EuroTeleSites AG

(an Austrian joint stock corporation, registered number FN 611727z)

Listing of 166,125,000 ordinary bearer shares with no-par value

on the Official Market (*Amtlicher Handel*)
of the Vienna Stock Exchange (*Wiener Börse*)

This prospectus (the "**Prospectus**") relates to the admission of 166,125,000 no-par value ordinary bearer shares to listing and trading on the Official Market (*Amtlicher Handel*) of the Vienna Stock Exchange (*Wiener Börse*) (the "**Listing**") of EuroTeleSites AG, a joint stock corporation organized under Austrian law ("**EuroTeleSites**" or the "**Company**", and together with its consolidated subsidiaries, the "**EuroTeleSites Group**"), each such share representing a calculated notional amount of EUR 1.00 of the nominal share capital, and all such shares representing the entire share capital of the Company (the "**Shares**"), issued in connection with the registration of the spin-off of Telekom Austria Aktiengesellschaft's ("**Telekom Austria**") 100% shareholding in A1 Towers Holding GmbH (the "**Austrian ETS TowerCo**") to create EuroTeleSites (the "**Towers Holding Spin-off**").

The Company has applied for the admission of the Shares to trading on the Official Market (*Amtlicher Handel*) of the Vienna Stock Exchange (*Wiener Börse*), which is a regulated market for purposes of Directive 2014/65/EU as amended ("**MiFID II**"). Trading of the Shares in the "Prime Market" segment of the Vienna Stock Exchange (*Wiener Börse*) is expected to commence on or about 22 September 2023 under the symbol ETS.

The Shares involve a high degree of risk, including a total loss of any investment. See the entire Prospectus and, in particular, "*Risk Factors*" beginning on page 8 of this Prospectus to read about risks to which the Company and/or EuroTeleSites Group is exposed and that should be considered prior to purchasing the Shares following the Listing. The Shares should be bought and traded only by persons knowledgeable in investment matters.

The Shares are represented by one modifiable global certificate, which is deposited with OeKB CSD GmbH ("**OeKB CSD**"). Any Shares will be credited on or about 26 September 2023 to the accounts of shareholders in book-entry form through the facilities operated by OeKB CSD, Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream**"). The International Securities Identification Number ("**ISIN**") of the Shares is AT000000ETS9.

This Prospectus has been approved by the Austrian Financial Market Authority (*Finanzmarktaufsichtsbehörde* –"FMA") in its capacity as competent authority under Regulation (EU) 2017/1129 as amended (the "Prospectus Regulation") and pursuant to the Austrian Capital Markets Act 2019 (*Kapitalmarktgesetz 2019,* "KMG 2019"). The accuracy of the information contained in this Prospectus does not fall within the scope of examination by the FMA. The FMA examines and approves this Prospectus only in respect of its completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Company or EuroTeleSites Group and the quality of the Shares that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Shares after their anticipated Listing.

This Prospectus does not constitute or form part of an offer to sell the Shares, or a solicitation of an offer to buy the Shares from persons in any jurisdiction. This Prospectus serves as listing prospectus only.

The validity of this Prospectus will expire with the beginning of the trading of the Shares on the Vienna Stock Exchange (*Wiener Börse*) which is expected to occur on or about 22 September 2023. Investors should be aware that the obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when this Prospectus is no longer valid.

Lead Financial Advisor and Listing Agent

Citigroup

Co- Financial Advisor and
Settlement Agent
Erste Group Bank AG

The date of this Prospectus is 22 September 2023

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SUMMARY OF THE PROSPECTUS

Section A – Introduction, containing warnings.	
This summary should be read as an introduction to this Prospectus (as defined below). *Any decision to invest in the securities should be based on a consideration of this Prospectus as a whole by an investor. Investors in the securities could lose all or part of their invested capital.* *Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating this Prospectus before the legal proceedings are initiated.* *Civil liability attaches only to those persons who have tabled this summary including any translation thereof, but only where this summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or where it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the securities.*	
a)	**Name and International Securities Identification Number ("ISIN") of the securities.**
	This prospectus (the "**Prospectus**") relates to 166,125,000 ordinary no-par value bearer shares (*auf den Inhaber lautende Stückaktien*), ISIN AT000000ETS9, of EuroTeleSites AG, Vienna, Austria ("**EuroTeleSites"** or the "**Company**" and together with its consolidated subsidiaries, the "**EuroTeleSites Group**"), issued in connection with the registration of the spin-off of the100% shareholding of Telekom Austria Aktiengesellschaft ("**Telekom Austria**" and together with its consolidated subsidiaries the "**Telekom Austria Group**") in A1 Towers Holding GmbH (the "**Austrian ETS TowerCo**" and together with its consolidated subsidiaries the "**Towers Group**"(1)) to create EuroTeleSites (the "**Towers Holding Spin-off**"). (1) For periods prior to the registration of the spin-off Towers Group comprising the Austrian ETS TowerCo together with the combined towers business companies and towers business holding companies of the towers business being demerged from the local operating Telekom Austria companies and restructured under the Austrian ETS TowerCo including the Austrian towers business.
b)	**Identity and contact details of the Company, including its legal entity identifier ("LEI").**
	EuroTeleSites (LEI: 5299007TJV9W1OY91Y28) is an Austrian joint stock corporation (*Aktiengesellschaft*) established and incorporated under the laws of Austria, having its registered seat in Vienna, Austria, and its business address at Lassallestraße 9, 1020 Vienna, Austria (Phone: +43506640; Website: www.eurotelesites.com).
d)	**Identity and contact details of the competent authority approving the Prospectus.**
	The Austrian Financial Market Authority (*Finanzmarktaufsichtsbehörde* – "**FMA**"), Otto-Wagner-Platz 5, 1090 Vienna, Austria (Phone: +43 1 249 59-0; Website: www.fma.gv.at), has approved this Prospectus in its capacity as competent authority for Austria under Regulation (EU) 2017/1129, as amended (the "**Prospectus Regulation**") and pursuant to the Austrian Capital Markets Act 2019 (*Kapitalmarktgesetz 2019,* "**KMG 2019**").
e)	**The date of approval of the Prospectus.**
	This Prospectus has been approved on 22 September 2023.

	Section B – Key information on the Company.
a)	**Who is the Company of the securities?**
	Information on the Company: The Company's legal name (*Firma*) is EuroTeleSites AG, and it operates under "**EuroTeleSites**". The Company has its registered seat in Vienna, Austria, and is an Austrian joint stock corporation (*Aktiengesellschaft*), established and incorporated under the laws of Austria. The Company is registered with the Austrian companies register (*Firmenbuch*) under registration number 611727z; registration court: Commercial Court Vienna (*Handelsgericht Wien*). EuroTeleSites has been registered in the Austrian companies register as of 22 September 2023. **Principal activities:** The Company acts mainly as the holding and service company of EuroTeleSites Group, and therefore coordinates all activities of EuroTeleSites Group and also provides services for EuroTeleSites Group. EuroTeleSites Group is a leading European mobile telecommunications tower infrastructure operator, with more than 13,200 macro sites, which are Telekom Austria's passive infrastructure assets comprising towers in Austria, Bulgaria, Croatia, North Macedonia, Serbia and Slovenia which have been spun off to the Austrian ETS TowerCo (the "**Towers Business**"), either ground-based or located on top of a building, where communications equipment is placed to create a cell in a mobile network ("**Macro Sites**") and approximately 1,500 micro sites, which include sites that are usually installed on (pre-existing) buildings and are typically located on the roof, roofing pavement or high windows or structures such as underground stations and tunnels ("**Micro Sites**") across six markets, in five of which it ranks either first or second by number of Sites (Source: Company's Internal Assessment).

	Major shareholders and control: As of the date of this Prospectus a total of 56.55 % of the shares of the Company is held by América Móvil B.V., Netherlands ("**América Móvil B.V.**"), a wholly owned subsidiary of América Móvil, S.A.B. de C.V. (together with América Móvil B.V., "**América Móvil**"). The Republic of Austria holds 28.42 % via Österreichische Beteiligungs AG ("**ÖBAG**"), while the remaining 15.03 % of the shares are in free float. **Shareholders' Agreement:** ÖBAG and América Móvil agreed on 6 February 2023 to enter into a shareholders' agreement for a ten-year term with respect to the Company which has become effective upon the registration of EuroTeleSites in the Austrian companies register as of 22 September 2023.
	Management Board: The Company's Management Board (*Vorstand*) consists of Ivo Ivanovski as CEO, responsible for Strategy, Mergers & Acquisitions, Human Resources, Operation, Business Development & Communication, Marketing & Branding, Legal, Regulatory & Governmental Affairs and General Secretariat; and Lars Mosdorf as CFO, responsible for Accounting & Tax, Controlling & Reporting, Investor Relations, Environmental Social Governance, Treasury & Risk, Compliance, Internal Audit, IT, Purchasing and Procurement.
	Auditor Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., which is domiciled in Vienna and has its business address at Wagramer Straße 19, 1220 Vienna, Austria ("**Ernst & Young Austria**"), is the independent auditor of the Company. Ernst & Young Austria is a certified public accounting firm and member of the Austrian Chamber of Chartered Accountants (*Kammer der Steuerberater:innen und Wirtschaftstreuhänder:innen*).
b)	**What is the key financial information regarding the Company?**
	The audited special purpose condensed combined financial statements of Towers Group as prepared by Telekom Austria in relation to the Towers Business as of and for the financial year ended 31 December 2022, comprising the condensed combined statement of comprehensive income, condensed combined statement of financial position, condensed combined statement of cash flows, condensed combined statement of changes in equity, and selected explanatory notes (the "**Audited Condensed Combined Financial Statements 2022**"), as presented herein, were prepared in accordance with the basis of preparation as outlined in the selected explanatory notes to the Audited Condensed Combined Financial Statements 2022 in section "(1) Basis of Preparation of the Condensed Combined Financial Statements". The unaudited special purpose condensed combined interim financial statements of Towers Group as prepared by Telekom Austria in relation to the Towers Business as of and for the six months ended 30 June 2023, comprising the condensed combined interim statement of comprehensive income, condensed combined interim statement of financial position, condensed combined interim statement of cash flows and condensed combined interim statement of changes in equity, and selected explanatory notes (the "**Unaudited Condensed Combined Interim Financial Statements**"), were prepared in accordance with the basis of preparation as outlined in the selected explanatory notes to the Unaudited Condensed Combined Interim Financial Statements in section "(1) Basis of Preparation of the Condensed Combined Interim Financial Statements". Due to the limited availability of historical financial information related to the Company and the limited comparability of such historical financial information, this Prospectus also includes unaudited *pro forma* financial information of Towers Group consisting of the unaudited *pro forma* consolidated income statements of Towers Group for the year ended 31 December 2022 and for the six months ended 30 June 2023 and the unaudited *pro forma* consolidated statement of financial position of Towers Group as of 30 June 2023, accompanied by the related unaudited *pro forma* notes thereto (the "**Unaudited Towers Group *Pro Forma* Financial Information**"). The purpose of the Unaudited Towers Group *Pro Forma* Financial Information is to illustrate the material effects that Towers Group structure would have had on the Audited Condensed Combined Financial Statements 2022 and the Unaudited Condensed Combined Interim Financial Statements if Towers Group structure had existed since 1 January 2022 with respect to the unaudited *pro forma* consolidated income statements of Towers Group for the year ended 31 December 2022 and for the six months ended 30 June 2023 or on 30 June 2023 with respect to the unaudited *pro forma* consolidated statement of financial position of Towers Group as of 30 June 2023. The Unaudited Towers Group *Pro Forma* Financial Information has been prepared for illustrative purposes only and does not purport to be indicative of the results and financial position of Towers Group that would have actually been reported if the Reorganization had occurred on 1 January 2022 or on 30 June 2023. The Unaudited Towers Group *Pro Forma* Financial Information should be read in conjunction with the Audited Condensed Combined Financial Statements 2022 and the Unaudited Condensed Combined Interim Financial Statements. Where financial data in the following tables is labelled "audited", this means that it has been taken from the Audited Condensed Combined Financial Statements 2022. The label "unaudited" is used in the following tables to indicate financial data that has not been taken from the Audited Condensed Combined Financial Statements 2022 but has been taken or derived either from the Unaudited Condensed Combined Interim Financial Statements or the Unaudited Towers Group *Pro Forma* Financial Information.

Audited Condensed Combined Financial Statements 2022 and Unaudited Condensed Combined Interim Financial Statements:

Selected Condensed Combined Income Statement Towers Group Data

(in TEUR)	**Six months ended 30 June 2023 (unaudited)**	**Six months ended 30 June 2022 (unaudited)**	**Financial year ended 31 December 2022 (audited)**	**Financial year ended 31 December 2021 (unaudited)**
Total revenues (incl. other operating income)	48,591	25,280	60,742	29,098
Operating income – EBIT	– 6,849	– 29,252	– 49,287	– 69,611
Net result	– 15,544	– 30,119	– 54,976	– 70,861

(Source: Audited Condensed Combined Financial Statements 2022 and Unaudited Condensed Combined Interim Financial Statements)

Selected Condensed Combined Balance Sheet Towers Group Data

(in TEUR)	**As of 30 June 2023 (unaudited)**	**As of 31 December 2022 (audited)**	**As of 31 December 2021 (unaudited)**
Total assets	716,219	701,265	596,314
Total equity	402,279	372,241	289,867

(Source: Audited Condensed Combined Financial Statements 2022 and Unaudited Condensed Combined Interim Financial Statements)

Selected Condensed Combined Cash Flow Towers Group Data

(in TEUR)	**Six months ended 30 June 2023 (unaudited)**	**Six months ended 30 June 2022 (unaudited)**	**Financial year ended 31 December 2022 (audited)**	**Financial year ended 31 December 2021 (unaudited)**
Net cash flow from operating activities	35,390	17,572	35,271	– 290
Net cash flow from investing activities	– 21,299	– 14,956	– 36,050	– 30,485
Net cash flow from financing activities	– 44,423	– 32,310	– 49,935	– 36,030

(Source: Audited Condensed Combined Financial Statements 2022 and Unaudited Condensed Combined Interim Financial Statements)

Unaudited Towers Group Pro Forma Financial Information:

Selected Unaudited Pro Forma Consolidated Income Statement Towers Group Data

(in TEUR)	**Financial year ended 31 December 2022 (unaudited)**		
	Condensed Combined Income Statement of Towers Group	**Pro Forma Adjustments**	**Unaudited Pro Forma Consolidated Income Statement**
Total revenues (incl. other operating income)	60,742	170,772	231,514
Operating income – EBIT	– 49,287	144,127	94,840
Net result	– 54,976	71,215	16,239

(Source: Unaudited Towers Group *Pro Forma* Financial Information)

(in TEUR)	**Six months ended 30 June 2023 (unaudited)**		
	Unaudited Condensed Combined Income Statement of Towers Group	**Pro Forma Adjustments**	**Unaudited Pro Forma Consolidated Income Statement**
Total revenues (incl. other operating income)	48,591	72,534	121,125
Operating income – EBIT	– 6,849	54,116	47,267
Net result	– 15,544	21,742	6,198

(Source: Unaudited Towers Group *Pro Forma* Financial Information)

Selected Unaudited Pro Forma Consolidated Statement of Financial Position Towers Group Data

(in TEUR)	As of 30 June 2023 (unaudited) Unaudited Condensed Combined Statement of Financial Position of Towers Group	Pro Forma Adjustments	Unaudited Pro Forma Consolidated Statement of Financial Position
Total assets	716,219	1,363,280	2,079,499
Total equity	402,279	– 111,538	290,740

(Source: Unaudited Towers Group *Pro Forma* Financial Information)

c) What are the key risks that are specific to the Company?

