106,499	-65,206
Net cash flow from operating activities		1,585,558	1,481,059
Capital expenditures paid	(32)	-853,254	-742,530
Proceeds from sale of plant, property and equipment	(15)	3,668	17,761
Purchase of investments	(19)	-426,563	-302,446
Proceeds from sale of investments	(19)	374,125	137,757
Acquisition of businesses, net of cash acquired	(34)	0	-4,992
Sale of shares of associated companies	(18) (34)	0	19,543
Net cash flow from investing activities		-902,025	-874,906
Repayments of long-term debt	(25) (32)	-750,000	0
Interest paid	(7)	-96,286	-100,615
Change in short-term debt	(21) (32)	806,568	-119,812
Dividends paid	(28)	-166,632	-153,364
Lease principal paid	(30)	-154,826	-153,802
Net cash flow from financing activities		-361,175	-527,593
Adjustment to cash flows due to exchange rate fluctuations, net	(3)	1,205	-7,975
Net change in cash and cash equivalents		323,564	70,585
Cash and cash equivalents beginning of period	(9)	210,879	140,293
Cash and cash equivalents end of period	(9)	534,443	210,879

The use of automated calculation systems may give rise to rounding differences.

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

in TEUR	Common stock Par value	Treasury shares at cost	Additional paid-in capital	Retained earnings
At January 1, 2020	1,449,275	-7,803	1,100,148	791,187
Net result	0	0	0	388,421
Other comprehensive income (loss)	0	0	0	0
Total comprehensive income	0	0	0	388,421
Distribution of dividends	0	0	0	-152,740
At December 31, 2020	1,449,275	-7,803	1,100,148	1,026,869
Net result	0	0	0	454,458
Other comprehensive income (loss)	0	0	0	0
Total comprehensive income	0	0	0	454,458
Distribution of dividends	0	0	0	-166,021
Acquisition of non-controlling interests	0	0	0	6
At December 31, 2021	1,449,275	-7,803	1,100,148	1,315,311

The use of automated calculation systems may give rise to rounding differences.

Remeasurement of defined benefit plans	Measurement of debt instruments	Hedging reserve	Translation reserve	Total	Non-controlling interests	Total stockholders' equity
−43,884	−42	−15,329	−630,000	2,643,552	2,367	2,645,919
0	0	0	0	388,421	403	388,824
−9,490	23	4,380	−82,536	−87,622	0	−87,622
−9,490	23	4,380	−82,536	300,799	403	301,202
0	0	0	0	−152,740	−624	−153,364
−53,374	−18	−10,949	−712,535	2,791,611	2,146	2,793,757
0	0	0	0	454,458	572	455,030
4,954	112	4,380	23,756	33,202	0	33,202
4,954	112	4,380	23,756	487,660	572	488,232
0	0	0	0	−166,021	−610	−166,632
0	0	0	0	6	−6	0
−48,420	94	−6,570	−688,779	3,113,256	2,102	3,115,357

TELEKOM AUSTRIA AG – Notes to the Consolidated Financial Statements

(1) Segment Reporting

2021 (in TEUR)	Austria	Bulgaria	Croatia	Belarus
External revenues	2,656,415	566,216	445,849	419,544
Intersegmental revenues	21,213	7,857	6,179	60
Total revenues (incl. other operating income)	**2,677,628**	**574,072**	**452,027**	**419,603**
Segment expenses	-1,686,514	-355,795	-296,305	-239,080
EBITDA	**991,113**	**218,277**	**155,723**	**180,524**
Depreciation and amortization	-549,740	-114,133	-97,541	-58,153
Operating income - EBIT	**441,374**	**104,144**	**58,181**	**122,371**
Interest income	2,052	433	1,283	368
Interest expense	-22,621	-2,471	-8,373	-5,641
Other financial result	-3,852	-2,664	-239	2,136
Equity interest in net income of associated companies	-74	0	0	0
Earnings before income tax - EBT	**416,879**	**99,442**	**50,853**	**119,234**
Income taxes	-117,259	-2,954	-9,809	-32,984
Net result	**299,620**	**96,488**	**41,044**	**86,250**
EBITDA margin	37.0%	38.0%	34.4%	43.0%
Capital expenditures - intangible	108,654	26,864	28,704	12,264
Capital expenditures - tangible	387,340	76,082	67,385	28,137
Total capital expenditures	**495,994**	**102,946**	**96,088**	**40,400**
Addition to right-of-use assets	36,417	35,656	6,651	12,382
Assets by segment	5,733,933	1,130,789	653,243	399,148
Property, plant and equipment	1,977,192	234,286	245,218	153,406
Right-of-use assets, net	421,597	131,740	45,452	30,450
Goodwill	708,212	242,691	125,983	11,767
Brand names and patents	158,351	3,608	0	0
Licenses and other rights	797,729	14,759	43,921	41,099
Other intangible assets	246,959	40,613	44,839	14,455
Liabilities by segment	3,393,309	247,071	378,828	128,043

2020 (in TEUR)	Austria	Bulgaria	Croatia	Belarus
External revenues	2,602,651	507,229	422,509	402,599
Intersegmental revenues	19,456	6,580	5,553	2
Total revenues (incl. other operating income)	2,622,107	513,808	428,063	402,601
Segment expenses	-1,685,431	-321,401	-284,710	-229,763
EBITDA	936,676	192,407	143,352	172,838
Depreciation and amortization	-523,000	-117,772	-100,277	-63,508
Operating income - EBIT	413,677	74,635	43,075	109,330
Interest income	1,814	11	994	273
Interest expense	-26,134	-2,852	-6,327	-7,106
Other financial result	-5,919	9,278	-5,350	-11,058
Equity interest in net income of associated companies	0	0	0	0
Earnings before income tax - EBT	383,438	81,072	32,392	91,439
Income taxes	-112,811	7,997	-6,531	-15,557
Net result	270,627	89,069	25,861	75,882
EBITDA margin	35.7%	37.4%	33.5%	42.9%
Capital expenditures - intangible	134,435	10,697	8,584	7,678
Capital expenditures - tangible	321,990	46,500	41,029	19,111
Total capital expenditures	456,425	57,197	49,613	26,789
Addition to right-of-use assets	50,396	31,570	7,592	16,855
Assets by segment	5,470,276	1,017,038	649,117	359,660
Property, plant and equipment	1,924,925	221,778	235,246	137,770
Right-of-use assets, net	480,662	128,003	52,934	29,163
Goodwill	708,212	242,691	125,653	10,713
Brand names and patents	158,351	4,899	0	0
Licenses and other rights	870,650	16,191	38,809	44,651
Other intangible assets	207,798	37,195	48,049	14,649
Liabilities by segment	2,768,065	230,276	416,398	131,387

Slovenia	Serbia	North Macedonia	Corporate & Other	Eliminations	Consolidated
207,285	309,463	132,543	11,025	0	4,748,338
2,618	5,807	2,075	12,911	-58,720	0
209,904	**315,270**	**134,618**	**23,936**	**-58,720**	**4,748,338**
-149,399	-213,163	-88,492	-70,661	57,198	-3,042,211
60,505	**102,106**	**46,126**	**-46,726**	**-1,522**	**1,706,127**
-47,053	-52,872	-28,049	-4,438	-701	-952,681
13,452	**49,235**	**18,077**	**-51,164**	**-2,223**	**753,446**
153	466	354	25,668	-25,932	4,845
-1,315	-2,432	-1,122	-82,734	26,017	-100,691
-20	-131	23	1,243,244	-1,243,416	-4,920
0	0	0	0	0	-74
12,270	**47,138**	**17,332**	**1,135,014**	**-1,245,554**	**652,607**
-875	-6,790	-2,055	-25,680	830	-197,577
11,395	**40,347**	**15,276**	**1,109,333**	**-1,244,724**	**455,030**
28.8%	32.4%	34.3%	n.a.	n.a.	35.9%
48,774	6,513	7,102	2,331	-200	241,006
30,020	41,724	17,239	2,531	0	650,458
78,794	**48,237**	**24,342**	**4,862**	**-200**	**891,465**
2,784	5,325	2,795	2	0	102,012
501,903	462,554	233,594	9,190,102	-9,732,634	8,572,633
77,059	111,365	75,093	2,455	-284	2,875,792
54,006	54,813	23,892	359	0	762,309
150,723	0	29,996	16,429	0	1,285,801
1,333	3,600	0	2,619	0	169,512
96,484	86,256	19,369	170	-2,106	1,097,682
19,327	20,555	8,967	7,313	-58	402,970
131,480	119,735	62,827	3,664,446	-2,668,462	5,457,276

Slovenia	Serbia	North Macedonia	Corporate & Other	Eliminations	Consolidated
202,095	281,483	120,788	10,055	0	4,549,409
2,946	4,692	1,121	10,905	-51,256	0
205,041	**286,175**	**121,910**	**20,960**	**-51,256**	**4,549,409**
-146,344	-198,541	-79,401	-76,887	49,859	-2,972,619
58,697	**87,634**	**42,509**	**-55,927**	**-1,397**	**1,576,790**
-44,289	-54,743	-28,956	-4,603	-703	-937,850
14,408	**32,892**	**13,553**	**-60,530**	**-2,100**	**638,940**
225	234	200	28,493	-28,467	3,777
-1,404	-2,914	-1,360	-84,396	28,584	-103,909
14	17	-267	316,174	-319,286	-16,397
0	0	0	-11,560	0	-11,560
13,242	**30,229**	**12,126**	**188,181**	**-321,269**	**510,851**
-2,262	31	-1,591	8,331	365	-122,027
10,980	**30,260**	**10,535**	**196,513**	**-320,903**	**388,824**
28.6%	30.6%	34.9%	n.a.	n.a.	34.7%
2,773	2,670	2,465	3,343	0	172,645
14,906	24,240	10,271	744	0	478,790
17,678	**26,909**	**12,736**	**4,087**	**0**	**651,435**
23,770	12,280	1,415	17	0	143,896
508,402	420,685	217,060	7,893,302	-8,323,567	8,211,974
64,245	90,872	74,446	2,248	1,615	2,753,145
70,881	63,802	26,790	842	0	853,078
150,723	0	29,963	16,055	0	1,284,010
1,415	4,139	0	2,525	0	171,329
60,161	100,370	19,694	243	-3,297	1,147,472
19,423	17,494	7,903	6,568	142	359,222
134,407	118,175	61,744	3,329,308	-1,771,541	5,418,217

A1 Telekom Austria Group has aligned its management structure and the resulting segment reporting on geographical markets and based on this reports its 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 Telekom Austria Group, which regularly meets in Management Board meetings, acts as the chief operating decision maker. Members of the Management Board are the Group CEO, the Group COO and the Group CFO (see Note (36)). The Management Board focuses on revenue, EBITDA and capital expenditures (CAPEX).

The accounting policies of the segments are the same as those of A1 Telekom Austria Group. With the exception of the tower business (see Note (38)), 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 such as other intercompany transactions. Right-of-use assets and lease liabilities relating to the tower business are recognized on single company level and eliminated in consolidation.

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 the CEE region and Germany, and which will be further expanded internationally.

Other financial result reported in the column Corporate & Other relates mostly to dividend income as well as to reversals of impairment and impairments of 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 records revenues from transactions with a single external customer amounting to at least 10% or more of A1 Telekom Austria 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 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 including interest capitalized (see Notes (7), (15) and (16)), but do neither include additions related to asset retirement obligations nor additions to right-of-use assets according to IFRS 16 (see Notes (23) and (30)).

(2) 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. Telekom Austria AG and its subsidiaries ("A1 Telekom Austria Group") provide the services and products listed in revenues (Note (5)) in Austria, Bulgaria, Croatia, Belarus, Slovenia, Serbia and North Macedonia under the common brandname "A1".

The ultimate parent company of A1 Telekom Austria 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 Telekom Austria Group. América Móvil's and ÖBAG's stakes in A1 Telekom Austria Group are disclosed in Note (28).

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

(3) Basis of Presentation

Functional currency

The Consolidated Financial Statements of A1 Telekom Austria Group are prepared in euro. 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 until the disposal of the respective subsidiary presented in the translation reserve in stockholders' equity.

Gains and losses that arise from exchange rate fluctuations between the recognition of the transaction and payment date or translation at year-end are recognized in the financial result.

