

2021

Interim Report
January–June



swisscom

KPIs

| In CHF million, except where indicated | | 30.06.2021 | 30.06.2020 | Change |
|--|-------------|------------|------------|--------|
| Net revenue and results ¹ | | | | |
| Net revenue | | 5,583 | 5,443 | 2.6% |
| Operating income before depreciation and amortisation (EBITDA) | | 2,317 | 2,208 | 4.9% |
| EBITDA as % of net revenue | % | 41.5 | 40.6 | |
| EBITDA after lease expense (EBITDA AL) | | 2,166 | 2,058 | 5.2% |
| Operating income (EBIT) | | 1,089 | 983 | 10.8% |
| Net income | | 1,046 | 736 | 42.1% |
| Earnings per share | CHF | 20.17 | 14.25 | 41.5% |
| Balance sheet and cash flows ¹ | | | | |
| Equity | | 10,060 | 8,238 | 22.1% |
| Equity ratio | % | 40.9 | 34.3 | |
| Operating free cash flow proxy | | 1,083 | 983 | 10.2% |
| Capital expenditure | | 1,083 | 1,075 | 0.7% |
| Net debt | | 6,626 | 7,171 | –7.6% |
| Operational data | | | | |
| Fixed telephony access lines in Switzerland | in thousand | 1,471 | 1,564 | –5.9% |
| Broadband access lines retail in Switzerland | in thousand | 2,027 | 2,048 | –1.0% |
| TV access lines in Switzerland | in thousand | 1,582 | 1,584 | –0.1% |
| Mobile access lines in Switzerland | in thousand | 6,169 | 6,264 | –1.5% |
| Revenue generating units (RGU) Switzerland | in thousand | 11,249 | 11,460 | –1.8% |
| Broadband access lines wholesale in Switzerland | in thousand | 581 | 533 | 9.0% |
| Broadband access lines in Italy | in thousand | 2,774 | 2,692 | 3.0% |
| Mobile access lines in Italy | in thousand | 2,188 | 1,830 | 19.6% |
| Swisscom share | | | | |
| Number of issued shares | in thousand | 51,802 | 51,802 | –% |
| Market capitalisation | | 27,445 | 25,689 | 6.8% |
| Closing price | CHF | 529.80 | 495.90 | 6.8% |
| Employees | | | | |
| Full-time equivalent employees at end of year | number | 19,110 | 18,984 | 0.7% |
| Average number of full-time equivalent employees | number | 19,087 | 19,112 | –0.1% |

¹ Swisscom uses various alternative performance measures. The definitions and the reconciliation to the values in accordance with IFRS are set out in the interim report on pages 25 and 26.

Financial review

Summary

Swisscom's net revenue was up by 2.6% or CHF 140 million at CHF 5,583 million, while operating income before depreciation and amortisation (EBITDA) increased by 4.9% or CHF 109 million to CHF 2,317 million. Adjustments to pension liabilities and provisions as well as currency fluctuations affected revenue and EBITDA. On a like-for-like basis and at constant exchange rates, revenue increased by 2.0% and EBITDA by 2.7%. The consolidated net income of CHF 1,046 million is significantly higher than the previous year (+42.1% or CHF 310 million) primarily due to non-recurring items in EBITDA and in the financial result. This is mainly attributable to a shareholding that Fastweb transferred as a capital contribution to the newly-founded fibre optic network company FiberCop as part of the strategic partnership with TIM. In the first quarter of 2021, this resulted in an upward revaluation recognised in the income statement of CHF 169 million. In addition, the sale of the stake in Belgacom International Carrier Services resulted in a gain of CHF 38 million. EBITDA for the second quarter of 2021 also includes one-off income of CHF 60 million from the adjustment of pension liabilities and the additions to provisions for legal proceedings of CHF 22 million.

In the Swiss core business activity, net revenue increased by 0.5% or CHF 19 million to CHF 4,103 million. The increase was due to growth in sales of smartphones and an increase in solutions business with business customers. However, ongoing competitive and price pressure continued to cause a decline in revenue of 3.1% or CHF 89 million in telecom services. EBITDA in the Swiss core business activity increased by 0.9% or CHF 16 million to CHF 1,797 million. On a like-for-like basis, the increase is 2.1%. The decline in revenue from telecom services and the higher costs of subscriber acquisition and retention were offset thanks to ongoing efficiency improvements. Revenue at Italian subsidiary Fastweb increased by 6.9% or EUR 76 million to EUR 1,181 million, with all customer segments reporting revenue growth. In the broadband business, Fastweb's customer base grew by 3.0% to 2.8 million over the course of the year, and in mobile communications by 19.6% to 2.2 million. EBITDA at Fastweb rose in local currency by 5.2% or EUR 19 million to EUR 384 million, as a result of the growth in revenue.

Swisscom's capital expenditure increased by 0.7% or CHF 8 million to CHF 1,083 million. Capital expenditure in the Swiss core business activity declined by 3.0% or CHF 23 million to CHF 753 million. Capital expenditure in broadband and mobile communications networks increased, while capital expenditure in other infrastructure declined. Fastweb posted an increase in capital expenditure, up 9.1% or EUR 25 million to EUR 301 million, as a result of higher customer-driven investments and higher capital expenditure in network infrastructure.

The operating free cash flow proxy increased by 10.2% or CHF 100 million to CHF 1,083 million, which was attributable to a better operating income before depreciation and amortisation (EBITDA). Net debt fell by 7.6% or CHF 545 million compared to the end of June 2020 and stood at CHF 6,626 million. The number of employees at Swisscom increased by 0.7% or 126 FTEs to 19,110 FTEs. In Switzerland, headcount decreased by 1.0% or 155 FTEs to 15,964 FTEs.

The financial outlook for fiscal 2021 remains unchanged in terms of net revenue and capital expenditure. Swisscom expects net revenue of around CHF 11.3 billion and capital expenditure of CHF 2.2 billion to CHF 2.3 billion. For EBITDA, the forecast is increased from between CHF 4.3 billion and 4.4 billion to CHF 4.4 billion and CHF 4.5 billion and takes into account the ongoing business performance as well as the non-recurring items on pension liabilities and on provisions recognised in the second quarter of 2021. If business develops as planned, Swisscom will propose to the 2022 Annual General Meeting that the dividend for the 2021 financial year remain unchanged at CHF 22 per share.

Segment results

| In CHF million | 2. quarter 2021 | 2. quarter 2020 | Change | 1 st half-year 2021 | 1 st half-year 2020 | Change |
|---|--------------------|--------------------|-------------|-----------------------------------|-----------------------------------|-------------|
| Net revenue | | | | | | |
| Residential Customers | 1,124 | 1,101 | 2.1% | 2,273 | 2,238 | 1.6% |
| Business Customers | 759 | 778 | −2.4% | 1,537 | 1,557 | −1.3% |
| Wholesale ¹ | 230 | 224 | 2.7% | 473 | 449 | 5.3% |
| Infrastructure & Support Functions | 20 | 21 | −4.8% | 39 | 42 | −7.1% |
| Intersegment elimination | (110) | (105) | 4.8% | (219) | (202) | 8.4% |
| Swisscom Switzerland | 2,023 | 2,019 | 0.2% | 4,103 | 4,084 | 0.5% |
| Fastweb | 659 | 599 | 10.0% | 1,293 | 1,179 | 9.7% |
| Other Operating Segments | 265 | 246 | 7.7% | 505 | 487 | 3.7% |
| Intersegment elimination | (167) | (158) | 5.7% | (318) | (307) | 3.6% |
| Revenue from external customers | 2,780 | 2,706 | 2.7% | 5,583 | 5,443 | 2.6% |
| Operating income before depreciation and amortisation (EBITDA) | | | | | | |
| Residential Customers | 706 | 683 | 3.4% | 1,405 | 1,386 | 1.4% |
| Business Customers | 327 | 339 | −3.5% | 665 | 676 | −1.6% |
| Wholesale | 124 | 125 | −0.8% | 262 | 257 | 1.9% |
| Infrastructure & Support Functions | (276) | (277) | −0.4% | (535) | (539) | −0.7% |
| Intersegment elimination | – | 2 | −100.0% | – | 1 | −100.0% |
| Swisscom Switzerland | 881 | 872 | 1.0% | 1,797 | 1,781 | 0.9% |
| Fastweb | 225 | 208 | 8.2% | 420 | 389 | 8.0% |
| Other Operating Segments | 49 | 40 | 22.5% | 83 | 82 | 1.2% |
| Reconciliation pension cost ² | 49 | (16) | | 36 | (31) | |
| Intersegment elimination | (11) | (7) | 57.1% | (19) | (13) | 46.2% |
| Operating income before depreciation and amortisation (EBITDA) | 1,193 | 1,097 | 8.8% | 2,317 | 2,208 | 4.9% |

1 Including intersegment recharges of services performed by other network providers.

2 Operating income of segments includes ordinary employer contributions as pension fund expense. The difference to the pension cost according to IAS 19 is recognised as a reconciliation item.

As of 1 January 2021, Swisscom amended its organisational structure in Switzerland and the segment formerly known as IT, Network & Infrastructure was renamed Infrastructure & Support Functions. The departments with overlapping functions were merged organisationally at Swisscom Switzerland. As a result, Group Headquarters is no longer reported separately in the segment reporting. In addition, Swisscom has transferred various areas among the segments of Swisscom Switzerland and the Other Operating Segments as of 1 January 2021. The prior year's figures were restated accordingly. Further information can be found in Note 2 in the notes to the consolidated interim financial statements.

Reporting is divided into the segments Residential Customers, Business Customers, Wholesale, and Infrastructure & Support Functions, which are grouped under Swisscom Switzerland, as well as Fastweb and Other Operating Segments. The Infrastructure & Support Functions segment does not charge network costs or management fees to other segments. Any other services between the segments are charged at market prices. The results of the Residential Customers, Business Customers and Wholesale segments thus correspond to a contribution margin before network costs.