Risks related to EuroTeleSites Group's business activities and industry

- The development of EuroTeleSites Group's business, including through organic growth or strategic acquisitions, involves a number of risks and uncertainties that could adversely affect its operating results or disrupt its operations.
- The telecommunications infrastructure industry could experience increased competition in the future. EuroTeleSites Group may not be successful in competing in its markets or may not be able to capture tenancies in its markets and grow its customer base as expected or may lose tenancies, all of which could have an adverse effect on revenues, profitability and cash flows.
- A reduction in customer demand for Sites (including as a result of changes in government regulations, or space on Sites) could adversely affect financial results and the growth of EuroTeleSites Group's business.
- EuroTeleSites Group's customer base has limited diversification at present and will initially depend primarily on Telekom Austria Group as its primary customer.

Risks related to EuroTeleSites Group's financial position

- EuroTeleSites Group has incurred considerable liabilities as a result of the Towers Business Spin-off and may be unsuccessful in deleveraging and keeping investment grade rating; EuroTeleSites Group may also be exposed to increased indebtedness over time which could limit its capabilities to obtain necessary funding, to make payments on existing liabilities and/or to pay dividends.
- EuroTeleSites Group is exposed to interest rate, refinancing and liquidity risk.

Legal, regulatory, internal control and reputational risk

- Failure to comply with environmental, social and governance ("**ESG**") standards and expectations could adversely impact EuroTeleSites Group's business and reputation.
- EuroTeleSites Group's business, and that of its customers, will be subject to evolving laws and regulations, which could restrict EuroTeleSites Group's ability to operate its business.

Risks relating to the shareholder structure

- América Móvil has the ability to control EuroTeleSites in the shareholders' meeting, the Supervisory Board and the Management Board.
- Any seeking of consent by EuroTeleSites's main shareholders on certain important shareholders' meeting matters could delay or otherwise impact EuroTeleSites's ability to react quickly to business and/or strategic developments.

Risks related to the history and formation of the group structure

- The limited availability and comparability of historical financial information related to EuroTeleSites Group may make it difficult for investors to evaluate EuroTeleSites Group's historical performance and future prospects.
- The Unaudited Towers Group *Pro Forma* Financial Information may differ materially from and may not be representative of EuroTeleSites Group's actual or future results of operations and financial condition.

Section C – Key information on the securities.	
a)	**What are the main features of the securities?**
	Type, class and ISIN of the securities being admitted to trading The Company has applied for admission to listing and trading of its 166,125,000 no-par value ordinary bearer shares (*Stückaktien*), each representing a calculated notional amount of EUR 1.00 per share (the "**Shares**") on the Official Market (*Amtlicher Handel*) of the Vienna Stock Exchange (*Wiener Börse*) (the "**Listing**"). The Shares are proposed to be admitted to listing and trading on the Official Market (*Amtlicher Handel*) of the Vienna Stock Exchange (*Wiener Börse*) in the segment "Prime Market".
	The ISIN of the Shares is AT000000ETS9.
	Currency, denomination, par-value, the number and the term of the Shares The Shares are denominated in Euro. As of the date of this Prospectus, the Company's issued and fully paid-in share capital amounts to EUR 166,125,000, divided into 166,125,000 no-par value ordinary bearer shares, each representing a calculated notional amount of EUR 1.00.
	The rights attached to the Shares ***Voting rights***: Each Share entitles its holder to attend the shareholders' meeting and to one vote at the shareholders' meeting. ***Dividend rights***: Each Share carries full dividend rights for the remainder of the financial year ending 31 December 2023 and all following financial years. ***Subscription rights***: In principle, holders of the Shares have subscription rights (*Bezugsrechte*) allowing them to subscribe for any newly issued shares of the Company (including securities convertible into shares, securities with warrants to purchase shares, securities participation bonds or participation rights) or other securities convertible into shares of the Company or having warrants to acquire shares of the Company attaching to them in order to maintain their existing share in the share capital. Subscription rights are in proportion to the number of shares of the Company held by the shareholders. Shareholders may waive their subscription rights. ***Liquidation proceeds***: A resolution to dissolve the Company must be approved by shareholders representing 75% of the share capital present at the relevant shareholders' meeting. If the Company is dissolved, any assets remaining after all instruments or obligations of the Company have been satisfied in full will be distributed to the shareholders.
	Ranking: In case of an insolvency or liquidation of the Company, the Shares are subordinated to all instruments and obligations of the Company. No amounts or liquidation proceeds will be paid to holders of Shares until all instruments or obligations of the Company have been satisfied in full.
	Free transferability: Under the Austrian Joint Stock Corporation Act (*Aktiengesetz*) and the Company's articles of association (*Satzung*), there are no restrictions on the free transferability of the Shares. International investors are requested to inform themselves of any potential non-Austrian regulatory restrictions applicable to them.
	Dividend policy: It is not intended to pay dividends for the next four years.
b)	**Where will the securities be traded?**
	The Company has applied for admission of the Shares to trading on the Official Market (*Amtlicher Handel*) of the Vienna Stock Exchange (*Wiener Börse*), which is a regulated market pursuant to Directive 2014/65/EU, as amended ("**MiFID II**"), in the "Prime Market" segment. The Shares are intended to be admitted to trading on the Vienna Stock Exchange (*Wiener Börse*) in the "Prime Market" segment and commencement of trading on the Vienna Stock Exchange (*Wiener Börse*) is expected on or about 22 September 2023 under the symbol "ETS".
c)	**What are the key risks that are specific to the securities?**
	Risks relating to the Listing and/or the Shares • The Shares have not been publicly traded, and there is no guarantee that an active and liquid market for the Shares will develop or can be maintained and Shareholders may therefore not be able to sell their Shares quickly or at all or at the market price. • The market price and trading volume of the Shares may fluctuate significantly and investors could lose some or all of their investment. • Limited free float could negatively affect the liquidity of the Shares on the stock market.

<table>
<tr><th colspan="2">Section D – Key information on the admission of securities to trading on a regulated market.</th></tr>
<tr><td>a)</td><td>Under which conditions and timetable can I invest in this security?</td></tr>
<tr><td></td><td>N/A – The Company is not offering any securities under this Prospectus.</td></tr>
<tr><td>b)</td><td>Who is the person asking for admission to trading?</td></tr>
<tr><td></td><td>The Company has applied for the admission to listing and trading of the Shares together with Citibank Global Markets Europe AG.</td></tr>
<tr><td>c)</td><td>Why is this prospectus being produced?</td></tr>
<tr><td></td><td>The purpose of the Prospectus is to admit the Shares to trading on the Official Market (Amtlicher Handel) of the Vienna Stock Exchange (Wiener Börse) in connection with the registration of the Towers Holding Spin-off.

The Company will not receive any proceeds in connection with the Towers Holding Spin-off and/or Listing. In connection with the Listing, Telekom Austria will bear the overall costs of approximately EUR 2.7 million.</td></tr>
<tr><td></td><td>Listing Agreement, Advisory Engagement and Settlement Engagement:
On 22 September 2023, Citibank Global Markets Europe AG (the "Lead Financial Advisor and Listing Agent"), Erste Group Bank AG (the "Co-Financial Advisor and Settlement Agent"), Telekom Austria and EuroTeleSites entered into a listing agreement setting out certain provisions in relation to the Listing and the settlement of the Shares. The listing agreement includes various representations and undertakings by EuroTeleSites including an indemnity provision.

On the basis of an advisory engagement dated 15 September 2023, the Lead Financial Advisor and Listing Agent has provided and will continue to provide certain customary financial advisory and investment banking services to Telekom Austria in connection with the separation of the Tower Business and the Listing of the Shares of EuroTeleSites, including, among other things, advice on the structure of the Reorganization, preparation of a valuation analysis, organizing investor solicitation meetings and physical and virtual roadshows as well as flow back management services in the form of general investor education.

On the basis of a settlement engagement dated 28 July 2023, the Co-Financial Advisor and Settlement Agent has provided and will continue to provide certain customary securities settlement services to EuroTeleSites in connection with the Listing of the Shares of EuroTeleSites, including, among others, the allocation of the Shares of EuroTeleSites to the shareholders of Telekom Austria, the collection of fractional rights in Shares and their sale via the stock exchange and distribution of the proceeds of such sale to the respective EuroTeleSites shareholders in proportion to their corresponding fractional rights.</td></tr>
<tr><td></td><td>Material conflicts of interest pertaining to the Listing:
The Lead Financial Advisor and Listing Agent and the Co-Financial Advisor and Settlement Agent have entered into a contractual relationship with EuroTeleSites Group (via the listing agreement, to which Telekom Austria is also a party) and Telekom Austria (via an advisory engagement) in connection with the Listing. Upon completion of their engagement, the Lead Financial Advisor and Listing Agent and the Co-Financial Advisor and Settlement Agent will receive a fee. In connection with the Listing and thereafter, the Lead Financial Advisor and Listing Agent and the Co-Financial Advisor and Settlement Agent and their respective affiliated companies will be able to acquire Shares for their own accounts and hold, purchase or sell Shares for their own accounts and can also (re-)sell these Shares. The Lead Financial Advisor and Listing Agent and the Co-Financial Advisor and Settlement Agent do not intend to disclose the scope of such engagement if not required by law. The Lead Financial Advisor and Listing Agent and the Co-Financial Advisor and Settlement Agent and/or their respective affiliates have provided, currently provide or may provide in the future various investment banking, commercial banking, financial advisory and/or similar services to companies of the Telekom Austria Group or EuroTeleSites Group, and maintain normal business relationships with the companies of the Telekom Austria Group or EuroTeleSites Group in their capacity as credit institutions or as lenders under credit and/or guarantee facilities, for which they have received and may continue to receive customary fees and expenses. All investment, consulting and financial transactions with the Lead Financial Advisor and Listing Agent and the Co-Financial Advisor and Settlement Agent are conducted on an arm's length basis.</td></tr>
</table>

1. GENERAL INFORMATION

1.1 Responsibility Statement

EuroTeleSites, with its registered office in Vienna, Austria, assumes responsibility for the contents of this Prospectus pursuant to Article 11 of the Prospectus Regulation and hereby declares that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and that this Prospectus makes no omission likely to affect its import. Neither the Lead Financial Advisor and Listing Agent nor the Co-Financial Advisor and Settlement Agent have independently verified this Prospectus and do not assume responsibility for the accuracy and completeness of the information and statements contained in this Prospectus.

The Company is not required by law to update the Prospectus subsequent to the date hereof, except in accordance with Article 23 of the Prospectus Regulation, which stipulates, among other things, that every significant new factor, material mistake or material inaccuracy relating to the information included in a prospectus which may affect the assessment of the securities and which arises or is noted after approval of the prospectus and the later of completion of the commencement of trading in the Shares on the Official Market (*Amtlicher Handel*) shall be disclosed in a supplement to the Prospectus in accordance with Article 23 of the Prospectus Regulation without undue delay.

1.2 Subject Matter of the Prospectus and Important Information

This Prospectus relates to the admission to listing and trading on the Official Market (*Amtlicher Handel*) and trading in the "Prime Market" segment of the Vienna Stock Exchange (*Wiener Börse*) of 166,125,000 Shares, each such Share with full dividend rights for the remainder of the financial year 2023 and all subsequent financial years.

This Prospectus constitutes a prospectus within the meaning of Article 6.3 of the Prospectus Regulation, which was drawn up in accordance with Annexes 1, 11 and 20 of Commission Delegated Regulation (EU) 2019/980, as amended, and conforms to the requirements of the KMG 2019 and the Austrian Stock Exchange Act 2018 (*Börsegesetz 2018 – BörseG 2018*). This Prospectus and any supplement thereto will be published in electronic form on the Company's website.

No person is or has been authorized to give any information or to make any representation in connection with the Listing of the Shares, other than as contained in this Prospectus, and, if given or made, any other information or representation must not be relied upon as having been authorized by the Company, the Lead Financial Advisor and Listing Agent or the Co-Financial Advisor and Settlement Agent or any other person. The delivery of this Prospectus at any time after the date hereof shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company or EuroTeleSites Group since the date hereof or that the information set out in this Prospectus is correct as of any time since its date. Neither the Lead Financial Advisor and Listing Agent nor the Co-Financial Advisor and Settlement Agent or any other person mentioned in this Prospectus, except for the Company, is responsible for the information contained in this Prospectus and accordingly, and to the extent permitted by the laws of any relevant jurisdiction, the Lead Financial Advisor and Listing Agent and the Co-Financial Advisor and Settlement Agent make no representation or warranty, express or implied, as to the accuracy or completeness of the information in this Prospectus, and nothing in this Prospectus is, or shall be relied upon as, a promise or representation by the Lead Financial Advisor and Listing Agent or the Co-Financial Advisor and Settlement Agent.

Every significant new factor, material mistake or material inaccuracy relating to the information included in this Prospectus which may affect the assessment of the Shares and which arises or is noted between the approval of this Prospectus by the FMA and the later of completion of the commencement of trading in the Shares on the Official Market (*Amtlicher Handel*) of the Vienna Stock Exchange (*Wiener Börse*), will be published in a supplement to this Prospectus in accordance with Article 23 of the Prospectus Regulation. Such supplement must be approved in the same way as this Prospectus by the FMA and must be published in the same way as this Prospectus in accordance with Article 21 of the Prospectus Regulation.

In making an investment decision regarding the Shares shareholders must rely on their own examination of the Company and EuroTeleSites Group, including the merits and risks involved. The admission of the Shares to listing and trading on the Official Market (*Amtlicher Handel*) of the Vienna Stock Exchange (*Wiener Börse*) is being made solely on the basis of this Prospectus and any supplement thereto.

1.3 Financial Statements

The Company and EuroTeleSites Group have a "complex financial history" within the meaning of the Prospectus Regulation:

In order to create EuroTeleSites Group, Telekom Austria has separated its passive infrastructure (in particular vertical support structures, including masts, towers, tower foundations, substructures and antenna supports (the "**Passive Infrastructure**")) comprising towers in Austria, Bulgaria, Croatia, North Macedonia, Serbia and Slovenia (both legally and operationally) into a new stand-alone tower infrastructure business (the "**Reorganization**") – (see "*Reorganization and Spin-off*"). The Reorganization will have a significant impact on the net assets, financial position and results of operations of Towers Group, comprising of A1 Towers Holding GmbH as the Austrian ETS TowerCo, the non-Austrian ETS TowerCos (as defined below) and the Towers Holding Companies (as defined below) (the "**Towers Group**", and for periods prior to the registration of the Towers Holding Spin-off (as defined below) comprising the Austrian ETS TowerCo together with the combined towers business companies and towers business holding companies of the towers business being demerged from the local operating Telekom Austria companies and restructured under the Austrian ETS TowerCo including the Austrian towers business). "**Towers Holding Spin-off**" in this context means the spin-off of Telekom Austria's 100% shareholding in the Austrian ETS TowerCo by way of spin-off by formation (*Spaltung zur Neugründung*), thereby creating EuroTeleSites.