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

	Exchange rates at December 31,		Average exchange rates for the year	
	2021	2020	2021	2020
Bosnian Convertible Mark (BAM)	1.9558	1.9558	1.9558	1.9558
Great Britain Pound (GBP)	0.8403	0.8990	0.8599	0.8893
Bulgarian Lev (BGN)	1.9558	1.9558	1.9558	1.9558
Croatian Kuna (HRK)	7.5172	7.5369	7.5241	7.5331
Macedonian Denar (MKD)	61.6270	61.6940	61.6275	61.6741
Polish Zloty (PLN)	4.5969	4.5597	4.5656	4.4438
Romanian Leu (RON)	4.9490	4.8683	4.9209	4.8382
Swiss Franc (CHF)	1.0331	1.0802	1.0814	1.0704
Serbian Dinar (RSD)	117.5821	117.5802	117.5736	117.5779
Czech Koruna (CZK)	24.8580	26.2420	25.6490	26.4525
Turkish Lira (TRY)	15.2335	9.1131	10.4891	8.0414
Hungarian Forint (HUF)	369.1900	363.8900	358.5481	351.1377
US Dollar (USD)	1.1326	1.2271	1.1830	1.1414
Belarusian Ruble (BYN)	2.8826	3.1680	3.0050	2.7873

Accounting

A1 Telekom Austria Group prepared the Consolidated Financial Statements as of December 31, 2021 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 interpretation of the former Standards Interpretation Committee (SIC), effective as of December 31, 2021 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

With the exception of the amendment to IFRS 16, the following amendments to existing and new IFRS are effective as of January 1, 2021.

IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16	Amendments: Interest Rate Benchmark Reform (Phase 2)
IFRS 16	Amendments: Covid-19-Related Rent Concessions beyond 30 June 2021
IFRS 4	Amendments: Insurance Contracts – deferral of IFRS 9

The amendments to IFRS 16 are effective as of April 1, 2021, and were applied retrospectively as of January 1, 2021.

The initial application of the standards (IAS, IFRS) mentioned above had an insignificant impact on the Consolidated Financial Statements since the amendments were only partially applicable. For the application of IFRS 16, see Impact of COVID-19.

Impact of COVID-19

2021 began with a pandemic wave that continued from 2020 and tough lockdown measures, which lasted through the first quarter. As in the previous year, the situation eased during the summer months and the government measures were largely lifted. In the fourth quarter of 2021 there was another pandemic wave. Depending on the local political situations, different government actions and renewed lockdowns occurred in the countries.

Due to travel restrictions imposed by the governments, roaming traffic and thus roaming revenues decreased significantly at the beginning of the pandemic in 2020. The negative roaming impact on earnings before interest, tax, depreciation and amortization (EBITDA) amounted to approximately 4% in 2020. Although roaming revenues increased in 2021, they are still significantly below pre-pandemic levels. For further details on possible effects and measures of A1 Telekom Austria Group, see the Group Management Report.

Bad debt

Since the beginning of the economic crisis, A1 Telekom Austria Group has been monitoring customer payment behavior more closely. In both 2021 and 2020, no significant changes were yet observed in this respect. However, in 2020, general loss allowance for accounts receivable not yet due from subscribers and from installment sales was increased, as forecasts related to economic development and expected insolvencies showed a negative trend. The effect of this increase in the loss allowance was recognized in bad debt expense in the line item "Selling, general and administrative expenses" (see Notes (6) and (33)). In 2021, it is still expected that once the government support expires liquidity shortfalls could occur in enterprises and in the population in all countries. Due to this outlook, A1 Telekom Austria Group still estimates higher expected credit losses and thus maintained the increased general loss allowance.

Relief and support measures

In 2021, A1 Telekom Austria Group recognized government grants in the amount of TEUR 1,879 (2020: TEUR 1,100) in employee expenses (see Note (6)). These government grants relate mainly to refunds for specified employees who were unable to work from home in Austria and furthermore, in 2021, to subsidies in Serbia. For the investment grant recognized in property, plant and equipment, which was introduced in Austria to stimulate the economy, see Note (15).

Impairment test

Even though COVID-19 caused an economic downturn, the telecommunications industry remained, as expected, quite resilient as many countries intend to focus their investments on digitalization due to the lockdown experiences. The analyses of internal sources indicate that the estimated economic performance, the estimated net future cash flows and business models are expected to be stable due to the crises-proof demand for reliable connectivity. Since the outbreak of the pandemic, government measures to fight COVID-19 have had a significant impact on mobility. As a result, planning is based on reduced roaming revenues and expenses. In the medium term, the ongoing digitalization is expected to lead to an upturn. Effects of external sources such as market capitalization and market yields are reflected in the weighted average costs of capital (WACCs), which are disclosed in Note (17). Taking into account the effects described, the values in use of the cash-generating units continue to exceed their carrying amounts in both 2021 and 2020, and therefore no impairment was recognized.

COVID-19-related rent concessions

Based on the amendment to IFRS 16 "COVID-19-Related Rent Concessions", lessees are exempted from assessing whether a COVID-19-related rent concession is a lease modification. Reductions in lease payments (such as forgiveness of payments) are reported as negative variable lease payments in the statement of comprehensive income in the period in which the event occurs and the lease liability is reduced correspondingly. Deferred lease payments affect only the timing of the individual payments. A1 Telekom Austria Group applied the practical expedient to all rent concessions meeting the requirements. The amount recognized in the statement of comprehensive income is disclosed in Note (30).

The following standards and interpretations were issued by the IASB, but were not effective at the reporting date. A1 Telekom Austria Group has not early adopted these standards and interpretations and will apply them as of their effective date.

		Effective*	Effective**
IAS 37	Amendments: Onerous Contracts - Cost to Fulfilling a Contract	January 1, 2022	January 1, 2022
IFRS 3	Amendments: Reference to the Conceptual Framework	January 1, 2022	January 1, 2022
IFRS 1, IFRS 9, IAS 41, IFRS 16	Annual improvements 2018-2020	January 1, 2022	January 1, 2022
IAS 16	Amendments: Proceeds before Intended Use	January 1, 2022	January 1, 2022
IAS 1	Amendments: Classification of Liabilities as Current or Non-Current	January 1, 2024	not endorsed
IAS 1 und IFRS PS 2	Amendments: Disclosure of Accounting Policies	January 1, 2023	not endorsed
IAS 8	Amendments: Definition of Accounting Estimates	January 1, 2023	not endorsed
IAS 12	Amendments: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023	not endorsed
IFRS 17	Insurance Contracts	January 1, 2023	January 1, 2023

* 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 Telekom Austria Group is evaluating the impact of these standards and interpretations 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 Telekom Austria 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 has to 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, 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 future taxable income during the periods in which those temporary differences will become deductible. If A1 Telekom Austria Group does not generate sufficient taxable income, deferred tax assets cannot be realized and therefore will not be recognized (see Note (29)).

f) Restructuring: The provision is based on various parameters such as discount rate, salary increase and the probability of the acceptance of termination offers. 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 estimated 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 include mainly 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)).

(5) Revenues

Operating revenues include all revenues resulting from the ordinary operations of A1 Telekom Austria 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 Telekom Austria Group generates revenues from the sale of end-user terminal equipment as well as fixed-line services and mobile communication services to individuals, commercial and non-commercial organizations and other national and foreign carriers. Furthermore, A1 Telekom Austria Group offers innovative digital products, cloud and IoT services as well as 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 services.

Mobile communications services comprise digital mobile communications 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:

2021 (in TEUR)	Austria	Bulgaria	Croatia	Belarus	Slovenia	Serbia	North Macedonia	Other*	Consolidated
Mobile service revenues	979,794	293,719	253,727	242,262	111,785	229,142	82,280	-11,588	2,181,121
Fixed-line service revenues	1,389,489	150,176	125,663	51,845	43,063	10,403	24,869	-20,098	1,775,409
Service revenues	**2,369,283**	**443,895**	**379,390**	**294,107**	**154,848**	**239,545**	**107,148**	**-31,686**	**3,956,530**
Mobile equipment revenues	217,706	115,793	64,274	95,875	44,190	71,609	25,523	-78	634,891
Fixed-line equipment revenues	40,015	8,317	3,089	15,423	6,259	0	1,186	273	74,562
Equipment revenues	**257,721**	**124,110**	**67,362**	**111,298**	**50,449**	**71,609**	**26,709**	**195**	**709,453**
Other operating income	**50,624**	**6,068**	**5,275**	**14,198**	**4,607**	**4,115**	**761**	**-3,293**	**82,354**
Total revenues (incl. OOI)	**2,677,628**	**574,072**	**452,027**	**419,603**	**209,904**	**315,270**	**134,618**	**-34,784**	**4,748,338**

2020 (in TEUR)	Austria	Bulgaria	Croatia	Belarus	Slovenia	Serbia	North Macedonia	Other*	Consolidated
Mobile service revenues	939,963	271,007	233,418	242,301	112,787	205,670	74,975	-9,057	2,071,064
Fixed-line service revenues	1,377,293	131,292	125,609	45,559	42,302	8,440	23,590	-20,621	1,733,463
Service revenues	2,317,256	402,299	359,028	287,859	155,088	214,110	98,565	-29,678	3,804,527
Mobile equipment revenues	218,343	99,761	56,920	87,246	42,789	65,994	21,942	582	593,577
Fixed-line equipment revenues	37,837	7,280	1,872	14,212	3,377	2	840	361	65,781
Equipment revenues	256,180	107,041	58,792	101,458	46,166	65,996	22,782	943	659,358
Other operating income	48,671	4,469	10,243	13,284	3,787	6,070	563	-1,561	85,525
Total revenues (incl. OOI)	2,622,107	513,808	428,063	402,601	205,041	286,175	121,910	-30,296	4,549,409

*Other includes Corporate & Other and Eliminations

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

in TEUR	2021	2020
Service revenues	3,941,328	3,792,454
Equipment revenues	707,272	657,454
Total customer contract revenues	**4,648,601**	**4,449,908**
Other service revenues	15,202	12,073
Other equipment revenues	2,181	1,904
Other operating income	82,354	85,525
Total revenues from other sources	**99,737**	**99,501**
Total revenues (incl. other operating income)	**4,748,338**	**4,549,409**

Other service revenues include essentially 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 sale of solar energy and income from the rental of buildings amounting to TEUR 12,315 (2020: TEUR 12,457). Furthermore, income from collections of impaired receivables is included (see "Credit risk" in Note (33)). In 2021, other operating income includes tax exempted research bonuses amounting to TEUR 1,020 (2020: TEUR 1,020). The remaining part of other operating income comprises mainly collection fees, damages, income from rental of radio towers and gain 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 in contract liabilities (see Note (24)) and recognized as 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 neither part of multiple-element arrangements nor 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 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 of receivables with remaining terms of more than one year is assessed on an individual contract level. In 2021 and 2020, a discounting effect had to be recognized in Belarus only, the corresponding accretion effect of TEUR 4,890 and TEUR 4,579, respectively, is recognized in equipment revenues.

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 Telekom Austria Group to supply multiple deliverables. For mobile communication, these multiple-element arrangements typically include the sale of a handset, the activation fee, the service contract and, in Austria, the yearly SIM card 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 Telekom Austria 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 standalone 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.

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, while revenue is recognized once the bonus points are redeemed or the awards expire. 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 Telekom Austria Group applies the practical expedient according to IFRS 15 to pool similar contracts into portfolios, based on contract characteristics and duration. Only a small number of more complex contracts with major clients is calculated on individual contract basis.

A1 Telekom Austria Group recognizes revenue from connection and roaming services to its customers based upon calling minutes or data volume used as income at the time that the service is provided, as long as connection and roaming services are not covered by contractually agreed fee schedules.

Revenues due from other national and foreign carriers for incoming calls from outside A1 Telekom Austria 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 Telekom Austria 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 they purchase, certain customers are granted also 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 legal warranty obligations nor significant obligations for returns.

At December 31, 2021, the total transaction price of the unfulfilled (or partly unfulfilled) performance obligations relating to multiple-element arrangements amounted to TEUR 798,244 (2020: TEUR 837,187), and will be realized as a general rule over a contract term of twelve to 24 months respectively up to 36 months for business customers. For performance obligations recognized at the amount to which A1 Telekom Austria 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	2021	2020
Cost of equipment	698,063	652,416
Employee expenses, including benefits and taxes	923,814	908,175
Other operating expenses	1,420,334	1,412,027
Total cost and expenses	3,042,211	2,972,619

The cost of equipment corresponds to material expense. Employee expenses, including social benefits and taxes, comprise all benefits to employees excluding own work capitalized, which is reported on a net basis.

in TEUR	2021	2020
Own work capitalized	66,415	61,218

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 and administrative expenses" and amount to (see Note (33)):

in TEUR	2021	2020
Impairment losses	41,217	59,519

In 2020, the higher expected credit risk related to COVID-19 was recognized (see Note (3)) and furthermore debt collection was suspended due to the pandemic.