Swisscom Switzerland

| In CHF million, except where indicated | 2. quarter 2021 | 2. quarter 2020 | Change | 1 st half-year 2021 | 1 st half-year 2020 | Change |
|---|--------------------|--------------------|--------------|-----------------------------------|-----------------------------------|-------------|
| Net revenue and results | | | | | | |
| Telecom services | 1,371 | 1,409 | −2.7% | 2,759 | 2,848 | −3.1% |
| Solutions business | 274 | 260 | 5.4% | 547 | 527 | 3.8% |
| Merchandise | 174 | 175 | −0.6% | 386 | 350 | 10.3% |
| Wholesale | 159 | 158 | 0.6% | 332 | 322 | 3.1% |
| Revenue other | 33 | 1 | | 54 | 6 | 800.0% |
| Revenue from external customers | 2,011 | 2,003 | 0.4% | 4,078 | 4,053 | 0.6% |
| Intersegment revenue | 12 | 16 | −25.0% | 25 | 31 | −19.4% |
| Net revenue | 2,023 | 2,019 | 0.2% | 4,103 | 4,084 | 0.5% |
| Direct costs | (420) | (407) | 3.2% | (867) | (819) | 5.9% |
| Indirect costs | (722) | (740) | −2.4% | (1,439) | (1,484) | −3.0% |
| Segment expenses | (1,142) | (1,147) | −0.4% | (2,306) | (2,303) | 0.1% |
| Segment result before depreciation and amortisation (EBITDA) | 881 | 872 | 1.0% | 1,797 | 1,781 | 0.9% |
| Margin as % of net revenue | 43.5 | 43.2 | | 43.8 | 43.6 | |
| Lease expense | (59) | (58) | 1.7% | (117) | (117) | −% |
| Depreciation and amortisation | (383) | (389) | −1.5% | (757) | (766) | −1.2% |
| Segment result | 439 | 425 | 3.3% | 923 | 898 | 2.8% |
| Operating free cash flow proxy | | | | | | |
| Segment result before depreciation and amortisation (EBITDA) | 881 | 872 | 1.0% | 1,797 | 1,781 | 0.9% |
| Lease expense | (59) | (58) | 1.7% | (117) | (117) | −% |
| EBITDA after lease expense (EBITDA AL) | 822 | 814 | 1.0% | 1,680 | 1,664 | 1.0% |
| Capital expenditure | (382) | (409) | −6.6% | (753) | (776) | −3.0% |
| Operating free cash flow proxy | 440 | 405 | 8.6% | 927 | 888 | 4.4% |
| Operational data in thousand and headcount | | | | | | |
| Fixed telephony access lines | | | | 1,471 | 1,564 | −5.9% |
| Broadband access lines retail | | | | 2,027 | 2,048 | −1.0% |
| TV access lines | | | | 1,582 | 1,584 | −0.1% |
| Mobile access lines | | | | 6,169 | 6,264 | −1.5% |
| Revenue generating units (RGU) | | | | 11,249 | 11,460 | −1.8% |
| Broadband access lines wholesale | | | | 581 | 533 | 9.0% |
| Full-time equivalent employees | | | | 12,867 | 12,857 | 0.1% |

Swisscom Switzerland's net revenue increased by 0.5% or CHF 19 million to CHF 4,103 million. The increase resulted primarily from higher sales of smartphones and growth in the solutions business with business customers. However, ongoing competitive and price pressure continued to cause a decline in revenue from telecom services. This decreased by 3.1% or CHF 89 million to CHF 2,759 million. Of this decline, CHF 51 million (−2.6%) was attributable to the Residential Customers segment and CHF 38 million (−4.4%) to the Business Customers segment. On the other hand, sales from the solutions business rose by 3.8% or CHF 20 million to CHF 547 million. The increase in sales of merchandise by 10.3% or CHF 36 million to CHF 386 million is attributable to the rise in sales of smartphones. The market is showing signs of saturation and competitive pressure in the area of mobile communications and fixed-network services. The subscriber base in mobile communications declined by 1.5% or 95,000 year-on-year to 6.17 million. The number of postpaid lines increased by 89,000 year-on-year, while the number of prepaid lines decreased by 184,000. The number of broadband connections fell by 1.0% or 21,000 to 2.03 million within the space of a year. However, the number of inOne customers continues to increase. At the end of June 2021, the Residential Customers segment recorded 2.48 million inOne customers. In this segment, inOne accounts for 68% of postpaid mobile lines and 80% of broadband connections. The number of TV connections remained stable at 1.58 million (−0.1%). The number of fixed telephony access lines fell year-on-year by 5.9% or 93,000 to 1.47 million.

Segment expense remained more or less unchanged at CHF 2,306 million (+0.1%). Direct costs increased by 5.9% or CHF 48 million to CHF 867 million. In addition to higher costs for merchandise, costs for acquiring and retaining customers also rose. Indirect costs decreased by 3.0% or CHF 45 million to CHF 1,439 million. In the first half of 2021, indirect costs are impacted by a CHF 22 million increase in provisions for litigation. On a like-for-like basis, indirect costs fell by 4.5% or CHF 67 million. This was chiefly due to ongoing efficiency improvements. In addition, capitalised costs increased due to a higher share of self-constructed assets in capital expenditure. Headcount remained more or less stable at 12,867 full-time equivalents (+0.1%). The increase due to the acquisitions of Webtiser and JLS Digital was offset by the reduction resulting from efficiency measures. The segment result before depreciation and amortisation increased by 0.9% or CHF 16 million to CHF 1,797 million, or by 2.1% on a like-for-like basis. The decline in revenue from telecom services and the higher costs of subscriber acquisition and retention were offset thanks to ongoing efficiency improvements. Capital expenditure fell slightly by 3.0% or CHF 23 million to CHF 753 million. Capital expenditure in the expansion of broadband networks and mobile communications networks increased, while capital expenditure in other infrastructure declined. As at the end of June 2021, 86% of all Swiss homes and offices were connected with ultra-fast broadband exceeding 80 Mbps. 68% of all homes and offices benefited from fast connections at over 200 Mbps. Swisscom intends to make ultra-fast broadband available in every Swiss municipality by the end of 2021, even in remote locations. Swisscom also plans to increase fibre-optic coverage with FTTH to up to 60% by the end of 2025.

Fastweb

| In EUR million, except where indicated | 2. quarter 2021 | 2. quarter 2020 | Change | 1 st half-year 2021 | 1 st half-year 2020 | Change |
|---|--------------------|--------------------|--------------|-----------------------------------|-----------------------------------|---------------|
| Net revenue and results | | | | | | |
| Residential customers | 288 | 282 | 2.1% | 574 | 562 | 2.1% |
| Corporate customers | 244 | 224 | 8.9% | 481 | 435 | 10.6% |
| Wholesale | 66 | 55 | 20.0% | 122 | 105 | 16.2% |
| Revenue from external customers | 598 | 561 | 6.6% | 1,177 | 1,102 | 6.8% |
| Intersegment revenue | 2 | 1 | 100.0% | 4 | 3 | 33.3% |
| Net revenue | 600 | 562 | 6.8% | 1,181 | 1,105 | 6.9% |
| Segment expenses | (395) | (367) | 7.6% | (797) | (740) | 7.7% |
| Segment result before depreciation and amortisation (EBITDA) | 205 | 195 | 5.1% | 384 | 365 | 5.2% |
| Margin as % of net revenue | 34.2 | 34.7 | | 32.5 | 33.0 | |
| Lease expense | (13) | (13) | –% | (27) | (26) | 3.8% |
| Depreciation and amortisation | (147) | (142) | 3.5% | (293) | (286) | 2.4% |
| Segment result | 45 | 40 | 12.5% | 64 | 53 | 20.8% |
| Operating free cash flow proxy | | | | | | |
| Segment result before depreciation and amortisation (EBITDA) | 205 | 195 | 5.1% | 384 | 365 | 5.2% |
| Lease expense | (13) | (13) | –% | (27) | (26) | 3.8% |
| EBITDA after lease expense (EBITDA AL) | 192 | 182 | 5.5% | 357 | 339 | 5.3% |
| Capital expenditure | (147) | (138) | 6.5% | (301) | (276) | 9.1% |
| Operating free cash flow proxy | 45 | 44 | 2.3% | 56 | 63 | –11.1% |
| Operational data in thousand and headcount | | | | | | |
| Broadband access lines | | | | 2,774 | 2,692 | 3.0% |
| Mobile access lines | | | | 2,188 | 1,830 | 19.6% |
| Full-time equivalent employees | | | | 2,750 | 2,605 | 5.6% |

Fastweb's net revenue rose year-on-year by 6.9% or EUR 76 million to EUR 1,181 million. Despite persistently challenging market conditions, Fastweb's broadband customer base grew by 3.0% or 82,000 year-on-year to 2.77 million. Fastweb is also growing in the fiercely competitive mobile telephony market. The number of mobile access lines increased by 19.6% or 358,000 year-on-year to 2.19 million. Bundled offers continue to play an important role. 36% of subscribers use a bundled offering combining fixed network and mobile. Residential customer revenue rose by 2.1% or EUR 12 million to EUR 574 million as a result of customer growth. Fastweb is also growing in the business customer market. Revenue from business customers was up by 10.6% or EUR 46 million

to EUR 481 million driven by higher revenue from public administrations. Revenue from wholesale business increased by 16.2% or EUR 17 million to EUR 122 million.

The segment result before depreciation and amortisation was 5.2% or EUR 19 million higher at EUR 384 million on the back of the growth in revenue. Capital expenditure increased by 9.1% or EUR 25 million year-on-year to EUR 301 million due to higher customer-driven investments and increased investments in network infrastructure. Fastweb's headcount increased by 5.6% or 145 FTEs year-on-year to 2,750 FTEs, mainly as a result of acquisitions and the hiring of external staff.

Other Operating Segments

| In CHF million, except where indicated | 2. quarter 2021 | 2. quarter 2020 | Change | 1 st half-year 2021 | 1 st half-year 2020 | Change |
|---|--------------------|--------------------|--------------|-----------------------------------|-----------------------------------|-------------|
| Net revenue and results | | | | | | |
| Revenue from external customers | 112 | 106 | 5.7% | 216 | 215 | 0.5% |
| Intersegment revenue | 153 | 140 | 9.3% | 289 | 272 | 6.3% |
| Net revenue | 265 | 246 | 7.7% | 505 | 487 | 3.7% |
| Segment expenses | (216) | (206) | 4.9% | (422) | (405) | 4.2% |
| Segment result before depreciation and amortisation (EBITDA) | 49 | 40 | 22.5% | 83 | 82 | 1.2% |
| Margin as % of net revenue | 18.5 | 16.3 | | 16.4 | 16.8 | |
| Lease expense | (3) | (3) | –% | (6) | (6) | –% |
| Depreciation and amortisation | (14) | (15) | –6.7% | (27) | (30) | –10.0% |
| Segment result | 32 | 22 | 45.5% | 50 | 46 | 8.7% |
| Operating free cash flow proxy | | | | | | |
| Segment result before depreciation and amortisation (EBITDA) | 49 | 40 | 22.5% | 83 | 82 | 1.2% |
| Lease expense | (3) | (3) | –% | (6) | (6) | –% |
| EBITDA after lease expense (EBITDA AL) | 46 | 37 | 24.3% | 77 | 76 | 1.3% |
| Capital expenditure | (10) | (11) | –9.1% | (19) | (18) | 5.6% |
| Operating free cash flow proxy | 36 | 26 | 38.5% | 58 | 58 | –% |
| Headcount | | | | | | |
| Full-time equivalent employees | | | | 3,493 | 3,522 | –0.8% |

The net revenue of the Other Operating Segments rose year-on-year by 3.7% or CHF 18 million to CHF 505 million. This was due to higher sales from construction services provided by cablex. The segment result before depreciation and amortisation remained almost stable at CHF 83 million (+1.2%). The profit margin declined slightly to 16.4% (prior year: 16.8%). Headcount declined by 0.8% or 29 FTEs to 3,493 FTEs.