Prior to the Reorganization, the towers business, which includes Telekom Austria's Passive Infrastructure assets consisting of towers in Austria, Bulgaria, Croatia, North Macedonia, Serbia and Slovenia (the "**Towers Business**") to be spun off and separated from Telekom Austria Group, had not historically operated or been managed as a separate legal entity within the group of companies comprising Telekom Austria and its consolidated subsidiaries (the "**Telekom Austria Group**"). The assets of the Towers Business, which were held across a number of Telekom Austria's subsidiaries, were historically used primarily as infrastructure to support the active equipment, which include customer equipment used to receive and transmit mobile networks signals such as radios, electronics and fiber owned by the telecommunication operator ("**Active Equipment**") of Telekom Austria Group or, in some cases, other mobile network operators ("**MNOs**"). The Towers Business was not monitored separately by Telekom Austria and therefore the information required to fully reconstruct its historical financial information for periods prior to its separation is not available.

As a result, it is not possible to prepare consolidated financial statements regarding the Towers Business in accordance with the International Financial Reporting Standards as adopted by the European Union ("**IFRS**") for periods prior to the completion of the Reorganization. With regard to the financial information relating to the activities of the Austrian Towers Business for periods prior to and ended 31 December 2022 or 30 June 2023, the financial statements line items that can be directly identified (on a cost center basis) are:

- revenues from tenants other than A1 Telekom Austria Aktiengesellschaft, a 100% subsidiary of Telekom Austria;
- certain costs which are directly attributable to the tower infrastructure assets, such as personnel, energy, maintenance, depreciation of property, plant and equipment, ground leases and, for the twelve months ended 31 December 2022 and the six months ended 30 June 2023, depreciation on lease-related right-of-use assets and interest on leases recognized under IFRS 16 "Leases"; and
- the non-current property, plant and equipment assets and related asset retirement obligations.

Regarding the non-Austrian Towers Business, the financial information is extracted from the financial statements of the local tower companies belonging formerly to Telekom Austria Group established in Bulgaria, Croatia, North Macedonia, Serbia and Slovenia starting with the following dates:

- February 2021 for Bulgaria;
- November 2021 for Croatia;
- July 2022 for North Macedonia;
- October 2022 for Slovenia; and
- November 2022 for Serbia.

Given the lack of available historical financial information, neither the Austrian Towers Business' net working capital nor its net financial debt can be identified.

The audited special purpose condensed combined financial statements of Towers Group as prepared by Telekom Austria in relation to the Towers Business as of and for the financial year ended 31 December 2022, comprising the condensed combined statement of comprehensive income, condensed combined statement of financial position, condensed combined statement of cash flows, condensed combined statement of changes in equity, and selected explanatory notes (the "**Audited Condensed Combined Financial Statements 2022**"), as presented herein, were prepared in accordance with the basis of preparation as outlined in the selected explanatory notes to the Audited Condensed Combined Financial Statements 2022 in section "(1) Basis of Preparation of the Condensed Combined Financial Statements".

The unaudited special purpose condensed combined interim financial statements of Towers Group as prepared by Telekom Austria in relation to the Towers Business as of and for the six months ended 30 June 2023, comprising the condensed combined interim statement of comprehensive income, condensed combined interim statement of financial position, condensed combined interim statement of cash flows, condensed combined interim statement of changes in equity, and selected explanatory notes (the "**Unaudited Condensed Combined Interim Financial Statements**"), were prepared in accordance with the basis of preparation as outlined in the selected explanatory notes to the Unaudited Condensed Combined Interim Financial Statements in section "(1) Basis of Preparation of the Condensed Combined Interim Financial Statements".

1.4 Auditor

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., which is domiciled in Vienna and has its business address at Wagramer Straße 19, 1220 Vienna, Austria ("**Ernst & Young Austria**"), audited, in accordance with Austrian standards on auditing, which requires to comply with the International Standards on Auditing (ISA), the Audited Condensed Combined Financial Statements 2022 as presented herein, prepared in accordance with the basis of preparation as outlined in the selected explanatory notes to the Audited Condensed Combined Financial Statements 2022 in section "(1) Basis of Preparation of the Condensed Combined Financial Statements", and issued an unqualified auditor's report thereon dated 22 June 2023. Ernst & Young Austria is a certified public accounting firm and member of the Austrian Chamber of Chartered Accountants (*Kammer der Steuerberater:innen und Wirtschaftsprüfer:innen*).

1.5 Presentation of Financial Information

Some figures (including percentages) in this Prospectus have been rounded in accordance with standard commercial rounding. In some instances, such rounded figures and percentages may not add up to 100% or to the totals or subtotals contained in tables or stated elsewhere in this Prospectus. Furthermore, totals and subtotals in tables may differ slightly from unrounded figures stated elsewhere in this Prospectus due to rounding off in accordance with commercial rounding.

Where financial data in the Prospectus is labeled "audited", this means that it has been derived from the Audited Condensed Combined Financial Statements 2022. The label "unaudited" is used in the Prospectus to indicate financial data that has not been derived from the Audited Condensed Combined Financial Statements 2022 but has been taken or derived from the Unaudited Condensed Combined Interim Financial Statements or the Unaudited Towers Group *Pro Forma* Financial Information. All of the financial data presented in the Prospectus is shown in millions of euros (in EUR million), except as otherwise stated. The percentage changes that are stated in the text and the tables have been commercially rounded to one decimal point unless stated otherwise. Financial information presented in parentheses denotes the negative of such number presented. With respect to financial data set out in the main body of the Prospectus, a dash ("-") or "n.a" signifies that the relevant figure is not available, while a zero ("0") signifies that the relevant figure is available but is or has been rounded to zero.

1.6 Alternative Performance Measures (APM)

This Prospectus contains non-IFRS *pro forma* financial measures and ratios of Towers Group, including those listed below, which are not required by, or presented in accordance with, IFRS or the accounting standards of any other jurisdiction. The non-IFRS *pro forma* financial measures may not be comparable to other similarly titled measures of other companies and should be considered together with Towers Group's IFRS results and liabilities. Non-IFRS *pro forma* financial measures and ratios are not measurements of EuroTeleSites Group's operating performance or liabilities under IFRS and investors should bear this in mind when considering non-IFRS financial measures as alternatives to performance measures derived in accordance with IFRS or any other generally accepted accounting principles, or as alternatives to cash flow from operating, investing or financing activities or to liabilities. Investors should rely on EuroTeleSites Group's IFRS results, supplemented by Towers Group's non-IFRS *pro forma* financial measures, to evaluate EuroTeleSites Group's performance.

The Company presents non-IFRS *pro forma* financial measures of Towers Group to measure the operating performance, the level of Net Debt (as defined below) and the Company's redemption capacity and as a basis of economic analysis. The Company also believes that non-IFRS *pro forma* financial measures and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of operating performance and financial standing. The following list includes explanations of the definitions of certain – in the Company's view most relevant – key APMs, as well as information regarding such APMs relevance (these APMs relate the *pro forma* financial information included in this Prospectus):

- **CAPEX / Revenues**: Capital expenditures divided by total revenues (incl. other operating income).
- **EBITDA:** Earnings before interest, tax, depreciation and amortization.
- **EBITDA margin:** EBITDA divided by total revenues (including other operating income).
- **EBITDAaL:** Earnings before interest, tax, depreciation and amortization (EBITDA) minus (-) depreciation of right-of-use assets and interest expense on lease liabilities.
- **EBITDAaL margin:** EBITDAaL divided by total revenues (including other operating income).
- **Free Cash Flow:** Free Cash Flow is defined as EBITDAaL minus capital expenditures. Capital expenditures includes (i) capital expenditures for new Sites; (ii) capital expenditures for Sites upgrades and (iii) other capital expenditures.
- **Free Cash Flow / EBITDAaL**: Free Cash Flow divided by EBITDAaL.
- **Net Debt:** Long-term debt minus (-) cash.
- **Net Debt / EBITDAaL margin:** Net Debt divided by EBITDAaL.

The Company believes that it is useful to include these non-IFRS *pro forma* financial measures of Towers Group as they are used for internal performance analysis and the presentation of these financial measures facilitates comparability with other companies in its industry. These non-IFRS *pro forma* financial measures should not be considered in isolation or construed as a substitute for financial measures in accordance with IFRS.

1.7 Unaudited Towers Group *Pro Forma* Financial Information

Due to the limited availability of historical financial information related to EuroTeleSites and EuroTeleSites Group and the limited comparability of such historical financial information, this Prospectus also includes unaudited *pro forma* financial information of Towers Group consisting of the unaudited *pro forma* consolidated income statements of Towers Group for the year ended 31 December 2022 and for the six months ended 30 June 2023 and the unaudited *pro forma* consolidated statement of financial position of Towers Group as of 30 June 2023, accompanied by the related unaudited *pro forma* notes thereto (the "**Unaudited Towers Group *Pro Forma* Financial Information**").

The purpose of the Unaudited Towers Group *Pro Forma* Financial Information is to illustrate the material effects that Towers Group structure would have had on the Audited Condensed Combined Financial Statements 2022 and the Unaudited Condensed Combined Interim Financial Statements if Towers Group structure had existed since 1 January 2022 with respect to the unaudited *pro forma* consolidated income statements of Towers Group for the year ended 31 December 2022 and for the six months ended 30 June 2023 or on 30 June 2023 with respect to the unaudited *pro forma* consolidated statement of financial position of Towers Group as of 30 June 2023. The Unaudited Towers Group *Pro Forma* Financial Information is based on factually supportable *pro forma* adjustments described in the accompanying *pro forma* notes, which Telekom Austria considers reasonable. It does not include incremental revenues or costs that are not directly related to the Reorganization, or any related financing arrangements, and does not reflect the results of any future initiatives other than those described in "*Reorganization*". Future results of operations may differ materially from those presented in the Unaudited Towers Group *Pro Forma* Financial Information. As a result, it may not give a true picture of EuroTeleSites Group's financial position or results nor is it indicative of the results that may, or may not, be expected to be achieved in the future. The Unaudited Towers Group *Pro Forma* Financial Information should be read in conjunction with the Audited Condensed Combined Financial Statements 2022 and the Unaudited Condensed Combined Interim Financial Statements, included in the section "*Financial Information*".

1.8 Application for Admission to Listing and Trading

Application has been made to admit the Shares for listing and trading on the Official Market (*Amtlicher Handel*) of the Vienna Stock Exchange (*Wiener Börse*) and trading in the "Prime Market" segment. Listing on the Official Market (*Amtlicher Handel*) of the Vienna Stock Exchange (*Wiener Börse*), which is a regulated market pursuant to Directive 2014/65/EU, as amended ("**MiFID II**"), and trading in the "Prime Market" segment is expected to commence on or about

22 September 2023.

1.9 International Securities Identification Number (ISIN)

The International Securities Identification number ("**ISIN**") for the Shares is AT000000ETS9.

1.10 Paying Agent and Depositary

The paying agent (*Hauptzahlstelle*) is Erste Group Bank AG, Am Belvedere 1, 1100 Vienna, Austria. The depositary (*Verwahrstelle*) is OeKB CSD GmbH, Strauchgasse 1-3, 1010 Vienna, Austria.

1.11 Documents on Display

Electronic versions of the following documents are available on the website of the Company under "https://eurotelesites.com" (see also the links set out below in brackets) and are available for inspection at the registered office of the Company at Lassallestraße 9, 1020 Vienna, Austria, during regular business hours:

- copies of the articles of association (*Satzung*) of the Company (the "**Articles of Association**"); (https://eurotelesites.com/wp-content/uploads/sites/7/2023/09/EuroTeleSites_Satzung_De-PDF.pdf); and
- this Prospectus (including any supplements thereto) (https://eurotelesites.com/investor-relations/#prospectus).

Other documents and other information displayed on such website or any other websites to which reference is made in this Prospectus are neither part of this Prospectus nor are they incorporated by reference into this Prospectus.

1.12 Documents incorporated by Reference

The German language originals of the following documents are publicly available on the website of the Company under "https://eurotelesites.com" (see also the links set out below in brackets):

- Spin-off and Transfer Agreement including Spin-off Plan (https://eurotelesites.com/wp-content/uploads/sites/7/2023/09/aoHV2023_Spaltungs-_und_Uebernahmevertrag_samt_Spaltungsplan.pdf)
- Spin-off Report of the Management Board (https://eurotelesites.com/wp-content/uploads/sites/7/2023/09/aoHV2023_Spaltungsbericht_des_Vorstandes.pdf)
- Spin-off Report of the Spin-off Auditor (https://eurotelesites.com/wp-content/uploads/sites/7/2023/09/aoHV2023_Pruefbericht_des_Spaltungspruefers.pdf)
- Spin-off Report of the Supervisory Board (https://eurotelesites.com/wp-content/uploads/sites/7/2023/09/aoHV2023_Prufbericht_des_Aufsichtsrats.pdf)
- Closing Balance Sheet 30 March 2023 (https://eurotelesites.com/wp-content/uploads/sites/7/2023/09/aoHV2023_Schlussbilanz_30_03_2023.pdf)
- Closing Balance Sheet 31 March 2023 (https://eurotelesites.com/wp-content/uploads/sites/7/2023/09/aoHV2023_Schlussbilanz_31_03_2023.pdf)

and are incorporated by reference into this Prospectus ("**Documents Incorporated by Reference**").

The German language versions of the Documents Incorporated by Reference are solely legally binding and definitive. Other documents and other information displayed on such website or any other websites to which reference is made in this Prospectus are neither part of this Prospectus nor are they incorporated by reference into this Prospectus.

1.13 Industry and Market Data

The Prospectus contains industry and customer-related data as well as calculations sourced from industry reports published by third parties, market research reports, publicly available information and commercial publications of third parties. These publications generally state that the information they contain has originated from sources assumed to be reliable, but that the accuracy and completeness of such information is not guaranteed and that the calculations contained therein are based on assumptions. Such information has not been independently verified by the Company and the Company assumes no responsibility for the accuracy of any such information. Therefore, investors should exercise care when considering such information. Market studies are frequently based on information and assumptions that may be neither exact nor appropriate, and their methodology is by nature forward-looking and speculative.