The line item “Depreciation and amortization” in the Consolidated Statement of Comprehensive Income is allocated as follows:

in TEUR	2021	2020
Cost of service	815,930	796,606
Cost of equipment	16,615	16,058
Selling, general & administrative expenses	120,135	125,187
Depreciation and amortization	**952,681**	937,850

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	2021	2020
Audit fees	1,043	1,047
Other reviews	102	44
Other services	78	15
Fees EY	**1,223**	1,105

Audit fees neither contain expense allowance nor value added tax.

In 2021, other reviews relate to expenses for extended disclosures in the report of sustainability according to the EU taxonomy directive as well as ISAE certifications, and in 2020, to expenses incurred for the certification of the internal control system according to ISAE3402-1 requested by customers.

(7) Financial Result

in TEUR	2021	2020
Interest income on financial assets at amortized cost	4,380	3,585
Interest income on investments at fair value through profit or loss	206	27
Interest income on investments at fair value through other comprehensive income	63	4
Interest income on finance lease	196	162
Interest income	**4,845**	3,777

in TEUR	2021	2020
Interest expense on financial liabilities at amortized cost	89,084	87,924
Interest expense on lease liabilities	12,022	14,914
Interest capitalized	-2,430	-1,200
Interest expense on asset retirement obligations	1,976	2,239
Interest expense on deferred consideration	39	32
Interest expense	**100,691**	103,909

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 release of the hedging reserve (see Notes (25) and (33)). For interest expense on lease liabilities and on asset retirement obligations, see Notes (30) and (23). For interest expense on deferred consideration, see Notes (22) and (26).

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 2021, 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 3.0% (2020: 3.0%).

in TEUR	2021	2020
Interest expense on employee benefit obligations	2,250	3,313
Interest expense on restructuring provisions	971	2,119
Fees for unused credit lines	2,178	2,364
Dividends received	-474	-319
Loss on disposal of debt instruments at fair value through other comprehensive income	0	22
Expected credit loss	687	0
Interest on taxes	2,422	-9,157
Income from measurement of instruments at fair value through profit or loss	-726	-1,386
Loss from measurement of instruments at fair value through profit or loss	534	571
Interest on employee benefits and restructuring and other financial items, net	**7,843**	-2,474

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 expected credit loss relates to financial investments (see Note (19)). In 2021 and 2020, the expense respectively gain from interest on taxes mainly relate to tax audits in Bulgaria (see Note (29)). Net gains or net losses of financial instruments at fair value through profit or loss include neither dividends nor interest.

in TEUR	2021	2020
Foreign exchange gains	11,732	13,910
Foreign exchange losses	-8,809	-32,781
Foreign exchange differences	**2,923**	-18,871

The decrease in foreign exchange losses in 2021 is mainly due to the development of the Belarusian ruble (see 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:

	2021	2020
Net result attributable to owners of the parent in TEUR	454,458	388,421
Weighted average number of common shares outstanding	664,084,841	664,084,841
Basic and diluted earnings per share in euro	**0.68**	0.58

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, 2021 and 2020.

(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 Telekom Austria Group invests its cash with various financial institutions with sound 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	2021	2020
Accounts receivable, gross	1,061,396	1,048,949
Loss allowances	-279,041	-274,267
Accounts receivable, net	**782,355**	774,682
Thereof remaining term of more than one year	67,554	58,838

At December 31, 2021 and 2020, 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 Telekom Austria Group is also a related party to its subsidiaries. Through ÖBAG, A1 Telekom Austria 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) and Verbund). Members of the Supervisory Board of Telekom Austria AG qualify as related parties.

Business transactions with related parties are provided or purchased at standard market rates. All 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, there are no financing activities with related parties.

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

in TEUR	2021	2020
Revenues (incl. other operating income)	115,703	101,763
Expenses	78,970	86,168

In the years reported, revenues generated with Austrian related parties comprise the full service portfolio of A1 Telekom Austria Group. The increase in revenues is mainly due to the digitalization in the public sector, which was accelerated by the COVID-19 pandemic. 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 decrease is substantially due to lower postage fees as invoices are mailed digitally. In the years reported, revenues and expenses with the América Móvil Group relate to interconnection and roaming, which decreased as a result of the COVID-19 pandemic, as well as to other charges.

A1 Telekom Austria Group is obligated to provide communication services for low-income households and other entitled individuals at reduced tariffs for which it is compensated by the Republic of Austria on a contractual basis. In June 2021, the contract with the Republic of Austria valid in 2020 was renewed and specifies the unchanged reimbursement of EUR 10.00 per customer per month for customers having a valid official notice. In 2021, the total reimbursement recorded as revenue in the service period was TEUR 9,077 (2020: TEUR 10,177).

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

For government grants for assets received from the Republic of Austria, see Note (15)). Tax exempted research bonuses are disclosed in Note (5).

At December 31, 2021 and 2020, accounts receivable due from related parties and accounts payable due to related parties, as recognized in the Consolidated Statement of Financial Position, relate primarily to subsidiaries of América Móvil. These receivables and payables relate to operating business activities.

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 Telekom Austria Group registered in the Company Register as well as the members of the Management Board of Telekom Austria AG.

in TEUR	2021	2020
Short-term employee benefits	10,713	9,392
Pensions	513	512
Other long-term benefits	0	50
Termination benefits	164	124
Share-based payments	1,176	62
Compensation of key management	**12,566**	**10,140**
Expenses for pensions and severance for other employees	19,748	20,107
Expenses for pensions and severance for Management Board	395	384

For members of the Management Board of Telekom Austria AG, see Note (36).

Expenses for pensions and severance consist of statutory and voluntary severance expenses, contributions to pension plans and other pension payments.

(12) Inventories

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

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

in TEUR	2021	2020
Write-down/ reversals of write-down of inventories	-1,168	-445

Impairment loss: negative values; reversal of impairment: positive values

(13) Other Current Assets, Net

Other current assets are broken down as follows:

in TEUR, at December 31	2021	2020
Prepaid expenses	61,186	52,621
Other current assets	76,357	57,465
Contract costs	41,575	42,315
Total	**179,118**	**152,401**

Prepaid expenses

in TEUR, at December 31	2021	2020
Advances to employees	14,769	15,296
Concession fees	14,883	14,079
Other	31,534	23,246
Prepaid expenses	**61,186**	**52,621**

Other current assets

in TEUR, at December 31	2021	2020
Finance lease receivables	1,636	1,584
Accrued interest	1,824	1
Other financial assets	11,494	5,350
Financial assets	14,953	6,935
Fiscal authorities	1,513	1,820
Advance payments	3,963	3,545
Government grants	50,877	36,865
Other non-financial assets	11,708	13,309
Non-financial assets	68,061	55,539
Other current assets, gross	83,014	62,473
Less loss allowance for financial assets	-4,458	-2,945
Less loss allowance for non-financial assets	-2,199	-2,063
Other current assets	76,357	57,465

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)). The increase in other financial assets relates mainly to the reimbursement of frequency fees in Croatia due in the following year (see Note (20)).

The government grants are mainly attributable to the expansion of the broadband network in Austria (see Note (15)). Other current non-financial assets consist mainly of services not yet billed, claims against the Republic of Austria (see Note (11)), indemnification claims due from insurance companies and receivables due from employees.

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 Telekom Austria Group's normal operating cycle, they are classified as current. A1 Telekom Austria 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	2021	2020
Contract costs, gross	42,553	43,315
Loss allowance contract costs	-978	-1,001
Contract costs, net	41,575	42,315
Thereof remaining term of more than one year	14,948	14,329

Contract costs are expensed over the expected duration of the underlying contract using the straight-line method. In 2021, the amortization of TEUR 36,528 (2020: TEUR 35,732) 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	2021	2020
At January 1	1,001	881
Foreign currency adjustment	2	-8
Reversed	-895	-860
Charged to expenses	871	988
At December 31	978	1,001

(14) Contract Assets

A1 Telekom Austria 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 Telekom Austria 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, 2021, contract liabilities from customer loyalty programs and discounts granted for hardware amounting to TEUR 82,438 (2020: TEUR 76,041) 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 with net contract assets and its portion with a remaining term of more than one year:

in TEUR	2021	2020
At January 1	**109,800**	127,502
Increases	219,562	214,149
Transfers to receivables	-222,890	-231,633
Foreign currency adjustments	45	-218
At December 31	**106,518**	109,800
Loss allowances	-2,958	-2,955
Contract assets, net	**103,559**	106,845
Thereof remaining term of more than one year	44,619	46,406

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

(15) Property, Plant and Equipment

Property, plant and equipment are stated at cost, which includes certain costs that are capitalized during the installation and expansion of the assets, for example material, payroll, direct overhead and interest costs as well as the present value of estimated 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 expenses or other operating income.

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

As of December 31, 2021, the carrying amount of land amounted to TEUR 60,112 (2020: TEUR 60,054).

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
Cost						
At January 1, 2020	10,582,394	924,723	449,487	331,249	115,116	12,402,968
Additions	266,848	6,615	22,078	119,404	101,572	516,517
Disposals	-232,563	-4,020	-47,259	-1,177	-2,488	-287,507
Transfers	314,984	3,272	6,820	-227,349	-108,939	-11,213
Translation adjustment	-85,042	-9,335	-18,732	-6,909	-979	-120,996
Changes in reporting entities	1,777	0	418	45	0	2,241
At December 31, 2020	10,848,397	921,256	412,812	215,263	104,282	12,502,010
Additions	275,628	7,687	26,704	163,527	199,740	673,286
Disposals	-268,829	-4,569	-27,429	-811	-2,483	-304,122
Transfers	340,739	11,072	-43,139	-142,920	-165,721	31
Translation adjustment	24,265	2,619	5,727	1,622	277	34,510
At December 31, 2021	**11,220,199**	**938,065**	**374,676**	**236,681**	**136,094**	**12,905,715**
Accumulated depreciation and impairment						
At January 1, 2020	-8,493,299	-692,820	-341,893	0	-34,699	-9,562,712
Additions	-454,445	-19,351	-43,018	0	-852	-517,666
Disposals	216,430	1,832	46,472	0	1,070	265,805
Transfers	139	-69	-69	0	0	1
Translation adjustment	52,038	2,730	12,272	0	263	67,304
Changes in reporting entities	-1,287	0	-310	0	0	-1,597
At December 31, 2020	-8,680,424	-707,677	-326,546	0	-34,218	-9,748,865
Additions	-476,973	-18,545	-38,729	0	1,475	-532,772
Disposals	244,362	2,175	26,897	0	552	273,987
Transfers	-35,659	0	33,641	0	0	-2,018
Translation adjustment	-15,230	-812	-4,141	0	-72	-20,254
At December 31, 2021	**-8,963,923**	**-724,859**	**-308,878**	**0**	**-32,263**	**-10,029,923**
Carrying amount at						
December 31, 2021	2,256,276	213,206	65,798	236,681	103,831	2,875,792
December 31, 2020	2,167,973	213,579	86,266	215,263	70,063	2,753,145

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

Depreciation on property, plant and equipment is calculated using the straight-line method. 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 estimated useful life of the asset, whichever is shorter. The useful lives in years are:

	2021	2020
Telephonic plant in operation and equipment	2-20	3-20
Buildings and leasehold improvements	3-50	3-50
Other assets	2-10	2-10

Sensitivity analysis

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

in TEUR	2021	2020
Decrease due to extension by one year	98,760	96,560
Increase due to reduction by one year	175,304	163,163

In 2021, the useful lives of certain assets were reduced essentially due to the deployment of new television technologies, which led to an increase in depreciation of TEUR 4,422 in the asset class "telephonic plant in operation and equipment".

Government grants and contractual commitments

In 2021, government grants for assets amounting to TEUR 38,375 (2020: TEUR 33,030) were deducted from acquisition cost. Of this amount TEUR 6,820 (2020: TEUR 418) relate to the investment grant, which was introduced as an incentive for capital expenditures in Austria in 2020 as a result of the COVID-19 crisis, and the other grants relate essentially to the expansion of the broadband network in Austria.

At December 31, 2021, contractual commitments for the acquisition of property, plant and equipment amounted to TEUR 153,736 (2020: TEUR 159,428).