Depreciation and amortisation, non-operating results

| In CHF million, except where indicated | 2. quarter 2021 | 2. quarter 2020 | Change | 1 st half-year 2021 | 1 st half-year 2020 | Change |
|--|--------------------|--------------------|--------------|-----------------------------------|-----------------------------------|--------------|
| Operating income before depreciation and amortisation (EBITDA) | 1,193 | 1,097 | 8.8% | 2,317 | 2,208 | 4.9% |
| Depreciation and amortisation of property, plant and equipment and intangible assets | (549) | (541) | 1.5% | (1,087) | (1,078) | 0.8% |
| Depreciation of right-of-use assets | (71) | (77) | –7.8% | (141) | (147) | –4.1% |
| Operating income (EBIT) | 573 | 479 | 19.6% | 1,089 | 983 | 10.8% |
| Net interest expense on financial assets and liabilities | (16) | (18) | –11.1% | (33) | (30) | 10.0% |
| Interest expense on lease liabilities | (11) | (11) | –% | (22) | (22) | –% |
| Other financial result | (35) | (38) | –7.9% | 217 | (52) | |
| Result of equity-accounted investees | (4) | 2 | | (4) | 3 | |
| Income before income taxes | 507 | 414 | 22.5% | 1,247 | 882 | 41.4% |
| Income tax expense | (99) | (72) | 37.5% | (201) | (146) | 37.7% |
| Net income | 408 | 342 | 19.3% | 1,046 | 736 | 42.1% |
| Attributable to equity holders of Swisscom Ltd | 407 | 343 | 18.7% | 1,045 | 738 | 41.6% |
| Attributable to non-controlling interests | 1 | (1) | | 1 | (2) | |
| Earnings per share (in CHF) | 7.86 | 6.62 | 18.7% | 20.17 | 14.25 | 41.5% |

Net income increased by 42.1% or CHF 310 million to CHF 1,046 million, mainly as a result of non-recurring items in EBITDA and the financial result. EBITDA for the second quarter of 2021 includes one-off income from the adjustment of pension liabilities in the amount of CHF 60 million as well as the additions to provisions for litigation in the amount of CHF 22 million. The non-recurring items in the financial result originate from the first quarter of 2021. As part of its strategic partnership with TIM, Fastweb transferred its stake in FlashFiber as a capital contribution to the newly established fibre-optic company FiberCop. This resulted in an upward revaluation of the participation recognised in the income statement of CHF 169 million. In addition, Swisscom realised a gain of CHF 38 million on the sale of its investment in Belgacom International Carrier Services. Income tax expense stood at CHF 201 million (previous year CHF 146 million), which corresponds to an effective income tax rate of 16.1% (previous year 16.6%). Swisscom anticipates a future effective consolidated tax rate of about 19%.

Cash flows

| In CHF million | 1 st half-year 2021 | 1 st half-year 2020 | Change |
|--|-----------------------------------|-----------------------------------|--------------|
| Operating income before depreciation and amortisation (EBITDA) | 2,317 | 2,208 | 109 |
| Lease expense | (151) | (150) | (1) |
| EBITDA after lease expense (EBITDA AL) | 2,166 | 2,058 | 108 |
| Capital expenditure | (1,083) | (1,075) | (8) |
| Operating free cash flow proxy | 1,083 | 983 | 100 |
| Change in net working capital | (131) | (87) | (44) |
| Change in net defined benefit liabilities | (36) | 29 | (65) |
| Net interest payments on financial assets and liabilities | (16) | (11) | (5) |
| Income taxes paid | (229) | (156) | (73) |
| Other operating cash flow | (25) | 3 | (28) |
| Free cash flow | 646 | 761 | (115) |
| Net proceeds (net expenditures) for company acquisitions and disposals | 108 | (25) | 133 |
| Other cash flows from investing activities, net | (11) | (47) | 36 |
| Dividends paid to equity holders of Swisscom Ltd | (1,140) | (1,140) | – |
| Other changes | (11) | 38 | (49) |
| Decrease in net debt | (408) | (413) | 5 |

The operating free cash flow proxy increased by 10.2% or CHF 100 million to CHF 1,083 million due to the higher operating income before depreciation and amortisation (EBITDA). Free cash flow decreased by 15.1% or CHF 115 million to CHF 646 million compared to the prior year. The decrease is mainly due to higher income taxes paid, which increased by CHF 73 million to CHF 229 million compared to the previous year. Tax payments were deferred in the first half of 2020. The change in the net defined benefit liabilities includes a one-off adjustment of CHF 60 million as a result of a plan amendment in the first half of 2021 with an offsetting impact on EBITDA. In the first half of 2021, net cash inflows from acquisitions and disposals included the net proceeds of CHF 126 million from the sale of the participation in Belgacom International Carrier Services. In the second quarter of 2021, an unchanged dividend per share of CHF 22 was paid, representing a total dividend payment of CHF 1,140 million.

Net asset position

| In CHF million, except where indicated | 30.06.2021 | 31.12.2020 | Change |
|---|---------------|---------------|-------------|
| Property, plant and equipment | 10,748 | 10,725 | 0.2% |
| Intangible assets | 1,727 | 1,745 | -1.0% |
| Goodwill | 5,171 | 5,162 | 0.2% |
| Right-of-use assets | 2,105 | 2,138 | -1.5% |
| Trade receivables | 2,426 | 2,132 | 13.8% |
| Trade payables | (1,519) | (1,525) | -0.4% |
| Provisions | (1,198) | (1,216) | -1.5% |
| Deferred gain on sale and leaseback of real estate | (98) | (106) | -7.5% |
| Other operating assets and liabilities, net | (427) | (240) | 77.9% |
| Net operating assets | 18,935 | 18,815 | 0.6% |
| Net debt | (6,626) | (6,218) | 6.6% |
| Lease liabilities | (1,942) | (1,988) | -2.3% |
| Net defined benefit liabilities | (11) | (795) | -98.6% |
| Income tax assets and liabilities, net | (758) | (643) | 17.9% |
| Equity-accounted investees and other non-current financial assets | 462 | 320 | 44.4% |
| Equity | 10,060 | 9,491 | 6.0% |
| Equity ratio in % | 40.9 | 39.1 | |

Net operating assets

Net operating assets were virtually unchanged at CHF 18,935 million (+0.6%) compared with year-end 2020. Net defined benefit liabilities decreased by CHF 784 million to CHF 11 million as a result of an adjustment to the pension plan, a positive return on plan assets and a higher discount rate. The increase in equity by 6.0% or CHF 569 million to CHF 10,060 million was attributable to net income of CHF 1,046 million and other comprehensive income of CHF 662 million recognised directly in equity, minus the dividend payment of CHF 1,140 million. Correspondingly, the equity ratio rose from 39.1% to 40.9%.

Net debt

Net debt comprises financial liabilities less cash and cash equivalents, listed debt instruments, derivative financial instruments held for hedging financial liabilities and other current financial assets. Net debt is presented both with and without classification of leases as financial liabilities. For credit rating purposes, rating agencies include lease liabilities in the calculation of net debt.

| In CHF million | 30.06.2021 | 31.12.2020 |
|--|--------------|--------------|
| Debenture bonds | 6,254 | 6,110 |
| Bank loans | 594 | 484 |
| Private placements | 150 | 151 |
| Other financial liabilities | 260 | 297 |
| Total financial liabilities | 7,258 | 7,042 |
| Cash and cash equivalents | (240) | (340) |
| Listed debt instruments | (286) | (271) |
| Derivative financial instruments for financing | (76) | (79) |
| Other current financial assets | (30) | (134) |
| Net debt | 6,626 | 6,218 |
| Lease liabilities | 1,942 | 1,988 |
| Net debt incl. lease liabilities | 8,568 | 8,206 |

In the previous year, Swisscom became the first listed company in Switzerland to issue a Green Bond in EUR. The first green bond issue in CHF followed in the second quarter of 2021. The nominal amount is CHF 100 million, with a coupon of 0.25% maturing in 2033. In recent years, Swisscom has taken advantage of favourable capital market conditions with a view to optimising the interest and maturity structure of the Group's financial liabilities. As at 30 June 2021, the average interest expense on financial liabilities was 0.93%, the average residual term to maturity was 5.7 years, and the share of the Group's variable interest-bearing financial liabilities was 15%.

Outlook

| In CHF million or in CHF billion | 2020 reported | 2021 outlook previously ¹ | 2021 outlook adjusted ² |
|---|----------------------|--|--|
| Net revenue | | | |
| Swisscom Group | CHF 11,100 mn | ~ CHF 11.3 bn | ~ CHF 11.3 bn |
| Swisscom w/o Fastweb | | | ~ CHF 8.6 bn |
| Fastweb | | | ~ EUR 2.4 bn |
| Operating income before depreciation and amortisation (EBITDA) | | | |
| Swisscom Group | CHF 4,382 mn | CHF 4.3–4.4 bn | CHF 4.4–4.5 bn ³ |
| Swisscom w/o Fastweb | | | CHF 3.5–3.6 bn |
| Fastweb | | | ~ EUR 0.8 bn |
| Capital expenditure | | | |
| Swisscom Group | CHF 2,229 mn | CHF 2.2–2.3 bn | CHF 2.2–2.3 bn |
| Swisscom w/o Fastweb | | | ~ CHF 1.6 bn |
| Fastweb | | | ~ EUR 0.6 bn |

¹ Published on 29 april 2021.

² Exchange rate CHF/EUR 1.10 (2020: CHF/EUR 1.07).

³ 2021 outlook for EBITDA after lease expense CHF 4.1–4.2 bn.

The financial outlook for fiscal 2021 remains unchanged in terms of net revenue and capital expenditure. Swisscom expects net revenue of around CHF 11.3 billion and capital expenditure of CHF 2.2 billion to CHF 2.3 billion. For EBITDA, the forecast is increased from between CHF 4.3 billion and 4.4 billion to CHF 4.4 billion and CHF 4.5 billion and takes into account the ongoing business performance as well as the non-recurring items on pension liabilities and on provisions recognised in the second quarter of 2021. If business develops as planned, Swisscom will propose to the 2022 Annual General Meeting that the dividend for the 2021 financial year remain unchanged at CHF 22 per share.

Consolidated interim financial statements

Consolidated statement of comprehensive income (unaudited)

| In CHF million, except for per share amounts | Note | 2. quarter 2021 | 2. quarter 2020 | 1 st half-year 2021 | 1 st half-year 2020 |
|--|------|--------------------|--------------------|-----------------------------------|-----------------------------------|
| Income statement | | | | | |
| Net revenue | 2 | 2,780 | 2,706 | 5,583 | 5,443 |
| Direct costs | 3 | (670) | (624) | (1,350) | (1,250) |
| Personnel expense | 3 | (611) | (679) | (1,327) | (1,379) |
| Other operating expense | 3 | (444) | (416) | (866) | (823) |
| Capitalised self-constructed assets and other income | 3 | 138 | 110 | 277 | 217 |
| Operating income before depreciation and amortisation | | 1,193 | 1,097 | 2,317 | 2,208 |
| Depreciation and amortisation of property, plant and equipment and intangible assets | | (549) | (541) | (1,087) | (1,078) |
| Depreciation of right-of-use assets | | (71) | (77) | (141) | (147) |
| Operating income | | 573 | 479 | 1,089 | 983 |
| Financial income | 6 | (6) | 3 | 258 | 10 |
| Financial expense | 6 | (56) | (70) | (96) | (114) |
| Result of equity-accounted investees | | (4) | 2 | (4) | 3 |
| Income before income taxes | | 507 | 414 | 1,247 | 882 |
| Income tax expense | | (99) | (72) | (201) | (146) |
| Net income | | 408 | 342 | 1,046 | 736 |
| Other comprehensive income | | | | | |
| Actuarial gains and losses from defined benefit pension plans | | 340 | (26) | 616 | (190) |
| Change in fair value of equity instruments | | (2) | 3 | – | (4) |
| Items that will not be reclassified to income statement | | 338 | (23) | 616 | (194) |
| Foreign currency translation adjustments of foreign subsidiaries | | (14) | 8 | 49 | (27) |
| Change in cash flow hedges | | 2 | (7) | (3) | (10) |
| Items that are or may be reclassified subsequently to income statement | | (12) | 1 | 46 | (37) |
| Other comprehensive income | | 326 | (22) | 662 | (231) |
| Comprehensive income | | | | | |
| Net income | | 408 | 342 | 1,046 | 736 |
| Other comprehensive income | | 326 | (22) | 662 | (231) |
| Comprehensive income | | 734 | 320 | 1,708 | 505 |
| Share of net income and comprehensive income | | | | | |
| Equity holders of Swisscom Ltd | | 407 | 343 | 1,045 | 738 |
| Non-controlling interests | | 1 | (1) | 1 | (2) |
| Net income | | 408 | 342 | 1,046 | 736 |
| Equity holders of Swisscom Ltd | | 733 | 321 | 1,707 | 507 |
| Non-controlling interests | | 1 | (1) | 1 | (2) |
| Comprehensive income | | 734 | 320 | 1,708 | 505 |
| Earnings per share | | | | | |
| Basic and diluted earnings per share (in CHF) | | 7.86 | 6.62 | 20.17 | 14.25 |