In drafting the Prospectus, the following sources were used:

- Report for the European Wireless Infrastructure Association titled "The economic contribution of the European tower sector" ("**Ernst & Young LLP – European wireless infrastructure report 2022**");
- Article prepared by the GSMA titled "COVID-19 Network Traffic Surge Isn't Impacting Environment Confirm Telecom Operators" dated May 29, 2020 ("**GSMA 2020**");
- Report prepared by GSMA Intelligence ("**GSMA – The Mobile Economy 2023**");
- Ericsson Mobile data traffic outlook, available at https://www.ericsson.com/en/reports-and-papers/mobility-report/dataforecasts/mobile-traffic-forecast ("**Ericsson Mobile data traffic outlook**");
- Ericsson Mobility Visualizer – June 2023, available at https://www.ericsson.com/en/reports-and-papers/mobility-report/mobility-visualizer?f=1&ft=1&r=4,3,5,6,2,7,8,9&t=1&s=4&u=1&y=2022,2028&c=1 ("**Ericsson Mobility Visualizer – June 2023**");
- Ericsson 5G network coverage outlook, available at https://www.ericsson.com/en/reports-and-papers/mobility-report/dataforecasts/network-coverage ("**Ericsson 5G network coverage outlook**");
- CMS expert guide to 5G regulation and law 2023 ("**CMS Expert Guide**");
- GlobalData Plc, https://www.globaldata.com/ ("**GlobalData**");
- Informa PLC, https://omdia.tech.informa.com/ ("**OMDIA**");
- Article published by BSI – Federal Office for Information Security titled What does '5G' mean?, available at https://www.bsi.bund.de/dok/12160894 ("**BSI – Federal Office for Information Security**");
- Report prepared by Ericsson titled "Ericsson Mobility Report" dated 2022 ("**Ericsson Mobility Report November 2022**");
- Report prepared by Ericsson titled "Ericsson Mobility Report" dated 2023 ("**Ericsson Mobility Report June 2023**");
- Report prepared by IHS, OMDIA and Point Topic carried out for the European Commission titled "Broadband Coverage in Europe 2021" ("**European Broadband Coverage Report 2021**");
- Summary of broadband development in EU member states, available at digital-strategy.ec.europa.eu ("**European Commission – National 5G Strategies**"); and
- Action plan of the European Commission dated September 2016, available at https://digital-strategy.ec.europa.eu/ ("**Action Plan of the European Commission**").

The above sources are not incorporated by reference in this Prospectus and do not form part of this Prospectus.

This Prospectus includes information regarding markets, market size, market share, market position, growth rates and other industry data for the Company's or EuroTeleSites Group's business, which consists of estimates based on data and reports compiled by third parties, on data from other external sources, and on the Company's or EuroTeleSites Group's knowledge of its sales and markets and its own market research and intelligence and is referred to as "**Company's Internal Assessment**" throughout this Prospectus. Such third-party sources include certain national or supranational organizations derived from the Company's analysis of a number of publicly available sources, and the public filings of other tower companies, along with broker reports that have been analyzed by the Company in order to make a determination as to EuroTeleSites Group's market position in each of the countries in which it operates. It is, however, difficult to obtain coherent and precise industry and market data, and information concerning development over recent years and any future trends. In particular, in respect of the future outlook, various reports and sources differ significantly in their assessments based on, amongst other factors, their time of publication as well as estimates and assumptions made.

As the figures, market data or other information on which third parties have based their studies were not independently examined, neither the Company, the Lead Financial Advisor and Listing Agent nor the Co-Financial Advisor and Settlement Agent can assure investors of the accuracy and completeness of, and take no responsibility for, such data and information provided in this Prospectus. The Company confirms that information from third-party sources has been accurately reproduced and as far as the Company is aware and is able to ascertain from the sources of such information, no facts have been omitted which would render the reproduced information inaccurate or misleading. The sources of such third-party information are cited whenever such information is used in this Prospectus.

Prospective investors are, nevertheless, advised to consider such data with caution. For example, market studies are often based on information or assumptions that may not be accurate or appropriate, and their methodology is inherently predictive and speculative. The fact that information from the aforementioned third-party sources has been included in this Prospectus should not be considered as a recommendation by the relevant third parties to invest in, purchase or take any other action with respect to, shares of the Company.

1.14 Forward-Looking Statements

This Prospectus contains certain forward-looking statements. A forward-looking statement is a statement that does not relate to historical facts and events. They are based on analyses or forecasts of future results and estimates of amounts not yet determinable or foreseeable. These forward-looking statements can be identified by terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will" and similar terms and phrases, including references and assumptions. This applies, in particular, to statements in this Prospectus containing information on future earning capacity, plans and expectations regarding the Company's business and management, its growth and profitability, and general economic and regulatory conditions and other factors that affect it. Forward-looking statements in this Prospectus are based on current estimates and assumptions that the Company makes to the best of its present knowledge. These forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results, including the Company's financial condition and results of operations, to differ materially from and be worse than results that have expressly or implicitly been assumed or described in these forward-looking statements. The Company's business is also subject to a number of risks and uncertainties that could cause a forward-looking statement, estimate or prediction in this Prospectus to become inaccurate. Accordingly, investors are strongly advised to read the following sections of this Prospectus: "*Risk Factors*", "*Management's Discussion & Analysis of Condition and Results of Operations*", "*Industry Overview*" and "*Business*". These sections include more detailed descriptions of factors that might have an impact on the Company's business and the markets in which it operates. In the light of those risks, uncertainties and assumptions, future events described in this Prospectus may not occur. In addition, none of the Company, the Lead Financial Advisor and Listing Agent or the Co-Financial Advisor and Settlement Agent assumes any obligation, except as required by law, to update any forward-looking statement or to conform those forward-looking statements to actual events or developments.

Actual results, performance or events may differ materially from those described in forward-looking statements due to, among other reasons:

- EuroTeleSites Group's inability to compete effectively in the European telecommunications infrastructure industry;
- the inability of EuroTeleSites Group and its management to realize the benefits of the Reorganization by the separation of the Towers Business from Telekom Austria Group;
- members of the Telekom Austria Group being unable to meet their obligations to members of EuroTeleSites Group;
- the inability of EuroTeleSites Group to expand and develop its business;
- overall economic conditions, particularly in the markets in which EuroTeleSites Group operates, including related fluctuations in exchange and interest rates;
- increases in EuroTeleSites Group's primary costs or the failure or inability to achieve planned cost efficiencies;
- an economic turndown, in particular in the market(s) EuroTeleSites Group operates;
- changes in the terms of EuroTeleSites Group's ground leases;
- reductions in demand for sites (Passive Infrastructure on which equipment used by MNOs or other customer to receive and transmit mobile networks signals Active Equipment is mounted as well as its physical location ("**Sites**")) or Site space, including as a result of new technologies of MNOs rollout strategies;
- changes in current or future laws or regulations, including coverage obligations;
- and other factors described in this Prospectus. This list of important factors is not exhaustive. The foregoing factors

and other uncertainties and events should be carefully considered, especially in light of the regulatory, political, economic, social and legal environment in which EuroTeleSites Group operates.

1.15 Currency

All references in this Prospectus to "Euro", "EUR" or "€" are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the functioning of the European Community, as amended from time to time.

2. RISK FACTORS

Any investor should carefully consider the following risk factors and the other information contained in this Prospectus in evaluating the Company's and EuroTeleSites Group's business and an investment in the Shares. The following risks are limited to risks which are specific to EuroTeleSites Group and/or the Shares and which are material for taking an informed investment decision. Should one or more of the risks described below materialize, this may have a material adverse effect on the business, prospects, shareholders' equity, assets, financial position and results of operations (Vermögens-, Finanz- und Ertragslage) or general affairs of the Company or EuroTeleSites Group as well as the market price of the Shares and, as a consequence, potential investors could lose all or part of their investment if any of these risks were to materialize.

The following risks, alone or together with additional risks and uncertainties not currently known to EuroTeleSites Group, may not prove to be exhaustive and are based on certain assumptions made by EuroTeleSites Group which later may prove to be incorrect or incomplete. Additional risks of which EuroTeleSites Group is not presently aware could also affect the business operations of EuroTeleSites Group and may have a material adverse effect on EuroTeleSites Group's business activities and financial position and results of operations as well as the price of the Shares. Prospective investors should read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

In this section "Risk Factors", the terms "Company", "Towers Business", "EuroTeleSites" and "EuroTeleSites Group" have the meaning ascribed to them in "Glossary".

The risk factors herein are organized into categories depending on their nature (with the most material risk factor mentioned first in each of the categories based on the Company's current assessment with respect to the probability of their occurrence and the expected magnitude of their negative impact).

2.1 Risks related to the Company and/or EuroTeleSites Group

(a) Risks related to EuroTeleSites Group's business activities and industry

The development of EuroTeleSites Group's business, including through organic growth or strategic acquisitions, involves a number of risks and uncertainties that could adversely affect its operating results or disrupt its operations

The Company expects to grow its business by increasing tenancies on its Sites, building new Sites, developing new infrastructure and services to serve the growth of its customers, and potentially conducting strategic acquisitions in its current markets or in new markets.

EuroTeleSites Group's management is currently targeting a tenancy ratio of approximately 1.44x in 2031, compared to an average tenancy ratio of 1.22x as of 30 June 2023. To achieve its target, EuroTeleSites Group will need to add further tenancies in addition to those for which it already has commitments. EuroTeleSites Group's ability to compete for market tenancies and increase the number of tenancies on its Sites may be affected by a number of factors beyond its control, including a slow-down in the growth of, or a reduction in demand for, mobile communications services, the inability to effectively compete with other participants in the European telecommunications infrastructure industry, the development and implementation of new technologies that could reduce the use and need for tower-based mobile service transmission and decrease the demand for Site space, the inability to renegotiate leases, and customer churn due to mergers or consolidations among MNOs that could result in a decrease in the tenancy requirements of those consolidated companies. Accordingly, there can be no assurance that EuroTeleSites Group will be able to continue to add tenants to its existing Site portfolio or implement tenancies in a timely and cost-effective manner.

Furthermore, EuroTeleSites Group's future revenues and cash flows will be supported by commitments from its customers to enter into agreements for the construction of new "built to suit" Sites ("**BTS Sites**"), which are Sites characterized by the construction of a new tower for an anchor tenant for which there is a "built-to-suit" commitment. The "built-to-suit" commitment is an obligation of an MNO to order new Sites from EuroTeleSites Group (any such commitment a "**BTS Commitment**"). Under the MLAs concluded with the A1 Telekom MNOs, there will be no initial BTS Commitment of the A1 Telekom MNOs towards EuroTeleSites Group. If mandated with the construction of new BTS Sites by customers in the future, EuroTeleSites Group's ability to construct new BTS Sites as part of its future BTS Commitments on time and within budget, and its ability to realize the anticipated increase in revenues or otherwise realize acceptable returns on these new BTS Sites, is subject to a number of risks. Many of these risks are beyond EuroTeleSites Group's control, including the need to obtain regulatory approvals, the availability of equipment and personnel, accidents, equipment breakdown, adverse weather, unexpected or uncontrollable increases in costs and other risks related to the deployment of new BTS Sites. Delays could adversely affect EuroTeleSites Group's ability to deliver BTS Sites in a timely and cost-effective manner, particularly in connection with the timelines contractually agreed with its future customers and may result in penalties depending on the terms of the underlying contractual arrangements. There can be no assurance that every individual BTS Site will be commercially viable, that EuroTeleSites Group will overcome setbacks to construction, that the BTS Sites will be completed in accordance with customer requirements or that EuroTeleSites Group will be able to finance the capital expenditures associated with BTS Sites activity. Furthermore, EuroTeleSites Group's customers may cancel planned rollouts of BTS Sites for which they have not yet contracted, adversely affecting EuroTeleSites Group's ability to grow its Site portfolio. If EuroTeleSites Group is not able to meet its obligations under its customers' BTS commitments (none of which exist as of this Prospectus), or if it is not able to achieve the anticipated results from the implementation of those commitments, its revenues may be materially adversely affected.

EuroTeleSites Group's ability to potentially grow through strategic acquisitions also depends on a number of factors outside of its control, including its ability to identify suitable and available targets at an acceptable cost, reach agreements with counterparties on commercially reasonable terms and secure financing to complete larger acquisitions or investments. In some circumstances, it will also depend on the willingness of MNOs to engage with EuroTeleSites Group on Site acquisitions on terms that meet EuroTeleSites Group's investment criteria.

As EuroTeleSites Group will build or acquire Sites, it will be subject to a number of risks and uncertainties, including incurring debt to finance such expansions or acquisitions, failing to realize the expected returns and financial objectives, problems with the effective integration of acquired Site portfolios, increased costs, assumed liabilities, potential regulatory issues applicable to the telecommunications industry, or the diversion of managerial time and resources.

EuroTeleSites Group may in the future acquire minority interests in other companies or enter into joint venture arrangements. The potential acquisition of minority interests in other companies or the entry by EuroTeleSites Group into joint venture or other arrangements could result in the expected return on the relevant investment not being achieved due to EuroTeleSites Group's lack of control over the relevant investment vehicle. This may occur because the interests of other shareholders may not be the same as those of EuroTeleSites Group, because the underlying business does not perform as expected, because of an impairment in the value of such investment or for other reasons.

All of the points discussed above could have a material adverse effect on EuroTeleSites Group's business, financial condition and results of operations.

The telecommunications infrastructure industry could experience increased competition in the future. EuroTeleSites Group may not be successful in competing in its markets or may not be able to capture tenancies in its markets and grow its customer base as expected or may lose tenancies, all of which could have an adverse effect on revenues, profitability and cash flows

EuroTeleSites Group's success will depend on its ability to compete against a variety of other telecommunications infrastructure companies, which are active in the markets in which EuroTeleSites Group operates, in particular in the Austrian and Bulgarian markets. EuroTeleSites Group may experience increased competition in certain areas of activity from established and new competitors, including independent tower companies that may enter its markets. In recent years, an increase in the number of European tower companies and corresponding number of available Passive Infrastructure on which Active Equipment is mounted has resulted in more intense competition for MNOs as customers as tower companies seek to increase their tenancy ratios (i.e. the number of tenants divided by the number of towers), which may lead to downward pressure on prices for hosting services. Additionally, certain national or international MNOs may decide to compete with EuroTeleSites Group by expanding or diversifying their operations, thereby causing a further increase in the level of competition in the tower business. Vertically integrated MNOs could also enter into agreements (including reciprocal hosting terms with other vertically integrated MNOs) that lead to greater sharing of Passive Infrastructure, which could decrease demand for infrastructure Sites and allow those MNOs to offer lower prices than EuroTeleSites Group. EuroTeleSites Group may also lose tenancies where customers were acquired by third parties or as a consequence of consolidation among MNOs or groups of MNOs (so that those customers would subsequently turn to infrastructure offered by those third parties or other competitors).

In June 2023, the Austrian regulatory authority Telekom-Control-Kommission approved a planned cooperation between T-Mobile Austria GmbH ("**Magenta**") and Hutchison Drei Austria GmbH ("**Hutchison**") on (regional) national roaming / active sharing for 400 Sites and is currently reviewing the associated transfer of the utilization right of certain frequencies from Hutchison to Magenta. This agreement between Magenta and Hutchison may reduce EuroTeleSites' market share and availability of tenancy customers. If other participants in the markets in which EuroTeleSites Group operates enter into similar agreements, EuroTeleSites Group may not be able to compete for market share, Sites and tenancy customers.

Moreover, EuroTeleSites Group will be exposed to the risk of difficulties in obtaining authorizations or permissions necessary for the operation of its business (including in respect of Site construction and/or mobile tower infrastructure operation, which could result (temporarily or for a longer period of time) in loss of market share to competitors).