(16) Intangibles

in TEUR	Licenses and other rights	Brand names and patents	Software	Customer base	Construction in progress	Total
Cost						
At January 1, 2020	2,277,992	571,350	1,210,612	1,074,210	99,169	5,233,332
Additions	68,075	893	45,073	79	58,525	172,645
Disposals	-13,052	-589	-89,113	0	-499	-103,254
Transfers	1,465	1,610	52,253	-36	-44,079	11,213
Translation adjustment	-34,555	-16,730	-22,955	-61,690	-2,205	-138,135
Changes in reporting entities	243	459	2	2,450	0	3,154
At December 31, 2020	2,300,166	556,992	1,195,872	1,015,014	110,911	5,178,955
Additions	72,981	393	57,188	9,587	100,857	241,006
Disposals	-221,120	-3,514	-145,298	0	-36	-369,968
Transfers	-1,943	494	53,029	70	-51,681	-31
Translation adjustment	9,900	4,846	5,876	17,520	807	38,949
At December 31, 2021	**2,159,984**	**559,210**	**1,166,667**	**1,042,191**	**160,859**	**5,088,911**
Accumulated amortization and impairment						
At January 1, 2020	-1,049,871	-399,515	-985,954	-1,013,767	0	-3,449,108
Additions	-131,485	-2,888	-106,517	-15,780	0	-256,669
Disposals	12,728	0	79,119	0	0	91,847
Transfers	0	0	-1	0	0	-1
Translation adjustment	15,933	16,740	19,999	60,326	0	112,999
At December 31, 2020	-1,152,695	-385,663	-993,353	-969,221	0	-3,500,932
Additions	-127,058	-2,824	-112,219	-14,626	0	-256,727
Disposals	221,119	3,514	145,202	0	0	369,835
Transfers	2,017	26	-26	0	0	2,018
Translation adjustment	-5,687	-4,752	-5,168	-17,335	0	-32,941
At December 31, 2021	**-1,062,302**	**-389,698**	**-965,565**	**-1,001,182**	**0**	**-3,418,747**
Carrying amount at						
December 31, 2021	1,097,682	169,512	201,102	41,009	160,859	1,670,163
December 31, 2020	1,147,472	171,329	202,518	45,792	110,911	1,678,023

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 over their respective useful lives. 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:

	2021	2020
Mobile communications and fixed net licenses	5-24	5-20
Other rights	2-30	2-30
Patents	5-7	5-7
Software	2-10	2-10
Customer base	5-14	5-14

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

in TEUR	
2022	269,771
2023	229,472
2024	194,665
2025	153,075
2026	106,008
Thereafter	556,202

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	2021	2020
Decrease due to extension by one year	46,993	47,295
Increase due to reduction by one year	81,217	80,387

Licenses and other rights

Other rights with useful lives of more than 20 years relate to indefeasible 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 Telekom Austria 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, 2021, the total cost incurred for the major license agreements, which will expire between 2024 and 2044 (2020: 2023 and 2044), amounted to TEUR 1,959,189 (2020: TEUR 2,126,639).

In 2021, A1 Telekom Austria Group acquired frequencies in Bulgaria for TEUR 5,644 (2.1 GHz, 2.6 GHz and 3.6 GHz), in Slovenia for TEUR 43,609 (700 MHz, 1.4 GHz, 2.1 GHz, 3.6 GHz and 26 GHz) and in Croatia for TEUR 14,010 (700 MHz, 3.6 GHz and 26 GHz). In North Macedonia, TEUR 2,002 were paid for the prolongation of the operator's license in the 2,100 MHz band as well as for a capacity expansion from 2x10 MHz to 2x20 MHz.

In 2020, A1 Telekom Austria Group acquired frequencies in Austria for TEUR 65,816 which are used for the new 5G network. A1 acquired at auction 30 MHz in the new 1.5 GHz band and increased its share in the 2.1 GHz band from 20 MHz to 25 MHz. In addition, a commitment was made to supply 349 highly rural communities. Thus an additional contribution was made to further strengthen rural areas. The new licenses are valid from October 2020 and January 1, 2021, respectively, until December 31, 2044.

Brand names

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

in TEUR	Austria	Corporate & Other	Total
At January 1, 2020	158,351	2,056	160,407
Translation adjustment	0	10	10
Changes in reporting entities	0	459	459
At December 31, 2020	158,351	2,525	160,876
Translation adjustment	0	94	94
At December 31, 2021	**158,351**	**2,619**	**160,970**

Regarding the changes in business combinations, 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 of royalty” method.

If a brand name is intended for discontinuation in the foreseeable future, its carrying amount is amortized over its remaining estimated useful life.

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

in TEUR, at December 31	2021	2020
A1 Telekom Austria	144,910	144,910
Cable Runner	491	491
YESSS!	12,950	12,950
Total Austria	**158,351**	158,351
Exoscale	2,160	2,066
Invenium	459	459
Total Corporate & Other	**2,619**	2,525
Total brand names	**160,970**	160,876

Software

Certain direct and indirect development costs associated with internally developed software are capitalized once the project has reached the application development stage. 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 immediately in the year they arise.

The following table shows internally developed software included in the line item “Software”:

in TEUR, at December 31	2021	2020
Cost of production	71,100	66,926
Accumulated amortization	-55,811	-48,858
Carrying amount	15,289	18,068
Additions	1,796	3,166

Customer base

On April 1, 2021, the Austrian subsidiary A1 Telekom Austria AG acquired the assets and liabilities of the Alcatel Lucent Voice Business from NTT Austria GmbH, which consists of active customer contracts for the maintenance of PABX systems ("NTT customers"). These were reported as additions to the customer base in 2021.

Construction in progress

In 2021 and 2020, transfers include reclassifications of construction in progress to tangible and intangible assets.

Contractual commitments

At December 31, 2021, contractual commitments for the acquisition of intangible assets amounted to TEUR 57,023 (2020: TEUR 51,229).

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 or 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 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 Telekom Austria Group considers the need to reverse all or a portion of the impairment charge.

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 carried out. 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 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, 2020	708,212	242,691	127,298	14,405	148,024	30,065	8,151	1,278,845
Translation adjustment	0	0	-1,645	-3,692	0	-102	39	-5,400
Acquisitions	0	0	0	0	2,699	0	7,865	10,564
At December 31, 2020	708,212	242,691	125,653	10,713	150,723	29,963	16,055	1,284,010
Translation adjustment	0	0	330	1,054	0	33	373	1,791
At December 31, 2021	708,212	242,691	125,983	11,767	150,723	29,996	16,429	1,285,801

For details of acquisitions, see Note (34).

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

in TEUR, at December 31	2021	2020
Segment Austria	712,232	712,232
Segment Bulgaria	642,691	642,691
Segment Croatia	131,018	130,675
Segment Belarus	375,561	341,733
Segment Slovenia	178,647	178,647
Segment North Macedonia	35,095	35,057
Corporate & Other	16,429	16,055
Total cost	2,091,673	2,057,091

in TEUR, at December 31	2021	2020
Segment Austria	4,020	4,020
Segment Bulgaria	400,000	400,000
Segment Croatia	5,035	5,022
Segment Belarus	363,794	331,021
Segment Slovenia	27,924	27,924
Segment North Macedonia	5,100	5,094
Accumulated impairment	805,873	773,081

Impairment test

Goodwill and other intangible assets with indefinite useful lives and other 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.

For the purpose of impairment testing, assets are summarized in cash-generating units, which are the smallest identifiable group of assets that generate cash inflows and that are largely independent of the cash inflows from other assets or groups of assets. Goodwill acquired in a business combination is allocated to each of the cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units, starting from the acquisition date. Each unit or group of units to which goodwill is allocated shall: (a) represent the lowest level within the entity at which goodwill is monitored for internal management purposes; and (b) not be larger than an operating segment. Cash-generating units to which goodwill has been allocated shall be tested for impairment annually by comparing the carrying amount of the unit, including its assigned goodwill, with the recoverable amount of the cash-generating unit. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

A1 Telekom Austria Group performs these impairment tests by calculating the value in use based on capital-market-oriented valuation methodology. The weighted average cost of capital (WACC) applied corresponds to the weighted average interest on equity and debt. Value in use is determined by estimating the future net cash flows of the cash-generating unit based on the business plans with a detailed planning period of five years. Significant assumptions to determine the value in use comprise the development of revenues, cost drivers, working capital changes, capital expenditure, growth rate and discount rate.

Assumptions in terms of revenue development 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 are based on past experience and internal expectations.

Growth rates applied to the perpetual annuity consider general growth rates and company-specific revenue growth rates of prior periods and those used in detailed planning, respectively.

The discount rate for each cash-generating unit is determined separately based on market data and taking into account specific risks associated with the cash-generating unit. The cost of equity is derived from the expected return on investment by the investors. The cost of debt as well as beta factors and capital structure are derived from the peer group based on publicly available market data. The beta factor used on the reporting date is the average of the 2-year beta of the last twelve months.

The following parameters, which take into account the impact of COVID-19 (see Note (3)), were used to calculate the value in use:

	Growth rates perpetual annuity		Pre-tax interest rates	
	2021	2020	2021	2020
Segment Austria	1.2%	0.7%	4.1%	4.6%
Segment Bulgaria	2.0%	2.0%	5.2%	6.7%
Segment Croatia	2.3%	1.5%	6.2%	8.4%
Segment Belarus	7.2%	6.1%	13.5%	17.0%
Segment Slovenia	2.4%	1.5%	4.5%	6.1%
Segment North Macedonia	3.0%	2.2%	6.8%	9.0%
Corporate & Other	1.2%	0.7%	4.0%	4.6%

Pre-tax interest rates are based on a risk-free borrowing rate, adjusted for market, country and industry-specific risks. A standard discount rate is used for all planning periods.

The calculated value in use is compared with the carrying amount of the cash-generating units (including goodwill). If the value in use of the cash-generating unit exceeds its carrying amount, the cash-generating unit and the goodwill allocated to that cash-generating unit shall be regarded as not impaired. Rather, A1 Telekom Austria Group examines if impairment losses recognized in the past (with the exception of goodwill) must be reversed.

If the value in use is lower than the carrying amount of the cash-generating unit, an impairment charge is recognized in profit or loss. The impairment loss shall first be allocated to the carrying amount of any goodwill allocated to the cash-generating unit, and then to the other assets of the cash-generating unit pro rata on the basis of the carrying amount of each asset in the cash-generating unit, provided that the recoverable amount is less than the carrying amount of the cash-generating unit. These reductions in the carrying amounts represent impairment losses on individual assets.

At December 31, 2021 and 2020, 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

On September 17, 2021, the Austrian subsidiary A1 Telekom Austria AG acquired a 49% interest in the newly founded company Canal+ Austria ("Canal+") by making a capital contribution of TEUR 17 which was paid in January 2022. Furthermore, A1 Telekom Austria committed itself to providing a contribution of TEUR 1,965, which was paid in January 2022 as well. The joint venture was entered into to expand the TV business in Austria.

At December 31, 2021, Canal+ was the only investment accounted for using the equity method (2020: none). The following table shows the development of the investment in associates:

in TEUR	2021
At January 1	0
Recognized income	-17
Changes in reporting entities	17
At December 31	0

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

in TEUR, at December 31	2021
Proportionate equity	-57
Recognized liability	57
Investments in associates	0

Based on the contribution obligation, a short-term financial liability was recognized for the loss not covered by the investment according to IAS 28.39 (see Note (22)).

In 2020, the loss of TEUR 11,560 recognized in the line item "Equity interest in net income of associated companies" and reported in the segment Corporate & Other relates to the 24.9% interest in Telecom Liechtenstein which was sold for a consideration paid in cash of TEUR 19,543 on July 21, 2020.

(19) Investments

in TEUR, at December 31	2021	2020
Equity instruments at fair value through profit or loss - mandatory	3,914	5,091
Debt instruments at fair value through other comprehensive income - mandatory	30,363	2,550
Debt instruments at fair value through profit or loss - mandatory	30,145	1,534
Investments at amortized cost	164,444	168,071
Investments	**228,866**	**177,246**

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

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

"Debt instruments at fair value through other comprehensive income – mandatory" include quoted bonds, which were held for generating contractual cash flows as well as for sale. 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, 2021, the subsidiary paybox Bank AG is obliged to hold bonds in the amount of TEUR 2,487 (2020: TEUR 2,550) due to the Capital Requirements Regulation.

"Debt instruments at fair value through profit or loss – mandatory" include other long-term financial investments that do not meet the solely payment of principal and interest ("SPPI") criterion. At December 31, 2021, TEUR 1,495 (2020: TEUR 1,534) serve as coverage for the provision for pension obligations in Austria.