Consolidated balance sheet (unaudited)

| In CHF million | Note | 30.06.2021 | 31.12.2020 |
|--|------|---------------|---------------|
| Assets | | | |
| Cash and cash equivalents | | 240 | 340 |
| Trade receivables | 7 | 2,426 | 2,132 |
| Other operating assets | 7 | 1,100 | 1,029 |
| Other financial assets | | 71 | 170 |
| Current income tax assets | | 14 | 4 |
| Total current assets | | 3,851 | 3,675 |
| Property, plant and equipment | | 10,748 | 10,725 |
| Intangible assets | | 1,727 | 1,745 |
| Goodwill | | 5,171 | 5,162 |
| Right-of-use assets | | 2,105 | 2,138 |
| Equity-accounted investees | | 44 | 155 |
| Other financial assets | | 739 | 479 |
| Net defined benefit assets | 9 | 11 | – |
| Deferred tax assets | | 174 | 183 |
| Total non-current assets | | 20,719 | 20,587 |
| Total assets | | 24,570 | 24,262 |
| Liabilities and equity | | | |
| Financial liabilities | 5 | 697 | 792 |
| Lease liabilities | | 205 | 226 |
| Trade payables | 7 | 1,519 | 1,525 |
| Other operating liabilities | 7 | 1,527 | 1,269 |
| Provisions | 8 | 112 | 144 |
| Current income tax liabilities | | 161 | 186 |
| Total current liabilities | | 4,221 | 4,142 |
| Financial liabilities | 5 | 6,561 | 6,250 |
| Lease liabilities | | 1,737 | 1,762 |
| Net defined benefit liabilities | 9 | 22 | 795 |
| Provisions | 8 | 1,086 | 1,072 |
| Deferred gain on sale and leaseback of real estate | | 98 | 106 |
| Deferred tax liabilities | | 785 | 644 |
| Total non-current liabilities | | 10,289 | 10,629 |
| Total liabilities | | 14,510 | 14,771 |
| Share capital | | 52 | 52 |
| Capital reserves | | 136 | 136 |
| Retained earnings | | 11,607 | 11,085 |
| Foreign currency translation adjustments | | (1,742) | (1,791) |
| Hedge reserves | | 5 | 8 |
| Equity attributable to equity-holders of Swisscom Ltd | | 10,058 | 9,490 |
| Non-controlling interests | | 2 | 1 |
| Total equity | | 10,060 | 9,491 |
| Total liabilities and equity | | 24,570 | 24,262 |

Consolidated statement of cash flows (unaudited)

| In CHF million | Note | 1 st half-year 2021 | 1 st half-year 2020 |
|--|------|-----------------------------------|-----------------------------------|
| Net income | | 1,046 | 736 |
| Income tax expense | | 201 | 146 |
| Result of equity-accounted investees | | 4 | (3) |
| Financial income | 6 | (258) | (10) |
| Financial expense | 6 | 96 | 114 |
| Depreciation and amortisation of property, plant and equipment and intangible assets | | 1,087 | 1,078 |
| Depreciation of right-of-use assets | | 141 | 147 |
| Gain on sale of property, plant and equipment | | (3) | – |
| Expense for share-based payments | | 1 | 1 |
| Revenue from finance leases | | (51) | (27) |
| Change in deferred gain from the sale and leaseback of real estate | | (8) | (6) |
| Change in operating assets and liabilities | 7 | (121) | (71) |
| Change in provisions | | (2) | (10) |
| Change in net defined benefit liabilities | | (36) | 29 |
| Interest received | | 2 | 9 |
| Interest payments on financial liabilities | | (18) | (20) |
| Interest payments on lease liabilities | | (22) | (22) |
| Dividends received | | 1 | 15 |
| Income taxes paid | | (229) | (156) |
| Cash flow from operating activities | | 1,831 | 1,950 |
| Purchase of property, plant and equipment and intangible assets | | (1,078) | (1,069) |
| Sale of property, plant and equipment and intangible assets | | 5 | 2 |
| Acquisition of subsidiaries, net of cash and cash equivalents acquired | | (25) | (16) |
| Expenses for shareholdings accounted for using the equity method | | (1) | (9) |
| Proceeds from equity-accounted investees | | 134 | – |
| Proceeds from finance leases | | 47 | 32 |
| Purchase of other financial assets | | (11) | (18) |
| Proceeds from other financial assets | | 101 | 12 |
| Other cash flows from investing activities | | (8) | – |
| Cash flow used in investing activities | | (836) | (1,066) |
| Issuance of financial liabilities | 5 | 323 | 887 |
| Repayment of financial liabilities | 5 | (121) | (543) |
| Repayment of lease liabilities | | (152) | (151) |
| Dividends paid to equity holders of Swisscom Ltd | | (1,140) | (1,140) |
| Dividends paid to non-controlling interests | | (1) | (1) |
| Other cash flows from financing activities | | (7) | (15) |
| Cash flow used in financing activities | | (1,098) | (963) |
| Net decrease in cash and cash equivalents | | (103) | (79) |
| Cash and cash equivalents at 1 January | | 340 | 328 |
| Foreign currency translation adjustments in respect of cash and cash equivalents | | 3 | (2) |
| Cash and cash equivalents at the end of financial period | | 240 | 247 |

Consolidated statement of changes in equity (unaudited)

| In CHF million | Share capital | Capital reserves | Retained earnings | Foreign currency translation adjustments | Hedge reserves | Equity attributable to equity holders of Swisscom | Non-controlling interests | Total equity |
|----------------------------------|---------------|------------------|-------------------|--|----------------|---|---------------------------|---------------|
| Balance at 1 January 2020 | 52 | 136 | 10,454 | (1,781) | 11 | 8,872 | 3 | 8,875 |
| Net income | — | — | 738 | — | — | 738 | (2) | 736 |
| Other comprehensive income | — | — | (194) | (27) | (10) | (231) | — | (231) |
| Comprehensive income | — | — | 544 | (27) | (10) | 507 | (2) | 505 |
| Dividends paid | — | — | (1,140) | — | — | (1,140) | (1) | (1,141) |
| Other changes | — | — | — | — | — | — | (1) | (1) |
| Balance at 30 June 2020 | 52 | 136 | 9,858 | (1,808) | 1 | 8,239 | (1) | 8,238 |
| Balance at 1 January 2021 | 52 | 136 | 11,085 | (1,791) | 8 | 9,490 | 1 | 9,491 |
| Net income | — | — | 1,045 | — | — | 1,045 | 1 | 1,046 |
| Other comprehensive income | — | — | 616 | 49 | (3) | 662 | — | 662 |
| Comprehensive income | — | — | 1,661 | 49 | (3) | 1,707 | 1 | 1,708 |
| Dividends paid | — | — | (1,140) | — | — | (1,140) | (1) | (1,141) |
| Other changes | — | — | 1 | — | — | 1 | 1 | 2 |
| Balance at 30 June 2021 | 52 | 136 | 11,607 | (1,742) | 5 | 10,058 | 2 | 10,060 |

Notes to the interim financial statements

About this report

General information

The Swisscom Group (hereinafter referred to as 'Swisscom') provides telecommunication services, and is active primarily in Switzerland and Italy. The unaudited consolidated financial statements as at 30 June 2021 cover Swisscom Ltd, as parent company, and its subsidiaries. Swisscom Ltd is a limited-liability company incorporated in accordance with Swiss law under a private statute, and has its registered office in Ittigen (Berne). Its address is: Swisscom Ltd, Alte Tiefenastrasse 6, 3048 Worblaufen. Swisscom is listed on the SIX Swiss Exchange. The number of issued shares is unchanged from the prior year and totals 51,801,943. The shares have a nominal value of CHF 1 and are fully paid-up. Each share entitles the holder to one vote. The majority shareholder of Swisscom Ltd is the Swiss Confederation ('Confederation'). The Confederation is required by current law to hold the majority of the capital and voting rights. The Board of Directors of Swisscom approved the issuance of these consolidated interim financial statements on 4 August 2021. As of this date, no material events after the reporting date have occurred.

Basis of preparation

The consolidated interim financial statements for the six months to 30 June 2021 were prepared in accordance with International Accounting Standard 'IAS 34 Interim Financial Reporting' and should be read in conjunction with the consolidated financial statements for the financial year ended 31 December 2020. The consolidated interim financial statements were prepared in accordance with the accounting policies described in the 2020 consolidated financial statements and the revised accounting principles adopted on 1 January 2021.

In preparing the consolidated interim financial statements, management is required to make accounting estimates and assumptions. Adjustments are made for changes in estimates and assumptions during the reporting period in which the original estimates and assumptions changed.

Swisscom operates in business areas where the provision of services is not subject to any major seasonal or cyclical fluctuations during the financial year. Income taxes are calculated on the basis of an estimate of the expected income tax rate for the full year. For the consolidated interim financial statements, a CHF/EUR exchange rate of 1.098 was used as the end-of-period rate (31 December 2020: CHF/EUR 1.080) and 1.095 as the average rate for the period (prior year: CHF/EUR 1.067).

1 Changes in accounting principles

As of 1 January 2021, Swisscom adopted various amendments to the existing International Financial Reporting Standards (IFRS) and interpretations, none of which have a material impact on the results or the financial position of the Group.

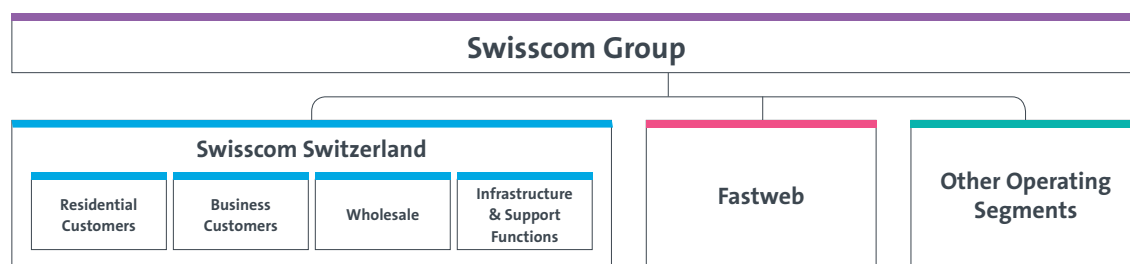
2 Segment information

Changes in segment reporting

As of 1 January 2021, Swisscom amended its organisational structure in Switzerland and the segment formerly known as IT, Network & Infrastructure was renamed Infrastructure & Support Functions. The departments with overlapping functions were merged organisationally at Swisscom Switzerland. As a result, Group Headquarters is no longer reported separately in the segment reporting. In addition, Swisscom has transferred various areas among the segments of Swisscom Switzerland and the Other Operating Segments as of 1 January 2021. The prior year's figures were restated as follows:

| In CHF million | Reported | Adjustment | Restated |
|--|---------------|-------------|---------------|
| Net revenue | | | |
| 2020 financial year | | | |
| Residential Customers | 4,564 | (4) | 4,560 |
| Business Customers | 3,100 | – | 3,100 |
| Wholesale | 976 | – | 976 |
| Infrastructure & Support Functions (previously IT, Network & Infrastructure) | 85 | (2) | 83 |
| Elimination | (450) | (19) | (469) |
| Swisscom Switzerland | 8,275 | (25) | 8,250 |
| Fastweb | 2,470 | – | 2,470 |
| Other Operating Segments | 1,020 | (6) | 1,014 |
| Elimination | (665) | 31 | (634) |
| Total net revenue | 11,100 | – | 11,100 |
| Segment result | | | |
| 2020 financial year | | | |
| Residential Customers | 2,586 | (2) | 2,584 |
| Business Customers | 1,235 | 3 | 1,238 |
| Wholesale | 523 | – | 523 |
| Infrastructure & Support Functions (previously IT, Network & Infrastructure) | (2,556) | (64) | (2,620) |
| Swisscom Switzerland | 1,788 | (63) | 1,725 |
| Fastweb | 166 | – | 166 |
| Other Operating Segments | 111 | (1) | 110 |
| Group Headquarters | (64) | 64 | – |
| Elimination | (99) | – | (99) |
| Total segment result | 1,902 | – | 1,902 |

General information



Reporting is divided into the segments Residential Customers, Business Customers, Wholesale, and Infrastructure & Support Functions, which are grouped under Swisscom Switzerland, as well as Fastweb and Other Operating Segments.