To compete effectively, EuroTeleSites Group will need to design and market its services successfully, maintain its infrastructure and anticipate and respond to various competitive factors affecting all of its markets and customers, such as pricing strategies adopted by EuroTeleSites Group's competitors, emerging technologies such as satellite internet (including satellite-based 5G) and Radio Access Network ("**RAN**") sharing, changes in consumer preferences and general economic and social conditions. While the MLAs entered into with members of the Telekom Austria Group have long-term pricing linked to inflation, competitive pressures (ultimately preventing EuroTeleSites Group from raising its prices to compensate for inflation or as otherwise required by EuroTeleSites Group's cost) or EuroTeleSites Group's inability to remain competitive for other reasons could materially and adversely affect EuroTeleSites Group's contract rates and revenues from other customers.

Should EuroTeleSites Group be unable to compete effectively, this may adversely affect its ability to capture tenancies in its markets and grow its customer base, which in turn would put downward pressure on EuroTeleSites Group's revenues, profitability and cash flows in future periods which could have a material adverse effect on EuroTeleSites Group's business, financial condition and results of operations.

A reduction in customer demand for Sites (including as a result of changes in government regulations, or space on Sites) could adversely affect financial results and the growth of EuroTeleSites Group's business

Demand for EuroTeleSites Group's Sites space will be dependent on demand from MNOs (such as the A1 Telekom MNOs) which, in turn, is dependent on subscriber demand for mobile services. Most types of mobile services currently require ground-based network facilities, including Sites for transmission and reception. The extent to which MNOs contract for Sites or space on Sites depends on a number of factors beyond EuroTeleSites Group's control, including the level of demand for mobile services, the financial condition and access to capital of such MNOs, the strategy of MNOs with respect to owning or leasing Sites, changes in telecommunications regulations, general economic conditions and population density.

Demand for Sites or space on Sites can be adversely affected by changes in government regulation applicable to MNOs, which can negatively affect the number of users of mobile services or the expansion plans of MNOs, both of which could adversely affect the demand for Sites. Regulation may also limit or prohibit MNOs using certain brands of technology in the development of their mobile communications networks, thereby causing changes to their supply chain and delays to their growth plans, which may impact the short-term demand for EuroTeleSites Group's services.

For example, laws or regulations that ban or severely restrict the use of Huawei equipment and services in national 5G network infrastructure may impact MNOs' network development and rollout plans, which may, in turn, reduce demand for tenancies on EuroTeleSites Group's Sites and for the construction of new BTS Sites. While many countries continue to allow Huawei technologies in 5G network infrastructure, bans or restrictions on the use of such technologies have been implemented in the United States, the United Kingdom, Japan, Australia and New Zealand, amongst others. Three years after the publication of the so-called 5G Security Toolbox, almost all EU member states have transposed security measures into national law which enable them to restrict or ban high-risk vendors from core and radio access networks. However, only a few have applied actual bans or restrictions. The European Commission has therefore recently adopted a communication calling on all member states and telecom operators to take further necessary steps for achieving digital sovereignty without further delay.

As part of the joint toolbox of mitigating measures agreed by EU member states to address security risks related to the rollout of 5G published in 2020, EU member states agreed to strengthen security requirements, to assess the risk profiles of suppliers, to apply relevant restrictions for suppliers considered to be high risk including necessary exclusions for key assets considered as critical and sensitive (such as the core network functions), and to have strategies in place to ensure the diversification of vendors. In accordance with recommendations from the EU Network and Information Systems Cooperation Group (in its CG Publication 01/2020 in particular) and the European Commission (in its Commission Recommendation (EU) 2019/534) adopted in this context, the Austrian legislator provided for national legislation allowing governmental authorities to classify certain manufacturers of equipment as high-risk suppliers. Such a classification may, for example be required where a manufacturer, due to national or international sanctions, would no longer be in a position to ensure on-going availability or an existing supply chain. According to media reports published in March 2023, the Austrian advisory board for electronic communication network security (*Fachbeirat für Sicherheit in elektronischen Kommunikationsnetzen*) has been investigating whether Huawei and ZTE should be considered high-risk suppliers. Following the investigation, the advisory board will be entitled to submit a recommendation to governmental authorities as to whether Huawei and/or ZTE should be considered a high-risk supplier. If Huawei and/or ZTE technologies were banned or severely restricted in markets in which EuroTeleSites Group operates, MNOs in these markets could be required to remove Huawei and/or ZTE equipment from their networks at considerable operational and financial cost, which could cause them to, among other things, reduce the number of Sites on which they locate their equipment or delay their 5G network rollout plans. Any of these actions would adversely affect demand for tenancies on EuroTeleSites Group's Sites and for new BTS Sites to support the rollout of 5G networks.

Demand for EuroTeleSites Group's Sites may also be impacted by MNOs sharing the Active Equipment that they install on EuroTeleSites Group's Sites ("**Active RAN Sharing Arrangements**") or by market consolidation among MNOs, particularly following European Commission merger control practice that has been seen as being more permissive of consolidation amongst MNOs in Europe. MNOs enter into Active RAN Sharing Arrangements for a number of reasons, including to reduce the time needed to establish coverage, to undertake efficient network investments with other MNOs and limit inefficient network duplication and to rationalize and increase the efficiency of their networks. Typically, when MNOs enter into Active RAN Sharing Arrangements or merge, combine or otherwise consolidate, one or both MNOs remove their Active Equipment from certain Sites and effectively remove themselves from designated zones in national markets. As a result, there may be a reduction in not only existing tenancies but also in the demand for future tenancies as MNOs will no longer need Sites for their Active Equipment. This may adversely affect tower companies, such as the members of EuroTeleSites Group, which could in turn lead to a reduction over time in EuroTeleSites Group's business, financial condition and results of operations.

In addition, a reduction in coverage obligations in any of EuroTeleSites Group's markets could reduce anticipated demand for EuroTeleSites Group's services. For example, in a number of the markets in which EuroTeleSites Group operates, national regulators have recently implemented or are expected to implement coverage obligations that require MNOs to provide network coverage of a certain quality over certain areas, driving demand for additional tenancies on EuroTeleSites Group's Sites. To the extent that regulators reduce or repeal existing coverage obligations, or do not implement anticipated coverage obligations, MNOs may reduce plans to share tenancies on new Sites or build new towers in the areas subject to the coverage obligations, which would have an adverse effect on demand for EuroTeleSites Group's Sites.

A reduction in demand for Sites or space on Sites resulting from any of the factors described above could have a negative impact on EuroTeleSites Group's ability to grow its revenues in line with its growth strategy, which could have a material adverse effect on EuroTeleSites Group's business, financial condition and results of operations.

EuroTeleSites Group's customer base has limited diversification at present and will initially depend primarily on Telekom Austria Group as its primary customer

EuroTeleSites Group derives the majority of its revenues from Telekom Austria Group. On a *pro forma* basis, the Telekom Austria Group accounts for approximately 95% of Towers Group's total revenues (incl. other operating income) for the financial year 2022, which is revenues earned from renting space and providing services to customers on EuroTeleSites Group's Macro Sites, which includes the physical infrastructure, either ground-based or located on top of a building, where communications equipment is placed to create a cell in a mobile network ("**Macro Sites**"). In geographic markets where EuroTeleSites Group does operate, each of its local tower operating companies (the "**ETS TowerCos**") has entered into a master lease agreement (each an "**MLA**" and together the "**MLAs**") with the local mobile network operator company of Telekom Austria Group (each an "**A1 Telekom MNO**"). The MLA between Telekom Austria and A1 Telekom Austria AG entered into force with effect as of the registration of the Austrian Up-stream Spin-off (the "**Austrian Up-stream Spin-off**") in the Austrian companies register and with the registration of the Towers Holding Spin-off has been transferred to the ETS Austrian TowerCo. All other MLAs between the local A1 Telekom MNOs and the ETS TowerCos entered into force on or around 1 June 2023. On the basis of the MLAs, EuroTeleSites Group predominantly provides the following services to the A1 Telekom MNOs: (i) lease of space; (ii) maintenance and Site management (including, for example, air-conditioning systems, security systems and energy systems); (iii) support on electro-magnetic fields and (iv) the identification, design, planning, acquisition and construction of new Macro Sites as well as upgrades of existing Sites. Moreover, EuroTeleSites Group is obligated to upgrade certain Macro Sites, as determined in the MNO rollout plan, to a 5G (Fifth Generation Mobile Network) standard configuration within the first eight contractual years of the MLA. Whereas each MLA has an initial contractual term of eight years, it may be automatically extended twice for additional eight years each (unless terminated by the relevant A1 Telekom MNO) as described in further detail at the risk factor "*One or more of EuroTeleSites Group's MLAs may not be renewed, may be renewed after Telekom Austria Group exits a number of Sites or may be subject to early termination under certain circumstances*".

Since the majority of EuroTeleSites Group's total revenues are actually generated by companies of Telekom Austria Group, EuroTeleSites Group is exposed to credit and business risks affecting such companies and Telekom Austria Group as a whole. Companies of Telekom Austria Group that are customers of EuroTeleSites Group may experience a decline in the demand for their services so that their demand for EuroTeleSites Group's services may in turn be reduced or they may otherwise be unable to meet, or be prevented from meeting, their financial or other obligations towards EuroTeleSites Group. These circumstances could arise for a variety of reasons, including those outside EuroTeleSites Group's control such as general economic instability (for example*, inter alia*, in respect of inflationary pressures as well as the war in Ukraine and related sanctions, export restrictions, higher energy costs and transport disruptions) or trends affecting and reducing demand in the telecommunications industry.

Furthermore, EuroTeleSites Group may fail or be less successful than anticipated in entering into colocation agreements with third parties, which could result in EuroTeleSites Group's dependence on the Telekom Austria Group increasing further or remaining at current levels for a longer period of time than expected.

If any of these risks materialize and/or if, as a result of a prolonged economic downturn or otherwise, Telekom Austria Group experiences financial difficulties, or companies of Telekom Austria Group (such as the A1 Telekom MNOs) are unable to meet their obligations to make payments under the MLAs, this could result in a loss of business and/or revenues for EuroTeleSites Group. Furthermore, if Telekom Austria Group sold one or more A1 Telekom MNOs to a third-party, EuroTeleSites Group may be exposed to increased credit or business risks depending on the financial condition of such third-party purchaser, which could have a material adverse effect on EuroTeleSites Group's business, financial condition and results of operations.

Certain ground leases governing EuroTeleSites Group's use of land on which its tower assets are expected to be located may be subject to landowner consent in respect of the lease transfer to EuroTeleSites Group and/or may be subject to non-renewal, renewal on commercially unattractive terms, or general disputes with landowners

As of the spin-off of Telekom Austria's shareholding in its fully owned subsidiary Austrian ETS TowerCo, thereby creating of EuroTeleSites by way of a spin-off by formation (*Spaltung zur Neugründung*), the companies constituting EuroTeleSites Group are expected to operate more than 13,200 infrastructure Sites across six countries in Europe. Approximately 90% to 100% (depending on the market in which it operates) of the land on which EuroTeleSites Group's tower assets are located are operated and managed under leases with private third parties or public authorities. These leases are for a contracted term and landowners may not wish to renew their leases with EuroTeleSites Group when such leases expire or may request increased rents in order to renew the lease term.

Furthermore, in view of the transfer of lease agreements within Telekom Austria Group as part of the Reorganization and from companies of the Telekom Austria Group to EuroTeleSites Group as part of the transfer of its Austrian tower business by way of spin-off by assumption (*Spaltung zur Aufnahme*) to Austrian ETS TowerCo as part of the Towers Business Spin-off (effected concurrently with the Towers Holding Spin-off), EuroTeleSites Group has to obtain consent from the respective landlords in accordance with the terms of certain agreements (this concerns approximately 2,000 contracts, predominantly in the Austrian market). Where consent could not be obtained in time (or cannot be obtained at all), beneficial ownership (*wirtschaftliches Eigentum*) has been intended to be transferred to Austrian ETS TowerCo. This exposes EuroTeleSites Group to a more complex and uncertain legal position, particularly if it seeks to negotiate with or litigate against a landlord (with the relevant member of Telekom Austria Group still being the contracting party under the lease) or if the relevant member of Telekom Austria Group still holding legal ownership (*Eigentum*) becomes insolvent. In addition, some agreements require explicit consent for sublease to MNOs, predominantly in the Austrian market. If no consent is given, it is intended that the A1 Telekom MNO acting as a lessee under the relevant MLA will refer to the statutory right of use (*Mitbenutzungsrecht*) under the Austrian Telecommunications Act 2021 (*Telekommunikationsgesetz 2021*) which has been pre-agreed with Telekom Austria Group under the relevant MLA. Again, this exposes EuroTeleSites Group to a more complex and uncertain legal position when fulfilling its obligations under the MLAs and potentially to re-negotiation or litigation with a landlord.

More generally and even in the absence of a contractual obligation to obtain consent for the transfer, some of the landlords could potentially seek to challenge the transfer of the leases of certain Macro Sites where no such explicit consent of the relevant landlords had been sought or granted including by using more general legal grounds for extraordinary termination. As a condition for granting their consent, some of EuroTeleSites Group's landlords may request changes to the duration of, or an increase in the ground lease rates under, these agreements as part of those negotiations. In certain countries, renegotiations may also be required if new infrastructure outside of the scope of the original lease agreements is added to EuroTeleSites Group's infrastructure Sites, including the infrastructure required to provide 5G coverage. To the extent EuroTeleSites Group is unable to pass through any increased rental costs to its customers, this would have a negative impact on its margins. Landlords may also lose their rights to the land they own, or they may transfer their land interests to third parties, including to established lease aggregators able to use their scale to negotiate terms that may be less favorable to EuroTeleSites Group, which could affect EuroTeleSites Group's ability to renew leases on commercially viable terms or at all.

In some of the countries in which EuroTeleSites Group operates (notably in North Macedonia), a limited number of Macro Sites were built in the absence of necessary governmental approvals for the construction of such Sites. Sites which have not been legalized by the time of the Towers Business Spin-off have not been transferred at the occurrence of such spin-off. While it is intended to transfer those Sites to EuroTeleSites Group after their status has been legalized, such process could take time and there is no assurance that those Sites can be legalized and subsequently transferred to EuroTeleSites Group. For the time that those Sites will not have been transferred to EuroTeleSites Group, they will not contribute to the revenues of EuroTeleSites Group.

In addition, companies of EuroTeleSites Group may in the future become involved in disputes with their landlords, which could interfere with EuroTeleSites Group's operation of a given infrastructure Site or force EuroTeleSites Group to construct new infrastructure Sites in order to continue providing services to its customers. For example, EuroTeleSites Group may face disputes with landowners regarding the particular terms of a lease, including in relation to its ability to sublease a particular infrastructure Site or otherwise expand the amount of equipment or operations carried out on an infrastructure Site, or regarding access to the infrastructure Site. The loss of access to certain infrastructure Sites could result in interruptions to EuroTeleSites Group's ability to provide services and the need to incur additional capital expenditure or costs to construct new alternative infrastructure Sites for EuroTeleSites Group's customers.

Furthermore, EuroTeleSites Group may be exposed to the risk that the maturities of the agreements entered into with landlords may be shorter than the maturities of the MLAs entered into with the A1 Telekom MNOs so that EuroTeleSites Group will be compelled to enter into new lease agreements or to seek an extension of their term and may not be able to do so or may only be able to do so at increased cost.