At December 31, 2021, financial assets at amortized cost include quoted bonds with investment grade ratings of TEUR 139,363, which are held to generate contractual cash flows, as well as fixed-term deposits of TEUR 25,081 (2020: fixed-term deposits only). At December 31, 2020, fixed-term deposits of TEUR 3,175 served as cash reserve for the subsidiary paybox Bank AG according to contractual obligations to the licensor VISA. At December 31, 2021, there are no obligations of this kind as the license contract with VISA was cancelled.

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

(20) Other Non-current Assets, Net

in TEUR, at December 31	2021	2020
Finance lease receivables	2,460	2,994
Other financial assets	10,190	16,841
Financial assets	**12,650**	**19,835**
Other non-financial assets	**14,605**	**8,901**
Other non-current assets, gross	**27,256**	**28,735**
Less loss allowance for financial assets	-3,668	-3,673
Other non-current assets, net	**23,588**	**25,062**

For finance lease receivables as well as the loss allowance recognized that is included in the loss allowance for financial assets, see Note (30). Other financial assets (including loss allowance) relate mainly to deferred receivables from a distributor and to receivables from the reimbursement of frequency fees as a result of the reduction in fees 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	2021	2020
Current portion of long-term debt	749,702	749,039
Short-term bank debt	803,510	22
Short-term debt	**1,553,212**	749,061

For further information regarding long-term financial debt, see Note (25). Short-term bank debt with an average interest rate of -0.4% will become due between January and December 2022. For further funding sources, see Note (33).

(22) Accounts Payable

Accounts payable consist of the following items:

in TEUR, at December 31	2021	2020
Fiscal authorities	67,503	68,563
Social security	12,101	11,779
Other non-financial liabilities	3,118	5,603
Current non-financial liabilities	**82,722**	85,945
Suppliers	543,250	504,805
Deferred consideration from business combinations	1,312	0
Accrued interest	31,324	29,990
Cash deposits received	12,229	11,129
Employees	34,719	29,413
Long-term incentive program	1,150	690
Employees - transferred to government	0	41
Other current financial liabilities	30,179	23,760
Current financial liabilities	**654,163**	599,829
Accounts payable	**736,885**	685,774

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, 2021, accounts payable - trade amounting to TEUR 13,953 (2020: TEUR 1,705) have a maturity of more than twelve months. The increase in accounts payable due to suppliers is due essentially to the increase in capital expenditures (see table "Reconciliation of capital expenditures paid to capital expenditures" in Note (32)). At December 31, 2021, the deferred consideration from business combinations relates to the acquisition of Akenes in 2017 (see Note (26)). Accrued interest includes mainly interest on bonds (see Note (25)). Liabilities due to employees relate mainly to salaries payable (including overtime and travel allowances), unused vacation days as well as liabilities for one-time termination benefits and service awards. The increase is due to the fact that compared to the previous year less vacation was consumed in 2021. For information on the long-term incentive program, see Note (31). The liabilities regarding employees - transferred to government include compensation for reductions in salaries, lump sum payments for any shortfall in pension payments, as well as one-off payments to civil servants of A1 Telekom Austria Group (see Note (23)). In 2021 and 2020, 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, 2021	403,522	109,075	280,838	17,634	21,355	832,426
Additions	92,104	48,556	14,157	14,038	2,545	171,400
Changes in estimate	6,095	0	-11,933	0	0	-5,838
Used	-96,768	-43,684	-4,022	-7,042	-2,918	-154,436
Released	-17,230	-10,416	-2,376	-146	-3,290	-33,458
Accretion expense	971	908	1,976	0	0	3,856
Reclassifications*	0	11,697	0	0	0	11,697
Translation adjustment	0	201	977	13	30	1,221
At December 31, 2021	**388,695**	**116,337**	**279,618**	**24,496**	**17,722**	**826,868**
Thereof long-term						
December 31, 2021	293,958	0	279,618	0	0	573,576
December 31, 2020	305,180	0	280,838	0	0	586,018

* Reclassifications to current liabilities and short-term portion of employee benefit obligations.

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 Telekom Austria 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 Telekom Austria Group has no influence on the timing of the utilization.

Restructuring

In 2008, a comprehensive restructuring program was initiated in the segment Austria. The provision for restructuring includes future compensation of employees who will no longer provide services for A1 Telekom Austria 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 the contractual obligation exceeds the future economic benefit. The restructuring program also 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. At December 31, 2021, the corresponding liability amounts to TEUR 381,739 (2020: TEUR 395,425) and includes 1,856 (2020: 1,889) employees.

Provisions for restructuring are recorded at their present value. In 2021 and 2020, the rates of compensation increase used to measure the provisions are the same as those used for employee benefit obligations (see Note (27)). The following table presents the discount rates used, which are determined on the basis of the yields of senior, fixed-interest industry bonds, taking into account the respective maturities:

	2021	2020
Employees permanently leaving the service process	0.25%	0.25%
Social plans	0.25%	0.25%
Civil servants transferred to the government	0.25%	0.25%

Changes in the provision are recognized in employee expense and reported in the line item “Selling, general and administrative expenses”, while the accretion expense is reported in the financial result in the line item “Interest expense on restructuring provision” (see Note (7)). The provision was reversed, mainly because a number of employees returned to regular operations or opted for plans such as golden handshakes, special severance packages and early retirement to an extent not foreseeable at the time of measurement in the previous year.

Based on the general agreement for the transfer of personnel, which was entered into 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 Telekom Austria Group bears the salary expense. In case of a permanent transfer, A1 Telekom Austria 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, 2021, the provision for the transfer of civil servants to the government amounts to TEUR 6,956 (2020: TEUR 8,097) and comprises 107 (2020: 113) employees. For information on additional reported liabilities for employees transferred to the government, see Note (22).

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

	2021	2020
Employees permanently leaving the service process	5.6	6.0
Social plans	3.2	3.2
Civil servants transferred to the government	5.0	5.4

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
2021		
Change in discount rate	–11,302	11,978
Change in rate of compensation	9,223	–8,900

in TEUR, at December 31	1 percentage point increase	1 percentage point decrease
2020		
Change in discount rate	–12,407	13,192
Change in rate of compensation	10,198	–9,810

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)).

In its judgement 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 judgement of May 8, 2019, the European Court of Justice (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 in the Austrian Federal Law Gazette (N. 58/2019). A1 Telekom Austria Group recognized a provision of TEUR 28,502 at December 31, 2021 (2020: TEUR 29,845), for impending back payments of salaries to the civil servants assigned to it.

Asset retirement obligation
Liabilities for asset retirement obligations are measured at their net present value in accordance with IAS 37, 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 from existing provisions are accounted for in accordance with IFRIC 1.

A1 Telekom Austria Group records obligations for the retirement and decommissioning of wooden masts treated with tar or salt, base stations, payphones as well as land and buildings including rented premises.

For the assessment of obligations in connection with the retirement of wooden masts treated with tar or salt that are in operation, A1 Telekom Austria Group uses the expected settlement dates and future expected cash flows.

A1 Telekom Austria Group operates base stations on land, rooftops and on other premises under various types of rental contracts. In estimating the fair value of the retirement obligation for its base stations, A1 Telekom Austria Group has made a number of assumptions such as the time of retirement or an early cancellation as well as the percentage of base stations that will be retired early, the development of technology and the cost of remediating the sites.

Based on the new telecommunication law 2021 ("TKG 2021") A1 is no longer obliged to operate public telephone booths in Austria, which resulted in an increase in the asset retirement obligation for telephone booths of TEUR 10,439.

Additionally, A1 Telekom Austria Group records obligations in connection with the disposal of hazardous substances as well as the decontamination of land when decommissioning a building. Obligations to return the premises to their original condition upon expiration of the lease contracts are reported for buildings and office premises that A1 Telekom Austria Group has rented as part of lease agreements.

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

	2021	2020
Discount rate	0.6%-9.7%	0.0%-11.0%
Inflation rate	1.9%-5.8%	1.5%-5.0%

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 maturity of 30 years, adapted for each country with the Damodaran-rate-based default spread. For those countries whose currencies are not tied to the euro, the respective inflation differential 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 taken into account 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 book value of the related item of property, plant and equipment (see change in estimates in the table of provisions). In 2021, TEUR 1,442 (2020: TEUR 2,416) were recognized in other operating income as the related tangible assets are already fully depreciated.

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
2021		
Change in discount rate	-26,568	32,707
Change in inflation rate	32,552	-27,030
in TEUR at December 31		
2020		
Change in discount rate	-29,839	36,186
Change in inflation rate	35,376	-29,836

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.

(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 Telekom Austria 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 Telekom Austria Group's normal operating cycle, they are classified as current.

The following table shows the development of contract liabilities:

in TEUR	2021	2020
At January 1	**188,658**	173,954
Increases due to payments received	1,255,814	1,124,561
Revenues recognized in the current period from:		
Amounts included in the contract liability at beginning of the period	-162,438	-142,247
Increases due to payments received in current period	-1,076,703	-966,835
Foreign currency adjustments	318	-774
At December 31	**205,648**	188,658
Thereof remaining term of more than one year	22,812	21,613

At December 31, 2021 and 2020, 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 of long-term debt and its current portion are summarized in the following table:

		At December 31, 2021				At December 31, 2020			
Currency	Maturity	Nominal interest rate		Face value	Carrying amount	Nominal interest rate		Face value	Carrying amount
Bonds									
TEUR	2021			0	0	fixed	3.125%	750,000	749,039
TEUR	2022	fixed	4.000%	750,000	749,702	fixed	4.000%	750,000	748,545
TEUR	2023	fixed	3.500%	300,000	299,617	fixed	3.500%	300,000	299,364
TEUR	2026	fixed	1.500%	750,000	746,502	fixed	1.500%	750,000	745,794
Total bonds				**1,800,000**	**1,795,822**			2,550,000	2,542,742
Financial debt				**1,800,000**	**1,795,822**			2,550,000	2,542,742
Current portion of long-term debt				-750,000	-749,702			-750,000	-749,039
Long-term debt				**1,050,000**	**1,046,120**			1,800,000	1,793,703

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 December 3, 2021, A1 Telekom Austria Group redeemed a bond with a face value of TEUR 750,000.

On April 2, 2012, A1 Telekom Austria Group issued a bond with a face value of TEUR 750,000, discount and the issue costs of TEUR 11,575, a maturity of ten years and a coupon of 4.0%.

On July 4, 2013, A1 Telekom Austria Group issued a bond with a face value of TEUR 300,000, discount and issue costs of TEUR 2,574, a maturity of ten years and a coupon of 3.5%.

On December 7, 2016, A1 Telekom Austria Group issued a bond with a face value of TEUR 500,000, a maturity of ten years and a 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.

(26) Other Non-current Liabilities

in TEUR, at December 31	2021	2020
Cash deposits received	203	754
Deferred consideration from business combinations	5,837	7,053
Sundry other non-current financial liabilities	36,894	44,775
Other non-current financial liabilities	**42,934**	52,582
Long-term incentive program	1,165	892
Sundry other non-current non-financial liabilities	338	427
Other non-current non-financial liabilities	**1,503**	1,319
Other non-current liabilities	44,436	53,901

At December 31, 2021, the deferred consideration from business combinations relates to the acquisition of Invenium in 2020 as well as, at December 31, 2020, to the acquisition of Akenes in 2017, which will become due next year and is thus presented as short-term in the current year (see Notes (22) and (34) and table “Development of total liabilities from financing activities” in Note (32)). 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).

See Note (31) regarding the long-term incentive program.

(27) Employee Benefits

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

In the case of defined contribution plans, A1 Telekom Austria 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	2021	2020
Service awards	49,118	55,415
Severance	166,329	169,904
Pensions	4,763	5,469
Other	1,862	726
Long-term employee benefit obligations	**222,073**	231,513

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

For severance and pensions, A1 Telekom Austria 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 Telekom Austria 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:

	2021	2020
Discount rate service awards	0.25%	0.25%
Discount rate severance	1.00%	0.75%
Discount rate pensions	0.75%	0.50%
Rate of compensation increase – civil servants	4.00%	4.10%
Rate of compensation increase – other employees	3.00%	3.00%
Rate of compensation increase – civil servants released from work	3.40%	3.50%
Rate of increase of pensions	1.60%	1.60%
Employee turnover rate*	0.0%-1.12%	0.0%-1.31%

* 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.

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:

	2021	2020
Service awards	4.3	4.8
Severance	12.6	13.5
Pensions	11.2	11.5

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 Telekom Austria Group is exposed to is the risk of development of salary increases and changes of interest rates.