The Infrastructure & Support Functions segment does not charge network costs or management fees to other segments. Any other services between the segments are charged at market prices. The results of the Residential Customers, Business Customers and Wholesale segments thus correspond to a contribution margin before network costs.

Segment expense encompasses the direct and indirect costs, which include personnel expense, other operating costs less capitalised costs of self-constructed assets and other income. Pension cost includes ordinary employer contributions. The difference between the ordinary employer contributions and the pension cost as provided for under IAS 19 is reported in the column 'Eliminations'. In the first six months of 2021, income of CHF 36 million is disclosed under 'Eliminations' as a pension cost reconciliation item in accordance with IAS 19 (prior year: expense CHF 31 million).

Leases between the segments are not recognised in the balance sheet in accordance with IFRS 16. The reported lease expense of the segments comprises depreciation and interest on leases excluding depreciation of indefeasible rights of use (IRU) of CHF 12 million (prior year: CHF 12 million) and the accounting for the rental of buildings between segments. In addition, lease expense of the previous year's segments do not include impairments on right-of-use assets amounting to CHF 7 million. The lease expense of assets of low value is presented as direct costs.

Capital expenditure consists of the purchase of property, plant and equipment and intangible assets and payments for indefeasible rights of use (IRU). In general, IRUs are paid in full at the beginning of the use and are classified as leases under IFRS 16. From an economic point of view, IRU payments will be considered as capital expenditure in the segment information. Capital expenditure in the first six months of 2021 includes IRU payments of CHF 5 million (prior year: CHF 6 million).

Swisscom Switzerland sells some mobile handsets on a subsidised basis in a bundled offering with a mobile communications contract. As a result of the reallocation of revenue over the pre-delivered components (mobile handset), revenue is recognised earlier than the date of invoicing. This results in contract assets deriving from this business being recognised. In the segment reporting of Swisscom Switzerland, the recognition and dissolution of these contract assets is reported as other revenue. The amounts invoiced are reported under revenue from telecommunications services or merchandise.

Segment information 2021

| 2021, in CHF million | Swisscom Switzerland | Fastweb | Other Operating Segments | Elimination | Total |
|--|-------------------------|--------------|--------------------------------|--------------|--------------|
| Residential customers | 2,235 | 629 | – | – | 2,864 |
| Corporate customers | 1,511 | 526 | 216 | – | 2,253 |
| Wholesale customers | 332 | 134 | – | – | 466 |
| Net revenue from external customers | 4,078 | 1,289 | 216 | – | 5,583 |
| Net revenue from other segments | 25 | 4 | 289 | (318) | – |
| Net revenue | 4,103 | 1,293 | 505 | (318) | 5,583 |
| Direct costs | (867) | (476) | (36) | 29 | (1,350) |
| Indirect costs | (1,439) | (397) | (386) | 306 | (1,916) |
| Segment result before depreciation and amortisation | 1,797 | 420 | 83 | 17 | 2,317 |
| Lease expense | (117) | (29) | (6) | 1 | (151) |
| Depreciation and amortisation | (757) | (320) | (27) | 5 | (1,099) |
| Segment result | 923 | 71 | 50 | 23 | 1,067 |
| Interest expense on lease liabilities | | | | | 22 |
| Operating income | | | | | 1,089 |
| Financial income and financial expense, net | | | | | 162 |
| Result of equity-accounted investees | | | | | (4) |
| Income before income taxes | | | | | 1,247 |
| Income tax expense | | | | | (201) |
| Net income | | | | | 1,046 |
| Segment result before depreciation and amortisation | 1,797 | 420 | 83 | 17 | 2,317 |
| Lease expense | (117) | (29) | (6) | 1 | (151) |
| Capital expenditure | (753) | (330) | (19) | 19 | (1,083) |
| Operating free cash flow proxy | 927 | 61 | 58 | 37 | 1,083 |

Segment information Swisscom Switzerland 2021

| 2021, in CHF million | Residential Customers | Business Customers | Wholesale | Infrastructure & Support Functions | Elimination | Total Swisscom Switzerland |
|--|--------------------------|-----------------------|------------|--|--------------|----------------------------------|
| Fixed-line | 1,001 | 438 | – | – | – | 1,439 |
| Mobile | 928 | 361 | – | – | – | 1,289 |
| Revenue other | – | 31 | – | – | – | 31 |
| Telecom services | 1,929 | 830 | – | – | – | 2,759 |
| Solutions business | – | 547 | – | – | – | 547 |
| Merchandise | 267 | 119 | – | – | – | 386 |
| Wholesale | – | – | 332 | – | – | 332 |
| Revenue other | 39 | 4 | – | 11 | – | 54 |
| Net revenue from external customers | 2,235 | 1,500 | 332 | 11 | – | 4,078 |
| Net revenue from other segments | 38 | 37 | 141 | 28 | (219) | 25 |
| Net revenue | 2,273 | 1,537 | 473 | 39 | (219) | 4,103 |
| Direct costs | (534) | (400) | (200) | (3) | 270 | (867) |
| Indirect costs | (334) | (472) | (11) | (571) | (51) | (1,439) |
| Segment result before depreciation and amortisation | 1,405 | 665 | 262 | (535) | – | 1,797 |
| Lease expense | (20) | (16) | – | (80) | (1) | (117) |
| Depreciation, amortisation and impairment losses | (27) | (34) | – | (697) | 1 | (757) |
| Segment result | 1,358 | 615 | 262 | (1,312) | – | 923 |
| Capital expenditure | (9) | (21) | – | (723) | – | (753) |

Segment information

| 2020, in CHF million, restated | Swisscom Switzerland | Fastweb | Other Operating Segments | Elimination | Total |
|--|-------------------------|--------------|--------------------------------|--------------|--------------|
| Residential customers | 2,200 | 599 | – | – | 2,799 |
| Corporate customers | 1,531 | 464 | 215 | – | 2,210 |
| Wholesale customers | 322 | 112 | – | – | 434 |
| Net revenue from external customers | 4,053 | 1,175 | 215 | – | 5,443 |
| Net revenue from other segments | 31 | 4 | 272 | (307) | – |
| Net revenue | 4,084 | 1,179 | 487 | (307) | 5,443 |
| Direct costs | (819) | (429) | (32) | 28 | (1,252) |
| Indirect costs | (1,484) | (361) | (373) | 235 | (1,983) |
| Segment result before depreciation and amortisation | 1,781 | 389 | 82 | (44) | 2,208 |
| Lease expense | (117) | (27) | (6) | – | (150) |
| Depreciation and amortisation | (766) | (305) | (30) | 4 | (1,097) |
| Segment result | 898 | 57 | 46 | (40) | 961 |
| Interest expense on lease liabilities | | | | | 22 |
| Operating income | | | | | 983 |
| Financial income and financial expense, net | | | | | (104) |
| Result of equity-accounted investees | | | | | 3 |
| Income before income taxes | | | | | 882 |
| Income tax expense | | | | | (146) |
| Net income | | | | | 736 |
| Segment result before depreciation and amortisation | 1,781 | 389 | 82 | (44) | 2,208 |
| Lease expense | (117) | (27) | (6) | – | (150) |
| Capital expenditure | (776) | (294) | (18) | 13 | (1,075) |
| Operating free cash flow proxy | 888 | 68 | 58 | (31) | 983 |

Segment information Swisscom Switzerland

| 2020, in CHF million, restated | Residential Customers | Business Customers | Wholesale | Infrastructure & Support Functions | Elimination | Total Swisscom Switzerland |
|--|--------------------------|-----------------------|------------|--|--------------|----------------------------------|
| Fixed-line | 1,005 | 453 | – | – | – | 1,458 |
| Mobile | 975 | 385 | – | – | – | 1,360 |
| Revenue other | – | 30 | – | – | – | 30 |
| Telecom services | 1,980 | 868 | – | – | – | 2,848 |
| Solutions business | – | 527 | – | – | – | 527 |
| Merchandise | 228 | 122 | – | – | – | 350 |
| Wholesale | – | – | 322 | – | – | 322 |
| Revenue other | (8) | 3 | – | 11 | – | 6 |
| Net revenue from external customers | 2,200 | 1,520 | 322 | 11 | – | 4,053 |
| Net revenue from other segments | 38 | 37 | 127 | 31 | (202) | 31 |
| Net revenue | 2,238 | 1,557 | 449 | 42 | (202) | 4,084 |
| Direct costs | (483) | (398) | (184) | (4) | 250 | (819) |
| Indirect costs | (369) | (483) | (8) | (577) | (47) | (1,484) |
| Segment result before depreciation and amortisation | 1,386 | 676 | 257 | (539) | 1 | 1,781 |
| Lease expense | (22) | (17) | – | (78) | – | (117) |
| Depreciation and amortisation | (39) | (38) | – | (688) | (1) | (766) |
| Segment result | 1,325 | 621 | 257 | (1,305) | – | 898 |
| Capital expenditure | (12) | (17) | – | (747) | – | (776) |

3 Operating costs

Direct costs

| In CHF million | 1.1.–30.6.2021 | 1.1.–30.6.2020 |
|--|----------------|----------------|
| Customer premises equipment and merchandise | 465 | 403 |
| Services purchased | 354 | 319 |
| Costs to obtain a contract | 111 | 140 |
| Costs to fulfill a contract | 51 | 54 |
| Network access costs of swiss subsidiaries | 155 | 141 |
| Network access costs of foreign subsidiaries | 214 | 193 |
| Total direct costs | 1,350 | 1,250 |

Indirect costs

| In CHF million | 1.1.–30.6.2021 | 1.1.–30.6.2020 |
|---|----------------|----------------|
| Salary and social security expenses | 1,291 | 1,350 |
| Other personnel expense | 36 | 29 |
| Total personnel expense | 1,327 | 1,379 |
| Information technology cost | 119 | 119 |
| Maintenance expense | 127 | 113 |
| Energy costs | 61 | 59 |
| Advertising and selling expenses | 83 | 86 |
| Consultancy expenses and freelance workforce | 60 | 63 |
| Administration expense | 30 | 31 |
| Allowances for receivables and contract assets | 37 | 42 |
| Miscellaneous operating expenses | 349 | 310 |
| Total other operating expense | 866 | 823 |
| Capitalised self-constructed tangible and intangible assets | (214) | (175) |
| Own work for capitalised contract costs | (29) | (16) |
| Gain on sale of property, plant and equipment | (3) | (1) |
| Miscellaneous income | (31) | (25) |
| Total capitalised self-constructed assets and other income | (277) | (217) |
| Total indirect costs | 1,916 | 1,985 |

Capitalised self-constructed tangible and intangible assets include personnel costs for the manufacturing of technical installations, the construction of network infrastructure and the development of software for internal use.