If any of these events were to occur to a significant extent, they could have a material adverse effect on EuroTeleSites Group's margins and profitability and could have a negative impact on EuroTeleSites Group's reputation in the markets in which it operates, which could have a material adverse effect on EuroTeleSites Group's business, financial condition and results of operations.

As a legal consequence of the various corporate measures and spin-offs, the companies of EuroTeleSites Group bear the risk from existing claims towards certain companies of Telekom Austria Group as the initial obligors and are dependent on the initial obligors being able to indemnify the relevant company of EuroTeleSites Group for eventual payments the relevant company of EuroTeleSites Group may be required to make to the initial obligors' creditors.

The Reorganization by the separation of Telekom Austria´s Tower Business included various corporate measures in Austria, Bulgaria, Croatia, North Macedonia, Serbia and Slovenia, including the Austrian Up-stream Spin-off, the Tower Business Spin-off and the Towers Holding Spin-off. Pursuant to the Austrian Spin-Off Act (*Spaltungsgesetz*) entities participating in a spin-off are jointly and severally liable for claims of third parties against the transferring company which were created before the spin-off is registered with the companies register up to an amount corresponding to the net assets (*Nettoaktivvermögen*) allocated to the absorbing company. If creditors of any initial obligor requests payment from the Company or Austrian ETS TowerCo, this could have a material adverse effect on the business, net assets, financial condition, cash flow and results of operations of EuroTeleSites Group, in case an initial obligor may not be able to indemnify the Company or Austrian ETS TowerCo for such claims.

In addition, the Company or Austrian ETS TowerCo may also have to provide security to existing creditors if such a creditor can substantiate within six months after the registration of the Austrian Up-stream Spin-off, the Tower Business Spin-off and/or the Tower Holding Spin-off, that the satisfaction of such claim is endangered and provided that such spin-offs are deemed published. Should the Company or Austrian ETS TowerCo be required to provide security, this could have a material adverse effect on the business, net assets, financial condition, cash flow and results of operations of EuroTeleSites Group.

The absorbing companies of EuroTeleSites Group in Bulgaria, Croatia, North Macedonia, Serbia and Slovenia may be subject to similar or even more extensive spin-off liability regimes, in which case a spin-off (or similar) liability may materialize or an absorbing company of EuroTeleSites Group may have to provide security to creditors of Telekom Austria Group. This could also have a material adverse effect on the business, net assets, financial condition, cash flow and results of operations of EuroTeleSites Group.

Political systems as well as legal and judicial systems in some of the countries where EuroTeleSites Group operates are less developed than those of other European countries. The governments of those countries may react to financial and economic crises with increased protectionism, nationalization, discriminatory treatment or similar measures, all of which could lead to instability and insecurity, which could materially adversely affect EuroTeleSites Group's financial condition and operating activities

EuroTeleSites Group's operations in certain countries in Central and Southeastern Europe such as Croatia, Bulgaria, North Macedonia, Serbia and/or Slovenia where the legal, judicial and political systems are currently less developed than those of other European countries might generate or exacerbate country-specific risks for its business. EuroTeleSites Group may be exposed to the political, economic or social instability of that country making it difficult to carry out its activities. In particular, companies of foreign origin may be exposed to nationalization or expropriation of private assets on a discriminatory basis. Conducting business in certain countries can also expose EuroTeleSites Group to risks tied to foreign exchange control or restrictions on fund repatriation. For example, corruption in infrastructure may increase project costs, lengthen delivery times, reduce output quality, and thus lower benefits. Corruption can impair a state's effectiveness in maintaining the formal economy and state governance procedures. The lack or limited development of the legal and judicial infrastructures necessary for the conduct of economic activities as well as administrative delays, a lack of predictability of future regulatory or tax developments as well as any (discriminatory) adverse measures or restrictions imposed by governments are all factors which can, in certain countries, impact the conditions of EuroTeleSites Group's operations. EuroTeleSites Group can also face a worsening of the local socio-political environment tied to the conduct of its specific activities.

Any of these or similar risks could have a material adverse effect on EuroTeleSites Group's business, results of operations, financial position and/or prospects through less income, higher risk costs or higher other costs.

Any material increases in EuroTeleSites Group's primary costs or any failure or inability to achieve planned cost efficiencies could adversely affect EuroTeleSites Group's margins

EuroTeleSites Group's primary costs are ground lease costs and operating expenses, which include maintenance costs, personnel costs and other operating expenses.

Ground lease costs comprise the rents that EuroTeleSites Group pays to landlords to build and operate telecommunications infrastructure on the landlords' property. They are EuroTeleSites Group's single largest cost and its largest efficiency opportunity. The renewal of a large proportion of EuroTeleSites Group's ground leases within a particular year could require significant upfront rent payments to be made upon such renewal, which in turn could decrease EuroTeleSites Group's operating cash flows for that particular year.

The remainder of EuroTeleSites Group's costs consists of maintenance costs, personnel costs and other operating expenses. In this context, EuroTeleSites Group expects to enter into intercompany service agreements (with reliance on those services expected to be more significant in the periods of time immediately following the Towers Business Spin-off and to become less significant over time) with companies of the Telekom Austria Group in respect of facility services and office space, accounting services, IT and desktop services as well as the joint use of certain A1-databases and administrative services (including, for example, human resources, legal and tax). Personnel costs include wages and salaries, social security contributions, accruals related to share-based payment, retirement benefits and other contingencies, commitments or personnel expenses. Other operating expenses include energy costs and other general and administrative costs (including costs arising under the intercompany service agreements with companies of the Telekom Austria Group unless already covered under maintenance costs). Other than energy costs, those costs are largely fixed in nature and increase primarily in line with inflation in each relevant market. EuroTeleSites Group partially incurs energy costs related to the energy consumed by its own Passive Infrastructure ("**Passive Energy**"). The energy consumed by its customers' Active Equipment ("**Active Energy**") is primarily be borne by the MNOs directly (with the remaining portion being passed on to the

MNOs by EuroTeleSites Group), Passive Energy costs are mostly offset by fixed annual fees per Site charged in each of EuroTeleSites Group's markets.

While EuroTeleSites Group's cost base is partially fixed and certain of its costs only increase in line with inflation, there remains the risk that certain variable costs will increase faster than expected, or that certain fixed cost arrangements will need to be renegotiated on their expiration. Accordingly, there can be no assurance that EuroTeleSites Group's costs will not increase in the future or that EuroTeleSites Group will be able to successfully pass on any such increases in costs to its customers. In particular, any increases exceeding the limits of the inflation-indexed fee escalators under the MLAs (which allow for an increase of up to 3% per year) or other customer contracts could reduce EuroTeleSites Group's operating margins and cash flows and may have a material adverse effect on its financial condition and results of operations.

New technologies could reduce the use of Site-based mobile services and could make EuroTeleSites Group's business less desirable to, or necessary for, customers

The development and implementation of new technologies could reduce the use of Site-based mobile transmission and reception services and could have the effect of decreasing demand for Site space. Examples of new technologies that may reduce the demand for tower-based antenna space include single antennae that can operate in multiple frequency bands and spectrally efficient technologies, which could potentially relieve some network capacity problems, either of which would reduce the need for MNOs to add more tower-based antenna equipment at certain Sites. Moreover, the emergence of alternative technologies, such as the delivery of mobile communications by satellites, satellite internet (including satellite-based 5G) and as well as RAN sharing and balloon-based high altitude platforms could reduce the need for tower-based mobile services transmission and reception.

If EuroTeleSites Group will be unable to identify and adapt to shifting technological changes promptly, or if it fails to acquire or develop the necessary capabilities and expertise to match its customers' changing needs, this could cause a loss in customers and a reduction in EuroTeleSites Group's revenues, profitability and cash flows, which could have a material adverse effect on EuroTeleSites Group's business, financial condition and results of operations.

Demand for EuroTeleSites Group's services will be impacted by overall (macro-)economic conditions, particularly in the markets in which EuroTeleSites Group operates

A weak or uncertain economic environment in the markets in which EuroTeleSites Group operates could adversely impact EuroTeleSites Group's business and the demand for its services. For example, a decrease or stagnation in national gross domestic products, declining levels of confidence by consumers or businesses, increased interest rates or rising costs of raw materials could all have an indirect impact on EuroTeleSites Group's business and prospects. Similarly, low levels of inflation could adversely affect EuroTeleSites Group's revenues growth because, under the terms of the MLAs concluded with A1 Telekom MNOs, annual revenues are subject to inflation indexation. However, if the rate of inflation in EuroTeleSites Group's markets exceeds the limits of the inflation-indexed fee escalators under the MLAs (which allow for an increase of up to 3% per year) and certain of EuroTeleSites Group's other customer contracts, this could also have a negative impact on EuroTeleSites Group's margins.

Economic conditions (including in the telecommunications and telecommunications infrastructure business) can be impacted by a number of factors, including risk sensitivity and volatility in global financial markets, macroeconomic policy, trade policy and conflicts, business and consumer sentiment, monetary policy (i.e. interest rates), inflation, commodity prices, public and private debt levels and government policies targeting public spending such as fiscal austerity policies, as well as geopolitical developments, domestic political tension, military conflicts, pandemics, natural disasters and other unforeseen events. In particular, the Russian invasion of Ukraine has aggravated and continues to aggravate the political and economic stability in Europe as a whole, including the risk of further escalation of the conflict, and may cause further price spikes and disruptions on energy markets with a profound potential negative impact on inflation and the financial situation of companies and households. Those developments – together with the implementation of far-reaching sanctions and countersanctions – may have an adverse impact on EuroTeleSites Group's customers and/or may lead to declines in demand for EuroTeleSites Group's services and lower revenues for EuroTeleSites Group. Any such current and future developments in Austria, Croatia, Bulgaria, North Macedonia, Serbia and/or Slovenia as well as a worldwide economic downturn as recently seen in the context of the COVID-19 pandemic (with the telecommunication services industry as such not having been negatively affected in economic terms during the COVID-19 pandemic) or any future outbreak of a similar infectious disease, the Russia-Ukraine conflict, a further rise in inflation, an increase in barriers to international trade (including the imposition of tariffs, local content rules and export controls caused by geopolitical developments) or a sustained upturn in interest rates could lead to widespread declines in GDP growth and jeopardize the stability of financial and commodity markets including those for energy prices and could, in turn, materially affect the business and/or financial position of EuroTeleSites Group's customers and may thereby limit or reduce their demand for EuroTeleSites Group's services and/or put pressure on the prices EuroTeleSites Group charges for its services or the costs it incurs as well as EuroTeleSites Group's business, results of operations, financial position and/or prospects.

Demand for EuroTeleSites Group's services could be affected by its customers' inability to maintain or secure frequencies for their services

EuroTeleSites Group's main customers have the right to use frequencies to propagate their mobile network services based on adjudication, license and renewal procedures that are beyond EuroTeleSites Group's control. While EuroTeleSites Group's activities does not depend on the authorizations relating to the right to use the frequencies owned by EuroTeleSites Group's customers, the ability of its customers to maintain the right to use such frequencies depend on those authorizations. For example, Telekom Austria Group has authorizations to use certain frequencies in the various markets in which it operates. Such authorizations are typically granted by the authorities of each jurisdiction for a limited period of time, which may vary. Other MNOs are also subject to the same or similar licenses and limitations. There is no certainty that in the future EuroTeleSites Group's customers will be able to retain the right to use frequencies or that such frequency rights will be renewed upon expiration.

Should any of EuroTeleSites Group's customers lose the right to operate on any portion of the frequencies currently assigned to them or be unable to secure new spectrum rights required for future technologies, this could result in reduced demand for EuroTeleSites Group's services, which could have a material adverse effect on EuroTeleSites Group's revenues and, consequently, its results of operations.

EuroTeleSites Group is exposed to risks derived from the development, maintenance and expansion of its Passive Infrastructure, including the need for ongoing capital expenditure

EuroTeleSites Group's ability to maintain a high level of service depends on its ability to develop, maintain and expand its Passive Infrastructure. This requires significant amounts of capital and other long-term expenditures and will depend on EuroTeleSites Group's ability to assess the condition of its Passive Infrastructure assets and obtain sufficient financing for these projects.

It is difficult to estimate the technical life of EuroTeleSites Group's Passive Infrastructure assets with precision because each telecommunications tower is composed of different elements, each of which has a different technical life. Capital expenditure amounts related to the maintenance of EuroTeleSites Group's Passive Infrastructure assets are expected to be relatively stable, but may nevertheless vary from time to time based on factors such as the cost of machinery, construction works and connections to electricity networks. New forms of services or Passive Infrastructure may also require higher levels of capital expenditure. Any significant increase in capital expenditure requirements could have a material adverse effect on EuroTeleSites Group's profitability.

Under the MLAs with the A1 Telekom MNOs, there are limited circumstances in which EuroTeleSites Group may recharge certain capital expenditure to the A1 Telekom MNO concerned in connection with upgrades to existing Sites (all upgrades will be charged upfront with an increased rent for a defined (limited) period). EuroTeleSites Group otherwise expects to finance its future capital expenditures through a variety of means, including internally generated cash flows and/or external borrowings. The actual amount and timing of EuroTeleSites Group's future capital requirements may differ from its estimates as a result of, among other things, (i) unforeseen delays or cost overruns in implementing measures responsive to regulatory reforms, (ii) unanticipated expenses, (iii) engineering and design changes, or (iv) technological changes, such as those arising from the unexpected phase-out of technologies. There can be no assurance that financing from external sources will be available at the time or in the amounts necessary or at competitive rates to meet EuroTeleSites Group's requirements in relation to these matters.

If EuroTeleSites Group will be unable to obtain financing for capital expenditures, this could limit EuroTeleSites Group's ability to maintain its current operations, construct new BTS Sites for customers, respond to regulatory or technological developments or expand in the future, which could have a material adverse effect on EuroTeleSites Group's business, financial condition and results of operations.

EuroTeleSites Group's Sites or support facilities may be affected by natural disasters, force majeure events, physical attacks or other unforeseen events or damage

EuroTeleSites Group's Sites and other facilities as well as the network operation center ("**NOC**") and the shared services center maintained by companies of the Telekom Austria Group under intercompany service agreements with

EuroTeleSites Group, are subject to risks associated with natural disasters such as storms, extreme weather (such as on-going heatwaves), earthquakes or floods (in each case, when damaging or disabling EuroTeleSites Group's Sites and other facilities, the NOC or shared service center), acts of terrorism (when threatening, damaging or disabling EuroTeleSites Group's Sites and other facilities, the NOC or shared service center) and other unexpected events or damage such as power outages, telecommunication failures, network software failures, acts of vandalism, theft or fuel shortages. EuroTeleSites Group's operating procedures may not be adequate to materially limit the potential damage that could be caused by those unforeseen events. Any damage or destruction, in whole or in part, to any of EuroTeleSites Group's Sites or support facilities as a result of those or other events could impact its ability to operate normally and to continue to provide services to its customers. There is no assurance that EuroTeleSites Group's insurance coverage will adequately cover all costs of repairs or that its recovery plans will be sufficiently effective. Moreover, an unforeseen event could impact EuroTeleSites Group's ability to serve its customers and could in turn impact EuroTeleSites Group's reputation and cause a loss to certain customers that could give rise to a claim for damages or other contractual claims or rights (such as, for example, the payment of penalties or the right to terminate the contract). The occurrence of any of these events could have a material adverse effect on EuroTeleSites Group's business, financial condition and results of operations.