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

in TEUR	2021	2020
At January 1	**62,719**	66,092
Service cost	1,739	1,874
Interest cost	150	476
Actuarial gain/loss from experience adjustment	–960	–365
Actuarial gain/loss from changes in demographic assumptions	–2	–11
Actuarial gain/loss from changes in financial assumptions	–288	825
Recognized in profit or loss	**639**	2,798
Benefits paid	–6,693	–6,171
Obligation at December 31	**56,665**	62,719
Less short-term portion	–7,547	–7,304
Non-current obligation	**49,118**	55,415

At December 31, 2021 and 2020, less than 1% of the non-current defined benefit obligation for service awards relate to foreign subsidiaries.

Severance

Defined contribution plans

Employees who started work for A1 Telekom Austria Group in Austria on or after January 1, 2003 are covered by a defined contribution plan. In 2021, A1 Telekom Austria Group paid TEUR 2,853 (2020: TEUR 2,705), 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 Telekom Austria 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 Telekom Austria Group are salary increases and changes of interest rates.

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

in TEUR	2021	2020
At January 1	173,636	158,770
Service cost	4,634	4,405
Interest cost	1,295	1,947
Recognized in profit or loss	5,929	6,351
Actuarial gain/loss from experience adjustment	–289	694
Actuarial gain/loss from changes in demographic assumptions	–249	93
Actuarial gain/loss from changes in financial assumptions	–5,469	11,166
Recognized in other comprehensive income	–6,007	11,953
Benefits paid	–2,688	–3,438
Obligation at December 31	170,871	173,636
Less short-term portion	–4,542	–3,732
Non-current obligation	166,329	169,904

At December 31, 2021, approximately 4% (2020: 4%) of the non-current defined benefit obligation for severance relate 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 Telekom Austria Group made in 2021 to the social security system and the government in Austria amount to TEUR 59,899 (2020: TEUR 60,173). In 2021, contributions of the foreign subsidiaries into the respective systems range between 7% and 29% of gross salaries and amount to TEUR 25,085 (2020: TEUR 24,542).

Additionally, A1 Telekom Austria Group offers a defined contribution plan for employees of some of its Austrian subsidiaries. A1 Telekom Austria Group's contributions to this plan are based on a percentage of the compensation not exceeding 5%. In 2021, the annual expenses for this plan amounted to TEUR 11,933 (2020: TEUR 12,060).

Defined benefit pension plans

A1 Telekom Austria 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 Telekom Austria Group is exposed primarily to the risk of development of life expectancy and inflation because the benefits from pension plans are lifetime benefits. Furthermore, at December 31, 2021, approximately 24% (2020: 20%) of the obligation for pensions relate to the employees of the company Akenes in Lausanne.

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

in TEUR	2021	2020
At January 1	**5,851**	5,583
Service cost	80	38
Interest cost	28	53
Past service cost	-92	0
Recognized in profit or loss	**15**	91
Actuarial gain/loss from experience adjustment	-399	271
Actuarial gain/loss from changes in financial assumptions	-82	295
Recognized in other comprehensive income	**-481**	566
Benefits paid	-335	-387
Foreign currency adjustments	50	-3
Obligation at December 31	**5,101**	5,851
Less short-term portion	-337	-382
Non-current obligation	**4,763**	5,469

Sensitivity analysis

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

in TEUR, at December 31	2021	2020
Service awards	56,665	62,719
Severance	170,871	173,636
Pensions	5,101	5,851

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
2021		
Service awards	1,250	-1,206
Severance	11,182	-10,307
Pensions	555	-484
in TEUR, at December 31		
2020		
Service awards	1,532	-1,474
Severance	12,183	-11,182
Pensions	574	-501

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
2021		
Service awards	-2,275	2,389
Severance	-19,474	22,406
Pensions	-404	463
in TEUR, at December 31		
2020		
Service awards	-2,781	2,937
Severance	-21,050	24,413
Pensions	-490	564

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
2021		
Service awards	17	-1,215
Severance	4,346	-5,642
Pensions	3	-3

in TEUR, at December 31		
2020		
Service awards	21	-1,485
Severance	5,064	-5,803
Pensions	5	-5

For pensions, the fluctuation is only applied to beneficiaries not yet retired. The calculation of a 0.5% decrease is limited to a maximum of 0.0% of the employee turnover rate.

(28) Stockholders' Equity

Capital management

The capital structure of A1 Telekom Austria Group consists of liabilities and equity attributable to the equity holders of the parent company, which is disclosed in the Consolidated Statement of Changes in Stockholders' Equity and comprises common stock, treasury shares, additional paid-in capital, retained earnings, remeasurement of defined benefit plans, measurement of debt instruments, hedging reserve as well as translation reserve.

A1 Telekom Austria Group manages its capital structure to safeguard its solid capital base in order to maintain investor, creditor and market confidence as well as to provide sustainable support to the future operational development of A1 Telekom Austria Group.

At Group level, maintaining a solid investment grade rating is the number one priority. This will allow the financial flexibility required for strategically important projects. Together with a sustainable and transparent dividend policy the balance between shareholder remuneration and the utilization of cash to redeem outstanding debt is ensured.

Share capital

At December 31, 2021 and 2020, 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, 2021 and 2020, América Móvil indirectly holds a stake of 51.00% through its 100% subsidiary América Móvil B.V., Netherlands, while ÖBAG holds a stake of 28.42% and free floated shares including treasury shares amount to 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 operative risks as well as liquidity coverage requirements. On December 31, 2021 and 2020, these requirements were fulfilled.

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

At December 31	2021	2020
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:

	2021	2020
Date of Annual General Meeting	May 14, 2021	September 24, 2020
Dividend per share in euro	0.25	0.23
Total dividend paid in TEUR	166,021	152,740
Date of payment	May 25, 2021	October 2, 2020

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

in TEUR	2021	2020
Net income	1,183,153	-32,072
Release of reserves reported in retained earnings	0	246,194
Allocation to reserves reported in retained earnings	-950,925	0
Profit carried forward from prior year	222,803	174,702
Unappropriated retained earnings	455,030	388,824

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 0.28 (2020: euro 0.25) 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 these 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	2021	2020
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 Telekom Austria 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.

Other comprehensive income (loss) items (OCI)

The other comprehensive income (loss) contains the remeasurement of severance and pension obligations (see Note (27)), measurement of debt instruments at fair value through other comprehensive income (see Note (19)), the hedging reserve (see Note (33)) as well as the translation reserve (see Note (3)). Their development is presented in the Consolidated Statement of Comprehensive Income and the Consolidated Statement of Changes in Stockholders' Equity. The foreign currency translation adjustment relates mainly to the consolidation of subsidiaries in Belarus and in the Republic of Serbia.

(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 Telekom Austria 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.

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

in TEUR	2021	2020
Current income tax	111,164	50,340
Deferred income tax	86,413	71,687
Income tax	**197,577**	122,027

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

in TEUR	2021	2020
Continuing operations	197,577	122,027
Income tax on realized result on hedging activities*	1,460	1,460
Income tax on result of debt instruments*	37	8
Income tax on remeasurement of defined benefit obligations*	1,534	-3,035
Total income tax	**200,608**	120,460

* 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 25% to earnings before income tax:

in TEUR	2021	2020
Income tax expense at statutory rate	163,152	127,713
Foreign tax rate differential	-25,451	-30,778
Non-tax-deductible expenses	9,289	9,944
Tax incentives and tax-exempted income	-7,829	-5,944
Tax-free income (loss) from investments	-117	-76
Change in tax rate	-1,083	1,272
Tax benefit/expense previous years	-3,005	-9,905
Changes in deferred tax assets not recognized	1,856	9,107
Impairments (reversals of impairments) of investments in subsidiaries	61,807	19,825
Other	-1,042	868
Income tax	**197,577**	122,027
Effective income tax rate	30.28%	23.89%

In 2021 and 2020, non-deductible expenses consist mainly of non-deductible withholding taxes on dividends as well as various non-deductible expenses in the individual countries.

In 2021 and 2020, tax incentives and tax-exempted income relate mainly to investment and other tax incentives in the individual countries. Furthermore, in both years reported the tax-free income on the fictitious amortization of tax goodwill related to the Austrian tax group is included. Amortization of tax goodwill according to Section 9 (7) KStG is treated as a temporary difference on investments in subsidiaries for tax purposes. According to IAS 12.39, no deferred tax liabilities are recorded in that case.

In 2021, the change in tax rate is due to the increase of the corporate income tax rate from 1.6% to 15.0% in Serbia. In 2020, it is due to an increase in the corporate income tax rate from 18% to 30% for mobile operators in Belarus for the years 2021 and 2022.

In 2021, the tax benefit for prior periods relates to a tax audit in Bulgaria covering the year 2017, which accepted the loss carry-forwards from a business combination. In 2020, the tax benefit for prior periods relates to the tax expense for a tax audit of the Austrian tax group covering the years 2010 to 2015 which was compensated by the tax benefit for a tax audit in Bulgaria covering the years 2011 and 2012. Due to the positive decisions, the accrual for tax and interest on tax (see Note (7)) was released.

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.

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 2021	Deferred tax assets 2020	Deferred tax liabilities 2021	Deferred tax liabilities 2020
Loss carry-forwards	7,893	105,662	0	0
Property, plant and equipment	3,890	3,273	-48,175	-50,042
Right-of-use assets, net	0	0	-148,843	-144,613
Other intangible assets	1,240	30	-68,086	-72,205
Accounts receivable: Subscribers, distributors and other	11,863	9,250	-24	-565
Contract cost	0	0	-6,935	-7,412
Lease liabilities	151,305	147,029	0	0
Provisions, long-term	52,940	52,167	0	0
Employee benefit obligations	31,208	33,459	0	0
Accrued liabilities and accounts payable	14,813	17,813	-49	-80
Other	5,081	3,477	-5,023	-4,829
Total	**280,233**	372,160	**-277,135**	-279,747
Set off	-252,575	-275,672	252,575	275,672
Deferred tax assets/liabilities	**27,657**	96,487	**-24,560**	-4,074
Net deferred tax assets/liabilities	**3,097**	92,413		

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 Telekom Austria 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 have agreed on tax compensation. Positive taxable results are subject to a tax rate of 23%. Negative taxable results are 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 decrease in deferred tax assets on loss carry-forwards relates to the complete use of losses carried forward in the Austrian tax group in 2021. 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.

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.

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)).

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

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

in TEUR, at December 31	2021	2020
Net operating loss carry-forwards	383,471	381,615
Temporary differences related to impairments of investments in consolidated subsidiaries	0	2,593
Deferred tax assets not recognized	383,471	384,208

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 in the detailed planning period and thereafter is unlikely, although the loss carry-forwards can be carried forward indefinitely.

At December 31, 2021, no deferred tax liabilities were recognized on temporary differences related to investments in subsidiaries amounting to TEUR 68,928 (2020: TEUR 65,236), since it is unlikely that these temporary differences will be reversed in the foreseeable future.

(30) Leases

Lessee

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

A1 Telekom Austria Group essentially leases telecommunication sites for fixed-line and mobile telephony as well as other infrastructure and buildings. 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 cancellable contracts with an indefinite term, A1 Telekom Austria Group determined a contract term of seven years which takes into account the planning period, technology, business strategy as well as probabilities. The period of seven years is also applied to options to extend lease contracts. For certain leases related to fixed infrastructure in Austria, 15 years was determined as the appropriate lease term.

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 & buildings	RoU Tele-communication sites	RoU Other facilities	RoU Leased lines	Total
Cost					
At January 1, 2020	389,202	549,829	27,150	129,899	1,096,079
Additions	36,011	53,209	8,621	46,055	143,896
Disposals	-15,167	-37,523	-2,738	-14,931	-70,360
Translation adjustment	-3,010	-11,720	-240	-545	-15,515
At December 31, 2020	407,035	553,795	32,793	160,478	1,154,101
Additions	35,432	42,038	10,986	13,555	102,012
Disposals	-27,084	-19,999	-2,574	-7,280	-56,937
Translation adjustment	935	3,626	175	170	4,906
At December 31, 2021	416,318	579,460	41,380	166,924	1,204,082
Accumulated amortization and impairment					
At January 1, 2020	-45,497	-80,817	-7,518	-20,290	-154,122
Additions	-46,419	-83,205	-8,875	-25,015	-163,515
Disposals	2,576	5,631	2,183	2,172	12,563
Translation adjustment	939	2,977	102	33	4,052
At December 31, 2020	-88,402	-155,414	-14,107	-43,100	-301,023
Additions	-45,735	-81,936	-8,958	-26,552	-163,181
Disposals	14,127	5,737	2,107	2,379	24,350
Translation adjustment	-432	-1,380	-91	-16	-1,919
At December 31, 2021	-120,442	-232,992	-21,050	-67,290	-441,773
Carrying amount at					
December 31, 2021	295,877	346,467	20,330	99,634	762,309
December 31, 2020	318,633	398,381	18,686	117,378	853,078

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.