4 Dividends

On 31 March 2021, the Annual General Meeting of Swisscom Ltd approved the payment of an unchanged gross dividend of CHF 22 per share. A total dividend amount of CHF 1,140 million was paid out on 8 April 2021.

5 Financial liabilities

| In CHF million | Carrying amount 1.1.2021 | Issuance | Repayment | Other changes ¹ | Carrying amount 30.06.2021 | Fair Value |
|------------------------------------|-----------------------------|------------|--------------|----------------------------|-------------------------------|--------------|
| Financial liabilities | | | | | | |
| Bank loans | 484 | 222 | (108) | (4) | 594 | 626 |
| Debenture bonds | 6,110 | 100 | – | 44 | 6,254 | 6,454 |
| Private placements | 151 | – | – | (1) | 150 | 157 |
| Derivative financial instruments | 90 | – | – | (25) | 65 | 65 |
| Other financial liabilities | 207 | 1 | (13) | – | 195 | 206 |
| Total financial liabilities | 7,042 | 323 | (121) | 14 | 7,258 | 7,508 |

¹ Interest expense, interest payments, non-cash changes and foreign currency translation adjustments.

In the second quarter of 2021, Swisscom issued a debenture bond for CHF 100 million. It has a coupon of 0.25% and matures in 2033. The funds received were used to repay existing debt. Swisscom has two confirmed lines of credit totalling CHF 2.2 billion, which had not been used as at 30 June 2021.

6 Financial result

| In CHF million | 1.1.–30.6.2021 | 1.1.–30.6.2020 |
|--|----------------|----------------|
| Interest income on financial assets | 1 | 4 |
| Change in fair value of interest rate swaps | 18 | – |
| Gain from transactions with equity-accounted investees | 207 | – |
| Foreign exchange gains | 16 | 4 |
| Other financial income | 16 | 2 |
| Total financial income | 258 | 10 |
| Interest expense on financial liabilities | (34) | (34) |
| Interest expense on lease liabilities | (22) | (22) |
| Interest expense on net defined benefit liabilities | (1) | (1) |
| Present-value adjustments on provisions | (27) | (34) |
| Change in fair value of interest rate swaps | – | (13) |
| Other financial expense | (12) | (10) |
| Total financial expense | (96) | (114) |
| Financial income and financial expense, net | 162 | (104) |
| Interest expense on lease liabilities | (22) | (22) |
| Net interest expense on financial assets and liabilities | (33) | (30) |

As part of its strategic partnership with TIM, Fastweb transferred its stake in Flash Fiber as a capital contribution to the newly established fibre-optic company FiberCop. For contributing its 20% stake to Flash Fiber, Fastweb has received a 4.5% stake in FiberCop. The transaction was completed in March 2021. The fair value of the FiberCop investment is EUR 210 million (CHF 232 million). The transaction resulted in a gain on the Flash Fiber participation of CHF 169 million, which was recognised in the income statement in the first quarter of 2021. In addition, in the first quarter of 2021, Swisscom sold its holding in Belgacom International Carrier Services (BICS) for a sale price of EUR 115 million (CHF 126 million). Swisscom realised a gain of CHF 38 million from the sale of BICS.

7 Operating net working capital

Operating assets and liabilities changed as follows in the first six months of 2021:

| In CHF million | 31.12.2020 | Operational changes | Other changes ¹ | 30.06.2021 |
|--|------------|---------------------|----------------------------|------------|
| Trade receivables | 2,132 | 281 | 13 | 2,426 |
| Other operating assets | 1,029 | 64 | 7 | 1,100 |
| Trade payables | (1,525) | 19 | (13) | (1,519) |
| Other operating liabilities | (1,269) | (243) | (15) | (1,527) |
| Total operating assets and liabilities, net | 367 | 121 | (8) | 480 |

1 Foreign currency translation and adjustments from acquisition and sale of subsidiaries.

Other operating assets and liabilities

| In CHF million | 30.06.2021 | 31.12.2020 |
|---|--------------|--------------|
| Other operating assets | | |
| Contract assets | 150 | 153 |
| Contract costs | 234 | 224 |
| Inventories | 138 | 120 |
| Prepaid expenses | 442 | 349 |
| Other operating assets | 136 | 183 |
| Total other operating assets | 1,100 | 1,029 |
| Other operating liabilities | | |
| Contract liabilities | 1,028 | 737 |
| Accruals for variable performance-related bonus | 78 | 160 |
| Other operating liabilities | 421 | 372 |
| Total other operating liabilities | 1,527 | 1,269 |

8 Provisions and contingent liabilities

Provisions

Provisions changed as follows in the first six months of 2021:

| In CHF million | Dismantlement and restoration costs | Regulatory and competition law proceedings | Termination benefits | Others | Total |
|--|-------------------------------------|--|----------------------|------------|--------------|
| Balance at 1 January 2021 | 741 | 233 | 63 | 179 | 1,216 |
| Additions to provisions | – | 28 | 2 | 19 | 49 |
| Adjustments recognised under property, plant and equipment | (44) | – | – | – | (44) |
| Present-value adjustments | 2 | 25 | – | – | 27 |
| Release of unused provisions | – | – | – | (16) | (16) |
| Use of provisions | (4) | – | (12) | (18) | (34) |
| Balance at 30 June 2021 | 695 | 286 | 53 | 164 | 1,198 |
| Thereof current provisions | – | – | 50 | 62 | 112 |
| Thereof non-current provisions | 695 | 286 | 3 | 102 | 1,086 |

In accordance with the revised Telecommunications Act, Swisscom provides access services (incl. interconnection) to other telecommunication service providers in Switzerland. In February 2020, a provider of telecommunications services requested from the Federal Communications Commission (ComCom) that the interest on recovery claims from access-related proceedings should be based on the weighted average cost of capital (WACC). In June 2021, ComCom confirmed this interest rate regulation. Swisscom will appeal against this complaint before the Federal Administrative Court.

In its investigation as to the invitation to tender for the corporate network of the Swiss Post in 2008, COMCO reached the conclusion in November 2015 that Swisscom has a dominant position on the market for broadband access for business clients. As a result of this conduct, which was judged to be unlawful under competition law, COMCO imposed a penalty of CHF 8 million. Swisscom has challenged COMCO's rulings concerning the invitation to tender for the corporate network of Swiss Post in the Federal Administrative Court. In June 2021, the Federal Administrative Court largely confirmed COMCO's ruling and ordered Swisscom to pay a fine of CHF 7 million. As a result of the legally binding decision on abuse of a market-dominant position, claims could be asserted against Swisscom under civil law.

In December 2019, the Federal Supreme Court dismissed a complaint by Swisscom in the COMCO proceedings for abuse of market dominant in ADSL services in the last instance and affirmed the penalty. As a result of the legally binding determination of market abuse, civil law claims were filed by telecommunications service providers in the second quarter of 2020. Negotiations in respect of these civil claims took place in the second quarter of 2021. The civil proceedings have not yet been concluded.

In the past, Swisscom recognised provisions for regulatory and antitrust proceedings on the basis of legal assessments. Due to a reassessment of these proceedings, provisions of CHF 49 million were recognised in the second quarter of 2021. Any payments to be made will depend upon the date on which legally binding decrees and decisions are issued, and could probably occur within five years.

Contingent liabilities for regulatory and competition law proceedings

With regard to the contingent liabilities reported in the 2020 consolidated financial statements in connection with regulatory and antitrust proceedings, Swisscom is of the opinion that an outflow of resources is unlikely and has therefore, as before, not recognised any provisions for this in the consolidated financial statements as at 30 June 2021.

9 Post-employment benefits

The majority of employees in Switzerland are insured under the Swisscom pension plan against the risks of old age, death and disability. The pension plan is implemented by the comPlan foundation. The supreme governing body of the pension fund is the Foundation Board, which is made up of an equal number of representatives from the employees and the employer. The pension fund rules, together with the legal provisions concerning occupational pension plans, constitute the formal regulatory framework of the pension plan.

The Foundation Board of comPlan approved various changes to the pension plan in the second quarter of 2021. The main changes include a reduction in conversion rates, compensatory measures to cushion pension cuts and a reduction in entitlements for current spouse's and partner's pensions. The various measures resulted in a gain of CHF 60 million, which was recognised as a reduction of pension costs in the second quarter of 2021. This was based on a remeasurement of the net defined benefit obligation using the current fair values of plan assets at the inception of the plan amendment and current actuarial assumptions, taking into account the risk-sharing characteristics.

Alternative performance measures

Swisscom uses key indicators defined in the International Financial Reporting Standards (IFRS) throughout its financial reporting, as well as selected alternative performance measures (APMs). These alternative measures provide useful information on the Group's financial situation and are used for financial management and control purposes. As these measures are not defined under IFRS, the calculation may differ from the published APMs of other companies. For this reason, comparability across companies may be limited. The key alternative performance measures used at Swisscom for the interim financial reporting as at 30 June 2021 are defined as follows:

| Key performance measure | Swisscom definition |
|---|---|
| Adjustments | Significant items that, due to their exceptional nature, cannot be considered part of the Swisscom Group's ongoing performance, such as termination benefits and significant positions in connection with legal cases or other non-recurring items. In addition, the application of changes in the IFRS accounting principles and standards can have an impact on comparability with the previous year if these principles are not applied retrospectively. |
| At constant exchange rates | Key performance measures considering currency effects (figures for 2021 are translated at the 2020 exchange rate to calculate the currency effect). |
| Operating income before depreciation and amortisation (EBITDA) | Operating income before depreciation, amortisation and impairment losses of property, plant and equipment, intangible assets and right-of-use assets, financial expense and financial income, result of equity-accounted investees and income tax expense. |
| Operating income (EBIT) | Operating income before financial expense and financial income, result of equity-accounted investees and income tax expense. |
| Capital expenditure | Purchase of property, plant and equipment and intangible assets and payments for indefeasible rights of use (IRU) which are classified as leases under IFRS 16. In general, IRUs are paid in full at the beginning of use. |
| Operating free cash flow proxy | Operating income before depreciation and amortisation (EBITDA) minus capital expenditure in property, plant and equipment, intangible assets and payments for indefeasible rights of use (IRU) and lease expense. Lease expense includes interest expenses on lease liabilities and depreciation of rights of use excluding depreciation of indefeasible rights of use (IRU) and impairment losses on right-of-use assets. |
| Free cash flow | Cash flows from operating and investing activities excl. cash flows from the purchase and sale of subsidiaries and purchase of and proceeds from equity-accounted investees and other financial assets. |
| Net debt | Financial liabilities less cash and cash equivalents, listed debt instruments, certificates of deposit, derivative financial instruments held for hedging financial liabilities and other current financial assets. |
| Net debt incl. lease liabilities | Net debt incl. lease liabilities. |