EuroTeleSites Group is engaging third-party contractors and suppliers for various services, and any disruption in or non-performance of those services would adversely affect EuroTeleSites Group's ability to effectively meet the expectations of its customers and/or maintain its Passive Infrastructure

EuroTeleSites Group is engaging third-party contractors to provide various services in connection with Site construction, power management, access management, security and the maintenance of Sites. EuroTeleSites Group receives rollout and construction services as well as infrastructure maintenance services from third-party providers under third party agreements (i.e. service agreements with parties other than companies of the Telekom Austria Group as service providers). EuroTeleSites Group is therefore be exposed to the risk that the services rendered by those third-party contractors will not always be satisfactory or will not match EuroTeleSites Group's and/or its customers' targeted quality levels, standards and operational specifications. As a result, EuroTeleSites Group's customers may be dissatisfied with its services and EuroTeleSites Group may be required to pay service credits under its customer contracts or customer relationship or may, where any such malfunction or insufficient quality of the service persists or where customers otherwise continue to be dissatisfied, be exposed to reduced customer demand or the loss of customers. Therefore, if the performance of EuroTeleSites Group's third-party contractors will result in its customers being dissatisfied, this could adversely affect EuroTeleSites Group's reputation, business, financial condition and results of operations.

Furthermore, if EuroTeleSites Group's suppliers are unable to continue to provide timely and reliable services or key products, EuroTeleSites Group could experience interruptions in the delivery of its services. If EuroTeleSites Group is required to undertake this work itself, it would require time and attention from EuroTeleSites Group's management and lead to increased future operating costs while the work is carried out, which could in turn materially adversely affect its business, financial condition and results of operations.

EuroTeleSites Group is dependent on key members of its management team and other qualified personnel

EuroTeleSites Group believes that its senior management team contributes significant experience to the management and growth of its business. The success of the business and EuroTeleSites Group's ability to execute its business strategy will depend on the efforts of the senior management team. If the relationship with one or more of these key figures ends for any reason, there is no assurance that EuroTeleSites Group will be able to replace them in the short term with people of comparable experience and qualifications. Any material delay in replacing such individuals may have an adverse effect on the operations of EuroTeleSites Group and the public perception of the strength of EuroTeleSites Group's business.

EuroTeleSites Group's success will be also dependent on its ability to hire and train competent and committed technical staff. As its business continues to grow, EuroTeleSites Group will need to attract additional employees who have the requisite levels of skill and experience. Competition for highly trained managers and qualified technical personnel (including competition from employers from different industries or regions) is very intense across Europe and EuroTeleSites Group may not be able to attract and retain sufficient numbers of skilled and motivated employees. This does not only apply to the recruitment of new employees, but also to retaining existing employees who could be solicited by other companies. Any failure to do so could have an adverse effect on EuroTeleSites Group's operation of its business.

EuroTeleSites Group is subject to specific or favorable treatment of employees and civil servants transferred to it from the Telekom Austria Group by operation of law; any deterioration in EuroTeleSites Group's

relationships with its employees and their trade unions or employee representative bodies could impact EuroTele-Sites Group's business and reputation

As of the Towers Business Spin-off, 62 employees have been transferred to the Austrian ETS TowerCo (whereas the workforce on the level of EuroTeleSites Group includes 158 persons) by operation of law under the same employment conditions. Approximately 50% of the employees have either full or partial protection from termination, which remains in place for the full term of their employment with EuroTeleSites Group. This protection originates in the special nature of their employment status (civil servants and otherwise protected employees) and could adversely affect EuroTeleSites Group's ability to downsize, restructure or reassign its staff.

The status as a civil servant (*Beamter*), contract agent (*Vertragsbediensteter*), or transferred employee (*übergeleiteter Angestellter*) is in particular accompanied by (i) strong protection against any ordinary termination of the employment relationship by EuroTeleSites Group (ordinary termination without good cause is not allowed at all or restricted to specific reasons), (ii) limited possibilities of EuroTeleSites Group to relocate or transfer those employees to another job or to amend the obligations or the scope of activity of these employees, (iii) the obligation of t EuroTeleSites Group to pay the employment-related expenses of those employees to the federal administration of the Republic of Austria, and (iv) benefits regarding the continuation of payments in cases of illness or invalidity (for civil servants sick leave payment is indefinite) or in case of mandatory vacation, which significantly exceed standard labor law provisions.

Furthermore, civil servants are, in addition to entitlements under collective agreements, entitled to a pay rise of around 2.4% (on average – the actual pay raise varies in accordance with the salary grade applicable) every two years.

Relevant shop agreements (*Betriebsvereinbarungen*) that are in place before the Towers Business Spin-off have also been transferred to the Austrian ETS TowerCo. EuroTeleSites Group is therefore exposed to cost and other employee benefits, such as paid lunchbreaks and a pension fund for entries before 1 January 2012, as had been agreed by former employers beyond EuroTeleSites Group's control.

Transferred employees and civil servants may apply for jobs with A1 Telekom Austria Aktiengesellschaft (a 100% subsidiary of Telekom Austria and also referred to as "**Austrian A1 Telekom MNO**"), Telekom Austria Personalmanagement GmbH (a 100% subsidiary of A1 Telekom Austria Aktiengesellschaft) or Telekom Austria also in the future (i.e. for the next 15 years), whereby their existing contracts shall be continued. Civil servants are eligible for social plans available within the Austrian A1 Telekom MNO or Telekom Austria Personalmanagement GmbH at the relevant time. In case the employment of employees other than civil servants is terminated due to business reasons, such employees are eligible for social plans available within the Austrian A1 Telekom MNO, Telekom Austria Personalmanagement GmbH or Telekom Austria at the relevant time. EuroTeleSites Group will then need to partially reimburse the cost for these social plans.

In case of insolvency of the Austrian ETS TowerCo or in case ÖBAG, the 28.42% shareholder of both EuroTele-Sites and Telekom Austria, ceases to hold directly or indirectly 25% +1 Share or more in EuroTeleSites, employees and civil servants (as transferred to EuroTeleSites Group) may switch back their employment to A1 Telekom Austria Aktiengesellschaft or Telekom Austria under unchanged conditions. EuroTeleSites Group will then be partially obliged to pay the restructuring costs.

Any such favorable termination conditions, additional cost and/or employee benefits may place EuroTeleSites Group at competitive disadvantages and may therefore materially adversely affect EuroTeleSites Group's business, results of operations and financial condition. Most of the above-mentioned conditions only apply to employees who were transferred to EuroTeleSites Group from Telekom Austria Group, not to new hires occurring after the Towers Business Spin-off.

Changes in law, or court rulings newly interpreting existing laws, could result in additional obligations to EuroTeleSites Group with respect to currently employed or previously retired civil servants and protected employees. For example, some legal proceedings (concerning the advancement reference date (*Vorrückungsstichtag*) for civil servants and the pension fund for civil servants) which are still pending for all civil servants in Austria could have a financial impact on EuroTeleSites Group when the relevant decisions are no longer subject to appeal and/or will become binding.

In this context, in C-530/13 (*Leopold Schmitzer vs. Bundesministerium für Inneres*) the Court of Justice of the European Union ruled on certain discriminatory effects of the extension of the period for advancement (*Vorrückungszeitraum*) which resulted in Telekom Austria Group (which has transferred the Towers Business to EuroTele-Sites Group) being required to promote certain civil servants to higher salary groups and thereby increasing their actual salaries (and ancillary salary costs) for the present and the future, while certain civil servants may be able to claim for lost salary for at least three preceding years. Such decision, or similar rulings or legislative changes or interpretations, could lead to a material increase in EuroTeleSites Group's labor costs, which ultimately could have a material adverse effect on EuroTeleSites Group's business, results of operations and financial condition.

In operating its business, EuroTeleSites Group relies on good relationships with its personnel and maintaining good relationships with employees, unions and other employee representatives is crucial for its operations. Any deterioration of such relationships in the future or any material work stoppages, strikes or other types of industrial action or conflicts with labor unions or EuroTeleSites Group's employees, may disrupt EuroTeleSites Group's business, damage its reputation and adversely affect its customer relations and consequently have a material adverse effect on EuroTeleSites Group's business, results of operations and financial condition.

One or more of EuroTeleSites Group's MLAs may not be renewed, may be renewed after Telekom Austria Group exits a number of Sites or may be subject to early termination under certain circumstances

The MLA between A1 Telekom Austria and Telekom Austria (transferred to the Austrian ETS TowerCo) has an initial term of eight years (starting as of 4 July 2023 as the registration date of the Austrian Up-stream Spin-off in the companies register) which will automatically be extended upon expiry of the initial eight years term and (if so extended) the expiry of the first extension period (i.e. after an aggregate term of 16 years), subject to the Austrian A1 Telekom MNO's right to terminate the MLA at the end of each term and certain other termination rights based upon specific grounds such as, *inter alia*, significant financial distress of an ETS TowerCo and EuroTeleSites Group starting competing business. Moreover, the Austrian A1 Telekom MNO is entitled to partial termination (namely up to 1% of the Sites per year and up to 5% of the Sites during each of the eight years terms). Similar MLAs have been entered into between the A1 Telekom MNOs and the ETS TowerCos outside of Austria on or around 1 June 2023.

Telekom Austria Group is further entitled to repurchase shares in the relevant ETS TowerCos and/or repurchase all Sites in case of a significant financial distress of the ETS TowerCos.

Should one or more companies of Telekom Austria Group choose to exercise their rights not to renew or to terminate one or more of the MLAs or to exercise their right to exit or repurchase a material number of Sites, this could result in a material decrease in EuroTeleSites Group's revenues, which in turn would have a material adverse effect on its business, financial condition and results of operations.

EuroTeleSites Group's Sites may be subject to interruptions or breaches caused by prolonged electricity outages

EuroTeleSites Group's Sites may be exposed to interruptions or other malfunctions caused by prolonged electricity outages. Back up sources could prove insufficient in the event of a sustained power blackout, which could lead to a loss of customers if not managed appropriately. Furthermore, EuroTeleSites Group supplies power to its customers' Active Equipment mainly through a connection to third-party owned energy transport and distribution networks. Such energy networks may be subject to congestion, failures or outages, and the operators of these networks may fail to fulfil their contractual obligations relating to energy transport or distribution, or they may terminate the relevant agreements, leading to an interruption in energy supply. Any energy network outage could result in significant additional costs for EuroTeleSites Group or significantly impair its ability to provide services to its customers, negatively impacting its reputation in the market. Any of these occurrences could have a material adverse effect on EuroTeleSites Group's business, financial condition and results of operations.

A computer system failure, security breach or cyberattack could significantly disrupt EuroTeleSites Group's ability to operate its business

EuroTeleSites Group is exposed to the risk that third parties or malicious insiders may attempt to use cybercrime techniques, including distributed denial of service attacks, to disrupt the availability, confidentiality and integrity of the information technology ("**IT**") systems on which EuroTeleSites Group relies, which could result in disruption to key operations, make it difficult to recover critical services, and damage assets. EuroTeleSites Group mostly relies on IT systems provided by the A1 Telekom MNOs under intercompany service agreements (with reliance on those services expected to be more significant in the periods of time immediately following the Towers Business Spin-off and the Towers Holding Spin-off and to become less significant over time). Furthermore, remote working (as seen to a larger extent as a result of the COVID-19 pandemic) has increased cyber risks because of the greater number of remote connections, which are vulnerable to malicious activity that could harm EuroTeleSites Group's business operations.

Physical intrusions, security breaches and other disruptions of or to IT systems and network infrastructure, whether owned by companies of Telekom Austria Group or EuroTeleSites Group, could affect EuroTeleSites Group's ability to provide its services properly, reducing their quality and damaging its reputation, and could also jeopardize the security of the information recorded or transmitted across customer networks or EuroTeleSites Group's systems, or the integrity of their technical systems. Any such disruption could have a material adverse impact on EuroTeleSites Group's business.

The collapse of all or part of a Site or the occurrence of another Site-related accident may result in property damage, injury or death, which may adversely affect EuroTeleSites Group's financial condition and reputation

If all or part of a Site collapses, or if another Site-related accident takes place, including, but not limited to, accidents associated with working at height or with electricity, there is a risk that such events could result in property damage, injury to, or the death of, members of the public or employees, subcontractors or customer personnel. This could result in EuroTeleSites Group or its senior management being subject to civil damages and criminal penalties under local law. They could also have a negative impact on EuroTeleSites Group's reputation and may affect its ability to win or service future business or recruit employees or may increase the risk of local community opposition to EuroTeleSites Group's existing Sites or the construction of new Sites. The consequences EuroTeleSites Group may suffer due to the foregoing could have a material adverse effect on EuroTeleSites Group's business, financial condition and results of operations.

EuroTeleSites Group's costs could increase and its revenues could decrease due to perceived health or environmental risks from radio emissions and electromagnetic radiation, especially if these perceived risks are substantiated

Public perception of possible health or environmental risks associated with mobile communications technologies, particularly the impact of 5G, could affect the growth of MNOs, which could in turn affect the growth of EuroTeleSites Group. In particular, negative public perception of, and regulations regarding, these perceived health or environmental risks could undermine the market acceptance of mobile communications services, increase opposition to the development and expansion of towers and lead to ground lease cost increases where the towers are located. The potential connection between radio frequency emissions and certain negative health or environmental effects has been the subject of substantial study by the scientific community in recent years and numerous health-related lawsuits have been filed against MNOs and mobile device manufacturers. If a scientific study or court decision in one of the markets in which EuroTeleSites Group operates or elsewhere resulted in a finding that radio frequency emissions pose health or environmental risks, it could negatively impact EuroTeleSites Group's customers and the market for mobile services, which could have a material adverse effect on EuroTeleSites Group's business, financial condition and results of operations. Furthermore, EuroTeleSites Group's insurance with respect to the potential harm from electromagnetic radiation may not be sufficient to cover all or a substantial portion of any potential liability EuroTeleSites Group may incur.

(b) Risks related to EuroTeleSites Group's financial position

EuroTeleSites Group has incurred considerable liabilities as a result of the Towers Business Spin-off and may be unsuccessful in deleveraging and keeping investment grade rating; EuroTeleSites Group may also be exposed to increased indebtedness over time which could limit its capabilities to obtain necessary funding, to make payments on existing liabilities and/or to pay dividends

The Austrian ETS TowerCo issued Notes in the amount of EUR 500,000,000 in July 2023 and has entered into a term loan agreement in the amount of EUR 500,000,000 in June 2023. The proceeds of the Notes and the term loan are intended to be predominantly used to repay debt transferred to the Austrian ETS TowerCo in the course of the Towers Business Spin-off (intercompany loans originally entered into between Telekom Austria and Telekom Finanzmanagement GmbH ("**TFG**") in an aggregate amount of EUR 1,031,000,000).