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

in TEUR	2021	2020
Lease principal paid	154,826	153,802
Lease interest paid	12,205	15,225
Prepaid right-of-use assets	4,448	8,641
Operating lease expense	4,118	4,642
Total cash outflow for leases	175,597	182,311

In 2021, operating leasing expense was reduced due to COVID-19-related rent concessions by TEUR 483 (2020: TEUR 732). In 2021, these relate mainly to sites, while in 2020, they related mainly to shops that were obliged to stay closed during the COVID-19 lockdown as well as to office premises (see Note (3)).

The following table provides a maturity analysis of lease liabilities:

in TEUR at December 31	2021	2020
2021	n.a.*	165,408
2022	166,602	152,377
2023	153,935	141,125
2024	135,171	127,423
2025	122,900	115,994
2026	54,290	n.a.*
Thereafter	**170,642**	**199,939**
Total minimum lease payments	**803,539**	**902,266**
Less amount representing interest	-36,441	-47,333
Present value of lease payments	**767,098**	**854,933**
thereof short-term portion	161,037	154,374
thereof long-term portion	606,061	700,559

*Not applicable for the respective reporting period

A1 Telekom Austria Group elected to apply the recognition exemptions for low-value assets and short-term leases for certain lease assets that are insignificant for its business operations. The recognition exemptions were not applied to base stations, technical sites and facilities as well as 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:

in TEUR	2021	2020
Short-term leases	1,244	1,317
Leases of low-value assets	29	118
Variable lease payments	2,845	3,207

Interest recognized is disclosed in Note (7).
COVID-19-related rent concessions are netted with variable lease payments.

For lease contracts containing options to extend or terminate a lease, A1 Telekom Austria Group assesses at lease commencement date whether it is reasonably certain to exercise the options. A1 Telekom Austria 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. Generally, options to extend or terminate a lease exercisable within a period of seven years are considered exercised respectively not terminated for all substantial contracts for A1 Telekom Austria Group's business activity and thus included in the calculation of the right-of-use asset and the lease liability at commencement date respectively at initial adoption of IFRS 16 at January 1, 2019. Apart from this A1 Telekom Austria Group has no significant options for other leases in its portfolio. 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.

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 Telekom Austria 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, 2021, the carrying amount of assets held exclusively under finance lease amounts to TEUR 26,311 (2020: TEUR 18,327). Furthermore, lease revenues are generated by renting out parts of buildings and telecommunication sites, e.g. mobile sites. The share in these leased out 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	2021	2020
2021	n.a.*	25,444
2022	26,299	18,419
2023	19,319	15,627
2024	16,615	13,887
2025	15,156	7,175
2026	8,569	n.a.*
Thereafter	22,253	21,548
Total minimum lease payments	108,212	102,100

*not applicable for the respective reporting period

Finance leases

Since 2019, the lease of private automatic branch exchange equipment (PABX) is classified as 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	2021	2020
2021	n.a.*	1,727
2022	1,771	1,408
2023	1,288	1,003
2024	828	696
2025	363	13
2026	99	n.a.*
Thereafter	32	47
Total minimum lease payments	**4,380**	**4,894**
Less amount representing interest	-284	-316
Present value of finance lease receivables	**4,096**	**4,578**
thereof short-term portion	1,636	1,584
thereof long-term portion	2,460	2,994
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 Telekom Austria 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 balance sheet 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 long-term incentive program 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), fictitious bonus shares will be allocated to the participants and will be settled in cash. 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.

On June 1, 2021, the twelfth tranche (LTI 2021) and on August 1, 2020, the eleventh tranche (LTI 2020) were granted. Return on invested capital ("ROIC", weighted with 34%), the revenue market share of A1 Telekom Austria Group (weighted with 33%) and sustainable financing (long-term financing in the years 2021 to 2023 and 2020 to 2022, respectively, under a green bond or sustainable finance certificate, weighted with 33%) were defined as key performance indicators.

On August 1, 2019, the tenth tranche (LTI 2019) was granted. Return on invested capital (ROIC) and the revenue market share of A1 Telekom Austria Group (weighted with 50% each) were defined as key performance indicators.

On September 1, 2018, the ninth tranche (LTI 2018) was granted, also with the key performance indicators ROIC and revenue market share. The actual performance and the bonus shares allocated are summarized in the subsequent table; the settlement was effected in cash.

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

	LTI 2021	LTI 2020	LTI 2019	LTI 2018
Start of the program	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018
Grant date	June 1, 2021	August 1, 2020	August 1, 2019	September 1, 2018
End of vesting period	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020
Vesting date	June 1, 2024	August 1, 2023	August 1, 2022	September 1, 2021
Personal investment at grant date	81,387	75,769	77,618	58,719
Personal investment at reporting date*	81,387	75,769	77,618	58,719
Expected performance**	106.30%	101.30%	97.20%	62.50%
Expected bonus shares***	173,029	153,508	150,889	0
Maximum bonus shares***	284,855	265,192	271,663	0
Fair value of program in TEUR	1,230	1,131	1,150	0
Allocated bonus shares	0	0	0	117,439
Average stock price at end of vesting period in euro	0	0	0	6.05
Share-based compensation in TEUR	0	0	0	444

* For LTI 2018, personal investment at the end of the vesting period.
** For LTI 2018, actual performance at the end of the vesting period.
*** Taking into account the allocation of fictitious bonus shares equal to the double personal investment.

As of the reporting date, a liability, measured at fair value for the portion of the expected future expense of the LTI program that has already vested, has been 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 liability is recognized over the vesting period (see Notes (22) and (26)). The following personnel expense is recognized in the Consolidated Statement of Comprehensive Income:

in TEUR	2021	2020
Personnel expense LTI	1,176	62

(32) Cash Flow Statement

The other adjustments in the non-cash and other reconciliation items in the Consolidated Statement of Cash Flows in 2021 and 2020 result mainly from non-cash effects of the asset retirement obligation recognized in other operating income (see Note (23)).

The dividends received in 2021 and 2020 and recognized in the financial result (see Note (7)) had already been settled in cash as of December 31 and are reported in cash flow from operating activities. Dividends paid in 2021 and 2020 to the non-controlling interests of subsidiaries (see Note (34)) are disclosed in the Consolidated Statement of Changes in Stockholders' Equity.

In 2021, no cash and cash equivalents were acquired in the course of business combinations (2019: TEUR 192), (see Note (34)).

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

in TEUR	2021	2020
Capital expenditures paid	**853,254**	742,530
Reconciliation of additions in accounts payable	56,670	-79,763
Reconciliation of government grants	-14,011	-2,690
Reconciliation of right-of-use assets paid	-4,448	-8,641
Total capital expenditures	**891,465**	651,435

In 2021, capital expenditures reached again pre-pandemic levels, after having been reduced in 2020 due to lower investments in network infrastructure and in information and communication technology ("ICT") customer projects as well as due to the Group-wide optimization of the internal project portfolio.

For the definition of capital expenditures, see Note (1). At December 31, 2021, TEUR 135,871 (2020: TEUR 67,261) 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 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.

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

			Non-cash changes				
		Cash flow	Foreign exchange differences	Accretion expense	Lease*	Additions	
in TEUR	December 31, 2021						December 31, 2020
Debt	2,599,332	56,568	0	0	0	0	2,542,764
Lease liability	767,098	-167,032	2,910	12,022	64,265	0	854,933
Deferred consideration from business combinations	7,149	0	57	39	0	0	7,053
Total liabilities from financing activities	**3,373,578**	**-110,463**	**2,967**	**12,061**	**64,265**	**0**	**3,404,750**

in TEUR	December 31, 2020						December 31, 2019
Debt	2,542,764	-119,812	0	0	0	1	2,662,575
Lease liability	854,933	-169,027	-9,068	14,914	77,270	0	940,844
Deferred consideration from business combinations	7,053	0	5	32	0	5,837	1,179
Total liabilities from financing activities	3,404,750	-288,839	-9,063	14,946	77,270	5,838	3,604,598

* Includes additions to new lease contracts as well as terminations or modifications of existing lease contracts.
The cash flow from lease liabilities includes lease principal paid and interest, the latter being reported in the line item "Interest paid".

In 2020, additions to debt and to deferred consideration from business combinations relate to the acquisition of Invenium (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 Telekom Austria Group becomes a party to a financial instrument. A1 Telekom Austria Group uses the settlement date for recording regular purchases and sales of financial assets. Financial assets and financial liabilities are initially recognized at the fair value of the consideration given or received. Transaction costs are included in the initial measurement, except for financial instruments, which are recognized at their fair value through profit or loss.

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 Telekom Austria Group are “hold to collect” and “hold to collect and sell”, respectively, and no derivative financial instruments are held. The contractual cash flows of non-derivative financial instruments consist mainly of principal and interest.

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. Furthermore, financial instruments are included that are measured at fair value (see Note (19)).

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 Telekom Austria 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:

in TEUR, at December 31	Carrying amount 2021	Fair value 2021	Carrying amount 2020	Fair value 2020
Cash and cash equivalents	534,443	n.a.*	210,879	n.a.*
Accounts receivable: Subscribers, distributors and other	782,355	n.a.*	774,682	n.a.*
Receivables due from related parties	4,086	n.a.*	8,442	n.a.*
Other current financial assets	10,496	n.a.*	3,990	n.a.*
Other non-current financial assets	8,983	n.a.*	16,161	n.a.*
Investments at amortized cost	164,444	164,262	168,071	n.a.*
Financial assets at amortized cost	1,504,806	n.a.*	1,182,224	n.a.*
Equity instruments at fair value through profit or loss - mandatory	3,914	3,914	5,091	5,091
Debt instruments at fair value through other comprehensive income - mandatory	30,363	30,363	2,550	2,550
Debt instruments at fair value through profit or loss - mandatory	30,145	30,145	1,534	1,534
Financial assets at fair value	64,422	64,422	9,175	9,175

* Not applicable as the practical expedient of IFRS 7.29 (a) was applied.
For further information on financial investments (at amortized cost and at fair value), see Note (19).

At December 31, 2021, financial investments at amortized cost include quoted bonds with a fair value of TEUR 139,181 and fixed-term deposits of TEUR 25,081 (2020: fixed-term deposits only). The fair values of the 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 book value approximates the fair value.

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

in TEUR	Level 1	Level 2	Level 3	Total
At December 31, 2021				
Financial assets measured at fair value	63,410	1,012	0	64,422
At December 31, 2020				
Financial assets measured at fair value	8,156	1,019	0	9,175

in TEUR, at December 31	Carrying amount 2021	Fair value 2021	Carrying amount 2020	Fair value 2020
Liabilities to financial institutions	803,510	803,873	22	22
Bonds	1,795,822	1,873,794	2,542,742	2,709,357
Payables due to related parties	604	n.a.*	181	n.a.*
Current financial liabilities	654,163	n.a.*	599,829	n.a.*
Other non-current financial liabilities	42,934	42,953	52,582	52,447
Financial liabilities at amortized cost	**3,297,033**	**n.a.***	3,195,357	n.a.*
Lease liability	**767,098**	**n.a.***	854,933	n.a.*

* Not applicable as the practical expedients of IFRS 7.29 (a) respectively 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 (EMTN bonds and Eurobonds) equal the face value multiplied by the price quotations at the reporting date and are thus classified as Level 1 of the fair value hierarchy.

The fair values of the 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 Telekom Austria 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 Group Treasury and the financial departments of the subsidiaries. The existing risks are regularly monitored and, if necessary, A1 Telekom Austria Group responds to changes in market conditions. A1 Telekom Austria Group neither holds nor issues derivative financial instruments for trading, hedging or speculative purposes.

At the reporting dates, A1 Telekom Austria 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 Telekom Austria Group does not have any concentration of risk with respect to contractors, other services, franchises or other rights which could, if suddenly eliminated, severely impact operations.

A1 Telekom Austria 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 Telekom Austria Group. The actual development of the future business environment may differ from this assessment.

Detailed explanations on further risks to which A1 Telekom Austria 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 "Development of the Segments" 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 Telekom Austria 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 financial investments at amortized cost, as disclosed in Note (7). A1 Telekom Austria 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	2021	2020
Investments	228,866	177,246
Cash and cash equivalents	534,443	210,879
Carrying amount	763,308	388,124

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

A1 Telekom Austria 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 Telekom Austria Group, operative credit risk management functions are performed at the operating company level.