Reconciliation of alternative performance measures

| In CHF million | 1.1.–30.6.2021 | 1.1.–30.6.2020 | Change reported | Change at constant exchange rates |
|--|----------------|----------------|-----------------|-----------------------------------|
| Net revenue | | | | |
| Net revenue | 5,583 | 5,443 | 2.6% | 2.0% |
| Operating income before depreciation and amortisation (EBITDA) | | | | |
| EBITDA | 2,317 | 2,208 | 4.9% | 4.4% |
| Gain from change in pension plan | (60) | – | | |
| Additions to provisions for legal proceedings in Switzerland | 22 | – | | |
| EBITDA adjusted | 2,279 | 2,208 | 3.2% | 2.7% |
| Capital expenditure | | | | |
| Capital expenditure in property, plant and equipment and intangible assets | 1,078 | 1,069 | 0.8% | 0.1% |
| Payments for indefeasible rights of use (IRU) | 5 | 6 | –16.7% | |
| Capital expenditure | 1,083 | 1,075 | 0.7% | –% |

| In CHF million | 1.1.–30.6.2021 | 1.1.–30.6.2020 | Change reported |
|--|----------------|----------------|-----------------|
| Operating free cash flow proxy | | | |
| Cash flow from operating activities | 1,831 | 1,950 | (119) |
| Capital expenditure | (1,083) | (1,075) | (8) |
| Depreciation of right-of-use assets | (141) | (147) | 6 |
| Depreciation of indefeasible rights of use (IRU) | 12 | 12 | – |
| Impairment losses of right-of-use assets | – | 7 | (7) |
| Change in deferred gain from the sale and leaseback of real estate | 8 | 6 | 2 |
| Change in operating assets and liabilities | 121 | 71 | 50 |
| Change in provisions | 2 | 10 | (8) |
| Change in net defined benefit liabilities | 36 | (29) | 65 |
| Gain on sale of property, plant and equipment | 3 | – | 3 |
| Expense for share-based payments | (1) | (1) | – |
| Revenue from finance leases | 51 | 27 | 24 |
| Interest received | (2) | (9) | 7 |
| Interest payments on financial liabilities | 18 | 20 | (2) |
| Dividends received | (1) | (15) | 14 |
| Income taxes paid | 229 | 156 | 73 |
| Operating free cash flow proxy | 1,083 | 983 | 100 |

| | | | |
|--|------------|------------|--------------|
| Free cash flow | | | |
| Cash flow from operating activities | 1,831 | 1,950 | (119) |
| Cash flow used in investing activities | (836) | (1,066) | 230 |
| Repayment of lease liabilities | (152) | (151) | (1) |
| Acquisition of subsidiaries, net of cash and cash equivalents acquired | 25 | 16 | 9 |
| Proceeds from equity-accounted investees | (134) | – | (134) |
| Expenses for shareholdings accounted for using the equity method | 1 | 9 | (8) |
| Purchase of other financial assets | 11 | 18 | (7) |
| Proceeds from other financial assets | (101) | (12) | (89) |
| Other cash flows from investing and financing activities | 1 | (3) | 4 |
| Free cash flow | 646 | 761 | (115) |

Further information

Share information

Swisscom share performance indicators

31.12.2020–30.06.2021

Closing price as at 31 December 2020, in CHF¹

Closing price as at 30 June 2021 in CHF¹

Year high in CHF¹

Year low in CHF¹

Total volume of traded shares

Total turnover in CHF million

Daily average of traded shares

Daily average in CHF million

| SIX Swiss Exchange |
|-----------------------|
| 477.10 |
| 529.80 |
| 533.80 |
| 456.30 |
| 18,226,055 |
| 8,934.81 |
| 146,984 |
| 72.05 |

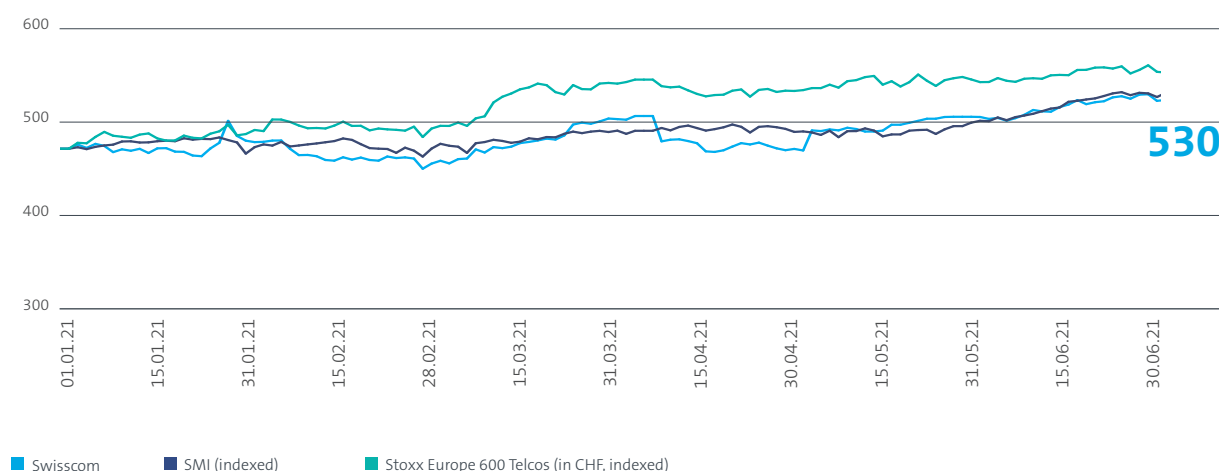
Source: Bloomberg

1 paid prices

Share performance

Share performance since 1 January 2021

in CHF



Financial calendar

- 28 October 2021 2021 Third-Quarter Results
- 3 February 2022 2021 Annual Results and Annual Report

Stock exchanges

Swisscom shares are listed on the SIX Swiss Exchange under the symbol SCMN (Securities No. 874251). In the United States, they are traded in the form of American Depositary Receipts (ADR) at a ratio of 1:10 (Over The Counter, Level 1) under the symbol SCMWY (Pink Sheet No. 69769).

Quarterly review 2020 and 2021

| In CHF million, except where indicated | 1. quarter | 2. quarter | 3. quarter | 4. quarter | 2020 | 1. quarter | 2. quarter | 3. quarter | 4. quarter | 2021 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Income statement | | | | | | | | | | |
| Net revenue | 2,737 | 2,706 | 2,758 | 2,899 | 11,100 | 2,803 | 2,780 | | | 5,583 |
| Direct costs | (626) | (624) | (656) | (763) | (2,669) | (680) | (670) | | | (1,350) |
| Personnel expense | (700) | (679) | (637) | (701) | (2,717) | (716) | (611) | | | (1,327) |
| Other operating expense | (407) | (416) | (441) | (534) | (1,798) | (422) | (444) | | | (866) |
| Capitalised self-constructed assets and other income | 107 | 110 | 124 | 125 | 466 | 139 | 138 | | | 277 |
| Operating income (EBITDA) | 1,111 | 1,097 | 1,148 | 1,026 | 4,382 | 1,124 | 1,193 | | | 2,317 |
| Depreciation and amortisation | (537) | (541) | (538) | (533) | (2,149) | (538) | (549) | | | (1,087) |
| Depreciation of right-of-use assets | (70) | (77) | (70) | (69) | (286) | (70) | (71) | | | (141) |
| Operating income (EBIT) | 504 | 479 | 540 | 424 | 1,947 | 516 | 573 | | | 1,089 |
| Net interest expense on financial assets and liabilities | (12) | (18) | (20) | (19) | (69) | (17) | (16) | | | (33) |
| Interest expense on lease liabilities | (11) | (11) | (12) | (11) | (45) | (11) | (11) | | | (22) |
| Other financial result | (14) | (38) | 23 | (9) | (38) | 252 | (35) | | | 217 |
| Equity-accounted investees | 1 | 2 | 1 | – | 4 | – | (4) | | | (4) |
| Income before income taxes | 468 | 414 | 532 | 385 | 1,799 | 740 | 507 | | | 1,247 |
| Income tax expense | (74) | (72) | (102) | (23) | (271) | (102) | (99) | | | (201) |
| Net income | 394 | 342 | 430 | 362 | 1,528 | 638 | 408 | | | 1,046 |
| Attributable to equity holders of Swisscom Ltd | 395 | 343 | 431 | 361 | 1,530 | 638 | 407 | | | 1,045 |
| Attributable to non-controlling interests | (1) | (1) | (1) | 1 | (2) | – | 1 | | | 1 |
| Earnings per share (in CHF) | 7.63 | 6.62 | 8.32 | 6.97 | 29.54 | 12.32 | 7.86 | | | 20.17 |
| Net revenue | | | | | | | | | | |
| Swisscom Switzerland | 2,065 | 2,019 | 2,046 | 2,120 | 8,250 | 2,080 | 2,023 | | | 4,103 |
| Fastweb | 580 | 599 | 613 | 678 | 2,470 | 634 | 659 | | | 1,293 |
| Other Operating Segments | 241 | 246 | 268 | 259 | 1,014 | 240 | 265 | | | 505 |
| Intersegment elimination | (149) | (158) | (169) | (158) | (634) | (151) | (167) | | | (318) |
| Total net revenue | 2,737 | 2,706 | 2,758 | 2,899 | 11,100 | 2,803 | 2,780 | | | 5,583 |
| Operating income before depreciation and amortisation (EBITDA) | | | | | | | | | | |
| Swisscom Switzerland | 909 | 872 | 898 | 787 | 3,466 | 916 | 881 | | | 1,797 |
| Fastweb | 181 | 208 | 219 | 232 | 840 | 195 | 225 | | | 420 |
| Other Operating Segments | 42 | 40 | 56 | 46 | 184 | 34 | 49 | | | 83 |
| Reconciliation pension cost | (15) | (16) | (16) | (18) | (65) | (13) | 49 | | | 36 |
| Elimination | (6) | (7) | (9) | (21) | (43) | (8) | (11) | | | (19) |
| Total EBITDA | 1,111 | 1,097 | 1,148 | 1,026 | 4,382 | 1,124 | 1,193 | | | 2,317 |
| Capital expenditure | | | | | | | | | | |
| Swisscom Switzerland | 367 | 409 | 410 | 413 | 1,599 | 371 | 382 | | | 753 |
| Fastweb | 148 | 146 | 145 | 190 | 629 | 168 | 162 | | | 330 |
| Other Operating Segments | 7 | 11 | 12 | 14 | 44 | 9 | 10 | | | 19 |
| Intersegment elimination | (6) | (7) | (10) | (20) | (43) | (8) | (11) | | | (19) |
| Total capital expenditure | 516 | 559 | 557 | 597 | 2,229 | 540 | 543 | | | 1,083 |