The maximum exposure to credit risk for accounts receivable: subscribers, distributors and other, net, as well as financial assets and contract assets equals their carrying amounts (see Notes (10), (13), (20) and (14)):

in TEUR, at December 31	2021	2020
Accounts receivable: Subscribers, distributors and other	782,355	782,628
Financial assets	19,478	20,151
Contract assets	103,559	106,845
Carrying amount	905,392	909,625

Accounts receivable from related parties are not included as they are immaterial.

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

in TEUR, at December 31	2021	2020
Cash deposits	12,432	11,883
Bank guarantees	3,218	2,954

Impairment losses of contract assets and accounts receivable: subscribers, distributors and other are measured at the expected lifetime credit loss (see Note (6)). A1 Telekom Austria 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 2021	ECL 2021	Gross 2020	ECL 2020
Unbilled & billed, not yet due	719,986	23,039	707,853	21,878
Past due 0-30 days	49,743	5,484	49,005	5,538
Past due 31-60 days	16,068	5,330	16,706	5,430
Past due 61-90 days	8,911	4,325	10,925	4,401
More than 90 days	266,688	240,864	264,460	237,021
Total	1,061,396	279,041	1,048,949	274,267

A1 Telekom Austria 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. Before the COVID-19 pandemic, forward-looking information, such as forecasts of changes in unemployment rates or gross domestic product, was not taken into account, as there was no indication that actual credit losses would deviate significantly from historical average. However, in 2020, the forecast of a sharp increase in insolvencies in the following year was taken into account. As a result of this higher expected credit risk due to COVID-19, as described in Note (3), A1 Telekom Austria Group increased the general loss allowance for accounts receivable not yet due from subscribers and from installment sales, which led to additional bad debt expense of TEUR 6,662 in 2020 (see "Charged to expenses" in the following table presenting the development of the loss allowance as well as Note (6)). As the increased general loss allowance for accounts receivable not yet due from subscribers and from installment sales remained unchanged, there was no further impact on the Consolidated Statement of Comprehensive Income in 2021.

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	2021	2020
At January 1	274,267	254,448
Foreign currency adjustment	1,447	-4,815
Change in reporting entities	0	84
Reversed	-5,846	-4,566
Charged to expenses	47,063	64,085
Amounts written-off	-37,890	-34,969
At December 31	279,041	274,267

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

in TEUR, at December 31	2021	2020
Domestic	1,012,540	973,398
Foreign	48,856	83,497
Loss allowances	-279,041	-274,267
Accounts receivable: Subscribers, distributors and other	**782,355**	782,628
Thereof		
Specific loss allowance	3,922	5,015
General loss allowance	275,119	269,252

If there is objective evidence that A1 Telekom Austria 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 2021, income from collections of impaired receivables subject to enforcement activity amounted to TEUR 4,698 (2020: TEUR 2,613) and was recognized in other operating income (see Note (5)).

At December 31, 2021, accounts receivable: subscribers, distributors and other from A1 Telekom Austria Group's customer with the highest turnover amount to TEUR 6,271 (2020: TEUR 13,040). 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	2021	2020
At January 1	**2,955**	3,297
Foreign currency adjustment	3	-13
Reversed	-5,315	-5,056
Charged to expenses	5,315	4,727
At December 31	**2,958**	2,955

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 Telekom Austria Group will not be able to meet its financial obligations as they fall due. A1 Telekom Austria Group's approach to managing liquidity is to ensure that A1 Telekom Austria 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 Telekom Austria Group's Treasury department is responsible for the financial management and makes optimum use of potential synergies in financing the operations of A1 Telekom Austria 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 Telekom Austria 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).

On July 31, 2020, A1 Telekom Austria Group concluded a Euro Commercial Paper Program ("Euro Commercial Papers") with a maximum volume of TEUR 500,000, which was increased to a maximum volume of TEUR 1,000,000 on December 22, 2021. At December 31, 2021 and 2020, no Euro Commercial Papers were issued.

At December 31, 2021, A1 Telekom Austria Group had total credit lines of TEUR 1,015,000 (2020: TEUR 1,115,000), which were not utilized. Credit lines of TEUR 1,000,000 have a term until July 2026 (2020: July 2026), the remaining credit line has a maximum term until September 2022 (2020: September 2021).

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
At December 31, 2021						
Bonds	1,907,250	780,000	21,750	321,750	783,750	0
Bank debt	801,113	3,510	797,602	0	0	0
Accounts payable - trade	543,323	525,857	3,321	7,781	6,364	0
Lease obligations	803,539	96,840	69,762	153,935	312,360	170,642
Other financial liabilities	125,665	83,618	1,339	14,624	16,423	9,660
At December 31, 2020						
Bonds	2,732,438	30,000	795,188	801,750	344,250	761,250
Bank debt	21	21	0	0	0	0
Accounts payable - trade	505,162	500,455	3,002	1,181	524	0
Lease obligations	902,266	96,721	68,688	152,377	384,543	199,939
Other financial liabilities	127,725	71,962	1,316	18,981	25,229	10,237

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.

Market risks

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

Interest rate risk

Financial liabilities

All of A1 Telekom Austria Group's long-term and the majority of its short-term debt has fixed interest rates. Hence there is no significant cash flow exposure due to fluctuating interest rates and no sensitivity analysis is provided (see Notes (21) and (25)).

Financial investments

Changes in interest rates have an impact on the fair value of financial investments held at December 31, 2021. As financial investments at amortized cost are not measured at fair value, changes in interest rates only have an impact on the book value of debt instruments held at fair value through other comprehensive income respectively 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 371 and profit by TEUR 392, respectively. At December 31, 2020, the risk of changes in interest rates was also considered low as the financial investments were recognized almost exclusively at amortized cost and thus there was no sensitivity analysis (see Notes (9) and (19)).

Hedging reserve

The hedging reserve results from the three forward-starting interest rate swap contracts (pre-hedges) entered into in 2011 with a face value of TEUR 100,000 each. The related hedging reserve is 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, as the interest rate risk on that bond was hedged. In 2021 and 2020, the release of the hedging reserve through other comprehensive income resulted in interest expense amounting to TEUR 5,840 and a tax benefit amounting to TEUR 1,460.

Exchange rate risk

At December 31, 2021 and 2020, 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		2021			2020	
Denominated in	EUR	USD	Other	EUR	USD	Other
Accounts receivable: Subscribers, distributors and other	8,731	4,263	8,447	13,678	20,639	11,485
Accounts payable - trade	71,167	4,089	11,088	56,928	11,541	5,806

At December 31, 2021 and 2020, a change of 10% in the exchange rate for the monetary items listed above (see Note (3)) would increase/decrease foreign exchange rate differences as follows:

in TEUR	2021	2020
Croatian Kuna (HRK)	2,298	1,420
Serbian Dinar (RSD)	1,241	1,015
Belarusian Ruble (BYN)	412	422

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, 2021 in %	Method of consolidation*	Share in capital at December 31, 2020 in %	Method of consolidation*
Segment Austria				
A1 Telekom Austria Aktiengesellschaft, Vienna	100.00	FC	100.00	FC
Telekom Austria Personalmanagement GmbH, Vienna	100.00	FC	100.00	FC
A1now TV GmbH, Vienna	100.00	FC	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	100.00	FC	-	-
Canal+ Austria GmbH, Vienna	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 sítě 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
Segment Bulgaria				
A1 Bulgaria EAD, Sofia	100.00	FC	100.00	FC
Cabletel-Prima AD, Nessebar	51.00	FC	51.00	FC
Aprimis, Sofia	100.00	FC	100.00	FC

Name and company domicile	Share in capital at December 31, 2021 in %	Method of consolidation*	Share in capital at December 31, 2020 in %	Method of consolidation*
A1 Towers Bulgaria EOOD, Sofia	100.00	FC	-	-
Segment Croatia				
A1 Hrvatska d.o.o., Zagreb	100.00	FC	100.00	FC
A1 Towers d.o.o., Zagreb	100.00	FC	-	-
Segment Belarus				
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	100.00	FC	100.00	FC
A1 ICT services, Minsk	100.00	FC	-	-
A1 Content, Minsk	-	ME	100.00	FC
Segment North Macedonia				
A1 Makedonija DOOEL, Skopje	100.00	FC	100.00	FC
Telemedia DOOEL, Skopje	100.00	FC	100.00	FC
A1 TOWERS DOOEL Skopje, Skopje	100.00	FC	100.00	FC
LEANWORX DOOEL, Skopje	100.00	FC	-	-
Segment Serbia				
A1 Srbija d.o.o., Belgrade (2020: Vip mobile d.o.o.,)	100.00	FC	100.00	FC
A1 TOWERS INFRUCTRUCTURE d.o.o., Belgrade	100.00	FC	-	-
Segment Slovenia				
A1 Slovenija d.d., Ljubljana	100.00	FC	100.00	FC
Telekomunikacijski sistem Radvanje Pekre Limuš d.d., Maribor	90.46	FC	75.19	FC
DOSTOP KOMUNIKACIJE d.o.o., Portorož	-	ME	100.00	FC
STUDIO PROTEUS, d.o.o., Postojna	100.00	FC	100.00	FC
Corporate & Other				
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	88.83	FC	88.83	FC
Akenes GmbH i. Liqu, Berlin	-	LIQ	100.00	NC
A1 Towers Holding GmbH, Vienna (2020: A1 Projektentwicklungs GmbH)	100.00	FC	100.00	FC
Invenium Data Insights GmbH, Graz	51.00	FC	51.00	FC

* FC – full consolidation, ME – merged, NC – not consolidated because not material, EQ – equity method, LIQ – liquidation, SO – sold

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 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 minority shareholders for exit, 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 Telekom Austria Group with respect to these matters at December 31, 2021. 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 Telekom Austria 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 Telekom Austria 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 Telekom Austria 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 Telekom Austria Group filed a statement of defense in response to the lawsuit. In case the lawsuit is decided in favor of the plaintiff, A1 Telekom Austria Group expects a maximum payment of TEUR 7,560. As A1 Telekom Austria Group expects with a high degree of probability that the case will be dismissed, no provision was recognized.

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

At December 31, 2021 and 2020, the Management Board of Telekom Austria AG consists of three members: Thomas Arnoldner as Chief Executive Officer (CEO) took office on September 1, 2018. Alejandro Plater as Chief Operating Officer (COO) has been a member of the Management Board since March 6, 2015 and Siegfried Mayrhofer as Chief Financial Officer (CFO) since June 1, 2014.

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

in TEUR	2021	2020
Base salary (incl. remuneration in kind)	1,682	1,670
Variable yearly remuneration (Short Term Incentive - "STI")	2,131	1,337
Multi-year share-based remuneration (Long Term Incentive Program)*	444	547
Total	4,256	3,554
Compensation Supervisory Board	376	371

* In 2021, the remuneration relates to the payment of the tranche for LTI 2018 (2020: LTI 2017), see Note (31).
The variable yearly remuneration 2021 includes the total payment for 2020. In 2020, only the residual payment for 2019 was included, as TEUR 939 had already been prepaid in 2019 (thus the total payment of variable yearly remuneration for 2019 amounted to TEUR 2,276).

(37) Employees

The average number of employees during the year 2021 was 17,944 (2019: 18,153). At December 31, 2021, A1 Telekom Austria Group employed 17,856 (2020: 17,949) employees (full-time equivalents).

(38) Subsequent and Other Events

In 2020, A1 Telekom Austria Group began to develop szenarios in which the potential of its mobile communications sites can be better exploited through a targeted management focus on internal efficiencies and higher occupancy rates. In 2021, the so-called "tower companies" were founded in this context in some segments (see Note (34)) which will hold parts of the passive infrastructure of the radio towers of the operative companies ("A1 companies") in the future. 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 were already transferred to the tower companies in 2021. In both segments, new lease contracts were concluded between the tower companies and the A1 companies and in accordance with IFRS 16, related right-of-use assets and lease liabilities were recognized. As all other intercompany transactions, these are eliminated in consolidation and do not have an impact on the segment or group result.

On January 20, 2022, the Ecosocial Tax Reform Act 2022, Part I was adopted by the Austria National Council in its third reading. The current corporate income tax rate of 25% will be reduced to 24% for the year 2023 and to 23% for the years 2024 onwards. Based on the deferred tax liabilities recognized in Austria at December 31, 2021 the change in the tax rate applicable from 2023 and 2024, respectively, will result in an immaterial tax benefit in profit or loss respectively in other comprehensive income in 2022.

(39) Release for Publication

On February 4, 2022, 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 4, 2022

CEO Thomas Arnoldner	COO Alejandro Plater	CFO Siegfried Mayrhofer