| In CHF million, except where indicated | 1. quarter | 2. quarter | 3. quarter | 4. quarter | 2020 | 1. quarter | 2. quarter | 3. quarter | 4. quarter | 2021 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Operating free cash flow proxy | | | | | | | | | | |
| Operating income (EBITDA) | 1,111 | 1,097 | 1,148 | 1,026 | 4,382 | 1,124 | 1,193 | | | 2,317 |
| Lease expense | (75) | (75) | (76) | (74) | (300) | (75) | (76) | | | (151) |
| EBITDA after lease expense (EBITDA AL) | 1,036 | 1,022 | 1,072 | 952 | 4,082 | 1,049 | 1,117 | | | 2,166 |
| Capital expenditure | (516) | (559) | (557) | (597) | (2,229) | (540) | (543) | | | (1,083) |
| Operating free cash flow proxy | 520 | 463 | 515 | 355 | 1,853 | 509 | 574 | | | 1,083 |
| Net debt | | | | | | | | | | |
| Net debt | 6,552 | 7,171 | 6,625 | 6,218 | 6,218 | 5,849 | 6,626 | | | 6,626 |
| Net debt incl. lease liabilities. | 8,528 | 9,129 | 8,622 | 8,206 | 8,206 | 7,825 | 8,569 | | | 8,569 |
| Full-time equivalent employees | | | | | | | | | | |
| Swisscom Switzerland | 13,056 | 12,857 | 12,876 | 12,845 | 12,845 | 12,830 | 12,867 | | | 12,867 |
| Fastweb | 2,515 | 2,605 | 2,634 | 2,703 | 2,703 | 2,733 | 2,750 | | | 2,750 |
| Other Operating Segments | 3,539 | 3,522 | 3,516 | 3,514 | 3,514 | 3,514 | 3,493 | | | 3,493 |
| Total personnel expense | 19,110 | 18,984 | 19,026 | 19,062 | 19,062 | 19,077 | 19,110 | | | 19,110 |
| Information by geographical regions | | | | | | | | | | |
| Net revenue in Switzerland | 2,155 | 2,106 | 2,140 | 2,213 | 8,614 | 2,164 | 2,115 | | | 4,279 |
| Net revenue in other countries | 582 | 600 | 618 | 686 | 2,486 | 639 | 665 | | | 1,304 |
| Total net revenue | 2,737 | 2,706 | 2,758 | 2,899 | 11,100 | 2,803 | 2,780 | | | 5,583 |
| EBITDA Switzerland | 924 | 890 | 922 | 786 | 3,522 | 927 | 962 | | | 1,889 |
| EBITDA other countries | 187 | 207 | 226 | 240 | 860 | 197 | 231 | | | 428 |
| Total EBITDA | 1,111 | 1,097 | 1,148 | 1,026 | 4,382 | 1,124 | 1,193 | | | 2,317 |
| Capital expenditure in Switzerland | 367 | 412 | 412 | 405 | 1,596 | 371 | 381 | | | 752 |
| Capital expenditure in other countries | 149 | 147 | 145 | 192 | 633 | 169 | 162 | | | 331 |
| Total capital expenditure | 516 | 559 | 557 | 597 | 2,229 | 540 | 543 | | | 1,083 |
| Headcount in Switzerland | 16,357 | 16,119 | 16,119 | 16,048 | 16,048 | 15,975 | 15,964 | | | 15,964 |
| Headcount in other countries | 2,753 | 2,865 | 2,907 | 3,014 | 3,014 | 3,102 | 3,146 | | | 3,146 |
| Total headcount (full-time equivalent) | 19,110 | 18,984 | 19,026 | 19,062 | 19,062 | 19,077 | 19,110 | | | 19,110 |
| Fastweb, in EUR million | | | | | | | | | | |
| Residential customers | 280 | 282 | 282 | 289 | 1,133 | 286 | 288 | | | 574 |
| Corporate customers | 211 | 224 | 226 | 246 | 907 | 237 | 244 | | | 481 |
| Wholesale | 50 | 55 | 59 | 93 | 257 | 56 | 66 | | | 122 |
| Revenue from external customers | 541 | 561 | 567 | 628 | 2,297 | 579 | 598 | | | 1,177 |
| Segment result (EBITDA) | 170 | 195 | 203 | 216 | 784 | 179 | 205 | | | 384 |
| Margin as % of net revenue | 31.3 | 34.7 | 35.7 | 34.3 | 34.0 | 30.8 | 34.2 | | | 32.5 |
| Lease expense | (13) | (13) | (13) | (13) | (52) | (14) | (13) | | | (27) |
| EBITDA after lease expense (EBITDA AL) | 157 | 182 | 190 | 203 | 732 | 165 | 192 | | | 357 |
| Capital expenditure | (138) | (138) | (134) | (177) | (587) | (154) | (147) | | | (301) |
| Operating free cash flow proxy | 19 | 44 | 56 | 26 | 145 | 11 | 45 | | | 56 |
| Broadband access lines in thousand | 2,659 | 2,692 | 2,704 | 2,747 | 2,747 | 2,765 | 2,774 | | | 2,774 |
| Mobile access lines in thousand | 1,779 | 1,830 | 1,889 | 1,961 | 1,961 | 2,066 | 2,188 | | | 2,188 |

| In CHF million, except where indicated | 1. quarter | 2. quarter | 3. quarter | 4. quarter | 2020 | 1. quarter | 2. quarter | 3. quarter | 4. quarter | 2021 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Swisscom Switzerland | | | | | | | | | | |
| Revenue and results | | | | | | | | | | |
| Residential Customers | 497 | 478 | 485 | 474 | 1,934 | 465 | 463 | | | 928 |
| Business Customers | 196 | 189 | 190 | 186 | 761 | 182 | 179 | | | 361 |
| Revenue wireless | 693 | 667 | 675 | 660 | 2,695 | 647 | 642 | | | 1,289 |
| Residential Customers | 505 | 500 | 500 | 507 | 2,012 | 503 | 498 | | | 1,001 |
| Business Customers | 226 | 227 | 223 | 223 | 899 | 223 | 215 | | | 438 |
| Revenue fixed-line | 731 | 727 | 723 | 730 | 2,911 | 726 | 713 | | | 1,439 |
| Other revenue Business Customers | 15 | 15 | 15 | 16 | 61 | 15 | 16 | | | 31 |
| Total revenue telecoms services | 1,439 | 1,409 | 1,413 | 1,406 | 5,667 | 1,388 | 1,371 | | | 2,759 |
| Solutions business | 267 | 260 | 259 | 272 | 1,058 | 273 | 274 | | | 547 |
| Merchandise | 175 | 175 | 176 | 233 | 759 | 212 | 174 | | | 386 |
| Wholesale | 164 | 158 | 168 | 171 | 661 | 173 | 159 | | | 332 |
| Revenue other | 5 | 1 | 17 | 25 | 48 | 21 | 33 | | | 54 |
| Total revenue from external customers | 2,050 | 2,003 | 2,033 | 2,107 | 8,193 | 2,067 | 2,011 | | | 4,078 |
| Residential Customers | 1,120 | 1,080 | 1,120 | 1,164 | 4,484 | 1,130 | 1,105 | | | 2,235 |
| Business Customers | 760 | 760 | 739 | 767 | 3,026 | 759 | 741 | | | 1,500 |
| Wholesale | 164 | 158 | 168 | 171 | 661 | 173 | 159 | | | 332 |
| Infrastructure & Support Functions | 6 | 5 | 6 | 5 | 22 | 5 | 6 | | | 11 |
| Total revenue from external customers | 2,050 | 2,003 | 2,033 | 2,107 | 8,193 | 2,067 | 2,011 | | | 4,078 |
| Segment result before depreciation and amortisation (EBITDA) | | | | | | | | | | |
| Residential Customers | 703 | 683 | 683 | 629 | 2,698 | 699 | 706 | | | 1,405 |
| Business Customers | 337 | 339 | 340 | 332 | 1,348 | 338 | 327 | | | 665 |
| Wholesale | 132 | 125 | 134 | 133 | 524 | 138 | 124 | | | 262 |
| Infrastructure & Support Functions | (262) | (277) | (258) | (307) | (1,104) | (259) | (276) | | | (535) |
| Intersegment elimination | (1) | 2 | (1) | – | – | – | – | | | – |
| Segment result (EBITDA) | 909 | 872 | 898 | 787 | 3,466 | 916 | 881 | | | 1,797 |
| Margin as % of net revenue | 44.0 | 43.2 | 43.9 | 37.1 | 42.0 | 44.0 | 43.5 | | | 43.8 |
| Lease expense | (59) | (58) | (58) | (57) | (232) | (58) | (59) | | | (117) |
| EBITDA after lease expense (EBITDA AL) | 850 | 814 | 840 | 730 | 3,234 | 858 | 822 | | | 1,680 |
| Capital expenditure | (367) | (409) | (410) | (413) | (1,599) | (371) | (382) | | | (753) |
| Operating free cash flow proxy | 483 | 405 | 430 | 317 | 1,635 | 487 | 440 | | | 927 |
| Operational data in thousand | | | | | | | | | | |
| Access lines | | | | | | | | | | |
| Residential Customers | 1,291 | 1,276 | 1,257 | 1,235 | 1,235 | 1,207 | 1,188 | | | 1,188 |
| Business Customers | 291 | 288 | 289 | 288 | 288 | 284 | 283 | | | 283 |
| Fixed telephony access lines | 1,582 | 1,564 | 1,546 | 1,523 | 1,523 | 1,491 | 1,471 | | | 1,471 |
| Residential Customers | 1,754 | 1,750 | 1,747 | 1,746 | 1,746 | 1,733 | 1,733 | | | 1,733 |
| Business Customers | 299 | 298 | 298 | 297 | 297 | 295 | 294 | | | 294 |
| Broadband access lines retail | 2,053 | 2,048 | 2,045 | 2,043 | 2,043 | 2,028 | 2,027 | | | 2,027 |
| Residential Customers | 1,518 | 1,516 | 1,518 | 1,519 | 1,519 | 1,512 | 1,513 | | | 1,513 |
| Business Customers | 68 | 68 | 68 | 69 | 69 | 69 | 69 | | | 69 |
| Swisscom TV access lines | 1,586 | 1,584 | 1,586 | 1,588 | 1,588 | 1,581 | 1,582 | | | 1,582 |
| Postpaid Residential Customers | 2,931 | 2,933 | 2,962 | 2,991 | 2,991 | 2,990 | 3,016 | | | 3,016 |
| Postpaid Business Customers | 1,842 | 1,850 | 1,859 | 1,861 | 1,861 | 1,863 | 1,856 | | | 1,856 |
| Mobile access lines Postpaid | 4,773 | 4,783 | 4,821 | 4,852 | 4,852 | 4,853 | 4,872 | | | 4,872 |
| Prepaid Residential Customers | 1,526 | 1,481 | 1,432 | 1,372 | 1,372 | 1,324 | 1,297 | | | 1,297 |
| Mobile access lines | 6,299 | 6,264 | 6,253 | 6,224 | 6,224 | 6,177 | 6,169 | | | 6,169 |
| RGU Residential Customers | 9,020 | 8,956 | 8,916 | 8,863 | 8,863 | 8,766 | 8,747 | | | 8,747 |
| RGU Business Customers | 2,500 | 2,504 | 2,514 | 2,515 | 2,515 | 2,511 | 2,502 | | | 2,502 |
| Revenue generating units (RGU) | 11,520 | 11,460 | 11,430 | 11,378 | 11,378 | 11,277 | 11,249 | | | 11,249 |
| Broadband access lines wholesale | 525 | 533 | 543 | 555 | 555 | 567 | 581 | | | 581 |
| Unbundled fixed access lines | 66 | 63 | 59 | 56 | 56 | 52 | 49 | | | 49 |

Forward-looking statements

This Interim Report is published in German and English. The German version is binding.

This interim report contains forward-looking statements. In this Interim Report, such forward-looking statements include, without limitation, statements relating to our financial position, results of operations and business and certain of our strategic plans and objectives.

Because these forward-looking statements are subject to risks and uncertainties, actual future results may differ materially from those expressed in or implied by the statements. Many of these risks and uncertainties relate to factors which are beyond Swisscom's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behaviour of other market participants, the actions of governmental regulators and other risk factors detailed in Swisscom's and Fastweb's past and future filings and reports, including those filed with the U.S. Securities and Exchange Commission and in past and future filings, press releases, reports and other information posted on Swisscom Group Companies' websites.

Readers are cautioned not to put undue reliance on forward-looking statements, which speak only of the date of this communication.

Swisscom disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