If EuroTeleSites Group is not successful in deleveraging over a period of up to four years in accordance with its strategy and/or will not be able to keep investment grade rating as a result of its deleveraging measures, this could have a material adverse effect on EuroTeleSites Group's financial position and its ability to refinance its existing and future liabilities. This strategy currently envisages no dividend payments in the first four years by EuroTeleSites as the stock listed parent company of EuroTeleSites Group (thereby taking account rating considerations and certain covenants adhered to under the term loan agreement).

More generally, EuroTeleSites Group's indebtedness may increase in the future for various reasons, including to finance expansionary capital expenditures or other growth opportunities. However, EuroTeleSites Group's overall leverage may, together with the covenants in its financing arrangements, limit its ability to obtain additional funding for working capital, capital expenditure and growth opportunities in the future, as well as its ability to refinance its debt obligations or to pay a dividend. In addition, it could adversely affect EuroTeleSites Group's flexibility to respond to changing business and economic conditions, making it more vulnerable to adverse economic and industry conditions. Furthermore, a portion of EuroTeleSites Group's cash flows must be dedicated to interest payments on its indebtedness and is therefore not available for other purposes. EuroTeleSites Group's ability to meet its debt service obligations will depend on its future performance. If EuroTeleSites Group will not generate enough cash to pay its debt service obligations, it may be required to refinance all or part of its existing debt, sell assets, borrow more or raise equity (which may only be possible at unfavorable conditions or may not be possible at all, depending on the condition of EuroTeleSites Group and the market conditions prevailing at the relevant time).

In addition, EuroTeleSites Group will be exposed to the risk that depreciation expenses may need to be recalculated due to a re-assessment of useful life in a way that the capital position of the Company may negatively be affected.

EuroTeleSites Group is exposed to interest rate, refinancing and liquidity risk

Fluctuations in interest rates may affect EuroTeleSites Group's future growth and investment strategy and would increase EuroTeleSites Group's financing costs because a rise in interest rates may force EuroTeleSites Group to finance acquisitions or investments or refinance existing debt at a higher cost in the future.

EuroTeleSites Group finances its business activities with its own equity and borrowed capital. Interest rates in the EU are closely linked to the main refinancing rate as determined by the European Central Bank ("**ECB**"). Following recent historic low levels of interest rates and in view of the current high inflation, the ECB decided to (further) raise the three key ECB interest rates by 25 basis points so that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility has been increased to 4.25%, 4.50% and 3.75% respectively, with effect from 2 August 2023. The ECB also noted that its policy rate decisions will continue to be based on its assessment of the inflation outlook in light of the incoming economic and financial data, the dynamics of underlying inflation, and the strength of monetary policy transmission.

Due to the general shift from a low interest rate environment to the interest levels contemplated by the ECB (and potentially other central banks in jurisdictions where EuroTeleSites Group operates), EuroTeleSites Group will be subject to the risk that refinancing can only be obtained at less favorable terms. As a result of deteriorating capital markets or an increased interest rate environment, EuroTeleSites Group's debt and the terms and conditions of its existing and future financing arrangements may deteriorate and could increase its borrowing costs and the associated expenses. This may limit EuroTeleSites Group's ability to refinance its existing and future liabilities.

Moreover, where refinancing risk results in a lack of liquidity, EuroTeleSites Group may be unable to meet its current and future financial obligations in full and/or on time. For example, one or more companies of EuroTeleSites Group may be unable to meet their respective payment obligations on a particular day and may have to obtain liquidity from the market at a short notice and on less favorable terms, or even fail to obtain liquidity from the market and, at the same time, be unable to generate sufficient alternative liquidity through the disposing of assets, which could have a material adverse effect on EuroTeleSites Group's business, financial position, results of operations and/or prospects.

EuroTeleSites Group may be exposed to foreign exchange risks

EuroTeleSites Group holds assets, generates certain revenues and incurs expenses and liabilities in foreign currencies (in particular Bulgarian Lev, Macedonian Denar and Serbian Dinar), whereas its financial statements are presented in Euro (with the Serbian Dinar being kept in a managed float versus the Euro by the National Bank of Serbia). Accordingly, when EuroTeleSites, as the stock listed entity and parent company of EuroTeleSites Group prepares its financial statements, it has to convert its foreign currency-denominated assets, liabilities, income and expense items into Euro at then applicable exchange rates. Consequently, fluctuations in the exchange rate of the Euro against these other currencies can affect the value of such items in the financial statements, even if their intrinsic value is unchanged in the original currency. For example, an increase in the value of the Euro may result in a decrease in the reported value of foreign currency investments other than in Euro which could have a material adverse effect on EuroTeleSites Group's business, financial position, results of operations and/or prospects.

The Company's profit can be lower or even negative

The Company's results of operations will depend in part on the profitability of its subsidiaries. The Company (as the parent company of EuroTeleSites Group) may have higher than planned provisions or may receive lower than planned dividend payments from its subsidiaries. Depending on the size of such reduction in profitability, this could have a material adverse effect on the Company's financial position, results of operations and/or prospectus.

(c) Legal, regulatory, internal control and reputational risk

Failure to comply with environmental, social and governance ("ESG") standards and expectations could adversely impact EuroTeleSites Group's business and reputation

EuroTeleSites Group will have to increasingly observe ESG standards and expectations regarding environmental concerns, such as climate change and sustainability, social concerns, such as diversity and human rights and corporate governance concerns, such as organizational anchoring of sustainability. Whereas, upon creation of EuroTeleSites by way of spin-off by formation, EuroTeleSites will not immediately fall within the criteria of a large undertaking within the meaning of Directive 2014/95/EU (the "**Non-Financial Reporting Directive**", "**NFRD**") amending Directive 2013/34/EU (and national implementing legislation), EuroTeleSites will have to apply the rules on non-financial and diversity disclosure as set out by the NFRD as soon as it exceeds the relevant criteria of a large undertaking or upon the entry into force of national legislation implementing Directive (EU) 2022/2464 ("**Corporate Sustainability Reporting Directive**", "**CSRD**") which extends the scope of those rules to listed small and medium-sized undertakings. Following national transposition, EuroTeleSites Group will therefore be subject to the modernized and strengthened rules about social and environmental reporting as provided under the CSRD. The Company currently expects the new CSRD rules to apply to EuroTeleSites for the first time in the financial year 2025 (for reports published in 2026). In view of statutory disclosure and more generally, EuroTeleSites Group may not always be able to identify and adequately assess the relevant concerns (including, for example, their outward impacts on the environment and on society, including those on human rights as set out – as an orientation – in the GRI Standards issued by the Global Reporting Initiative), which may result in a failure to meet ESG standards and expectations of stakeholders or the public, which could adversely impact EuroTeleSites's and EuroTeleSites Group's reputation.

At the same time, compliance with certain ESG standards, in particular environmental standards, may pose challenges to EuroTeleSites Group's business and lead to additional costs. Future changes in regulatory and legal requirements related to climate change may significantly impact EuroTeleSites Group's growth, financial results or legal exposure. In the wider context of ESG, there is a risk of insufficient funding or procurement of other financing instruments and other financial services such as loan financing, securities, hedging instruments or insurance provided by banks, insurance companies and other financial institutions. These financing risks apply to both specific projects and EuroTeleSites Group's business operations as a whole due to internal, industry-wide or policy driven prerequisites for ESG that are applied by financial market participants.

Moreover, inadequate reporting on EuroTeleSites Group's own activities and precautions regarding sustainability-related matters may lead to a loss of trust by the capital market. As a result, EuroTeleSites Group may face legal risk, become unable to acquire talent, and may be exposed to higher refinancing cost due to Regulation (EU) 2020/852 and other legal acts and initiatives that are part of the EU Sustainable Finance Package (such as the EU Taxonomy Climate Delegated Act). In addition, reduced trust in EuroTeleSites Group's brand may impact growth and financial results.

EuroTeleSites Group's business, and that of its customers, will be subject to evolving laws and regulations, which could restrict EuroTeleSites Group's ability to operate its business

EuroTeleSites Group's business, and that of its customers, are subject to EU as well as national laws and regulations governing telecommunications and the construction and operation of Sites. These laws and regulations can delay, prevent or increase the cost of new Site construction, modification, additions of new Passive Infrastructure or Active Equipment to a Site, or Site upgrades, thereby limiting EuroTeleSites Group's ability to respond to customer requests and requirements, or to expand its operations on any given Site.

In the ordinary course of constructing its Passive Infrastructure and providing its services, EuroTeleSites Group is required to obtain, maintain and routinely renew a variety of licenses, authorizations and other permits from administrative and regulatory agencies in the markets in which it operates, as well as rights-of-way from utilities and other private and governmental entities. In the future, some of those existing licenses, authorizations or permits may be revoked, or EuroTeleSites Group's applications for renewals or new leases could be denied or granted only in part. In addition, certain licenses for the operation of EuroTeleSites Group's Sites may be subjected to additional terms and conditions with which EuroTeleSites Group cannot comply. Existing regulatory policies and changes in such policies (or additional regulation) may materially and adversely affect the timing or cost of EuroTeleSites Group's activities in relation to its Sites. Zoning authorities and community organizations may oppose the construction of Passive Infrastructure in their communities, which could delay, prevent or increase the cost of new infrastructure construction, modifications, or Site upgrades, thereby limiting EuroTeleSites Group's ability to respond to its customers' demands and requirements. Jurisdictions in which EuroTeleSites Group currently operates may also enact new, or increase existing, license fees. EuroTeleSites Group's failure to obtain or maintain necessary licenses, authorizations and rights-of-way, or to comply with the obligations imposed upon license holders, including the payment of fees, in one or more countries, may result in sanctions or additional costs, including the revocation of authority to provide services in a particular jurisdiction.

The existing laws or regulations under which EuroTeleSites Group operates may be repealed, amended or overruled, and new regulation may be promulgated at any time. Additionally, governmental authorities or courts may change their interpretation of existing laws or regulations in areas such as licensing fees, environmental matters, health and safety regulations, infrastructure access terms and pricing, as well as the market value of property, in general or in ways that are particular to EuroTeleSites Group's industry. In particular, access regulations for MNOs coupled with price regulations may have a negative impact on EuroTeleSites Group. For example, EuroTeleSites Group may be impacted by the recent proposal of the European Commission for a Gigabit Infrastructure Act ("**GIA**"). If EuroTeleSites Group would be defined as network operator under the GIA, it would be required to grant access to its infrastructure under "fair and reasonable" terms and conditions, including prices, which might ultimately be set by regulatory authorities and may not reflect the commercial reality of the market. Such changes in existing laws or regulations or interpretation may increase costs, restrict operations or decrease revenues, and EuroTeleSites Group's inability or failure to comply with such changes could result in the temporary or permanent suspension of operations in one or more jurisdictions.

If EuroTeleSites and/or the Austrian ETS TowerCo are deprived of their/its privileged infrastructure rights under the Austrian Telecommunications Act 2021 (and would, for example, be due to a change in the current practice of the authorities subject to more general requirements under trade law), this could limit business operations and cause serious delays due to more complex legal procedures and increased legal and political uncertainty. Further, it cannot be excluded that authorities may in the future find that specific regulations in the field of electricity law apply to providers of Passive Infrastructure, such as those for traders in electricity and those for distribution network operators.

Owners or other parties entitled to use an antenna mast or a power line mast must permit – against an appropriate compensation – its shared use by providers of a public communications network, fire departments, rescue services and security authorities, provided this is economically reasonable for them and technically possible, especially in terms of frequency. If the Austrian regulator sets a price which would deprive EuroTeleSites Group of its revenues on rented infrastructure (without providing for full compensation at the same time), this could have a material adverse effect on EuroTeleSites Group's business, financial condition and results of operations. Furthermore, EuroTeleSites Group's customers are subject to a wide-ranging regulatory regime, consisting of EU as well as national rules and requirements, in particular with respect to administrative, antitrust and environmental matters. Should any of EuroTeleSites Group's customers be deemed to be in violation of these regulations, they could be exposed to a range of sanctions, including the temporary or definitive shut-down of operations on a particular Site, which in turn could affect the level of business and revenues EuroTeleSites Group derives from such customers. Moreover, any regulatory decisions relating to the reallocation of frequencies, coverage obligations, the location of Sites, or budgetary measures implemented by national, regional or local authorities could require or make it advisable for EuroTeleSites Group to relocate or shut down some of its Sites or for MNOs to change or reduce their rollout plans. For example, a reduction in coverage obligations in any of EuroTeleSites Group's markets could reduce anticipated demand for EuroTeleSites Group's services. EuroTeleSites Group cannot guarantee that existing or future laws or regulations (as they may be relevant for telecommunications and/or telecommunications infrastructure providers) will not adversely affect its business, generate delays in its expansion plans or result in additional costs for EuroTeleSites Group. These factors may have a material adverse effect on EuroTeleSites Group's business, financial condition and results of operations.

In addition, following the creation of EuroTeleSites by way of a spin-off by formation (*Spaltung zur Neugründung*) and the Listing of its Shares on the Official Market (*Amtlicher Handel*) of the Vienna Stock Exchange (*Wiener Börse*) (the "**Listing**"), EuroTeleSites Group is subject to the specific regulatory environment in relation to market abuse and other capital market laws as well as antitrust regulation, where severe penalties apply to violations. Actions or omissions undertaken by or attributable to EuroTeleSites Group or its companies may violate such laws and regulations and impose severe penalties including, *inter alia*, fines that may be expressed as a percentage of group turnover as well as reputational damage. This can have a material adverse effect on EuroTeleSites Group's business, its ability to refinance its activities and/or refinancing cost, its financial position and/or prospects.

Environmental and health regulations impose additional obligations and expose EuroTeleSites Group to potential liability

EuroTeleSites Group is subject to various environmental and health and safety laws and regulations in the markets in which it operates concerning issues such as damage caused by air emissions, noise emissions driving, working at height and working with electricity (with electromagnetic field ("**EMF**") radiation falling within the responsibility of the MNOs). These laws can impose liability for non-compliance, are increasingly stringent and may in the future create substantial compliance liabilities and costs.

While EuroTeleSites Group intends to comply with applicable environmental and health and safety regulations, it is possible that such compliance may prove to be costly. In addition, EuroTeleSites Group may become subject to monetary fines and penalties for violation of applicable laws, regulations or administrative orders as well as potential clean-up liability, which could result in the closure or temporary suspension of, or adverse restrictions on, its operations. EuroTeleSites Group may also, in the future, become involved in proceedings with various environmental authorities that may require the Company or companies of EuroTeleSites Group to pay fines, comply with more rigorous standards or other requirements or incur capital and operating expenses for environmental compliance.

Although EuroTeleSites Group expects not to be subject to any material litigation in respect of environmental or health and safety regulations, there can be no assurance that breaches of such regulations will occur or that these regulations will not change in the future in a manner that could have a material impact on EuroTeleSites Group's business.

In addition to the potential costs and liabilities associated with complying with environmental and health and safety regulations, EuroTeleSites Group is subject to the risk that local associations or groups may oppose the construction or operation of EuroTeleSites Group's Passive Infrastructure as a result of alleged negative effects on the environment. Any such challenge filed with the competent authorities or political action conducted in that respect may prevent or delay the construction or operation of a Site.

The occurrence of any of the events described above could have a material adverse effect on EuroTeleSites Group's business, financial condition and results of operations.

Risk relating to the failure and ineffectiveness of appropriate risk management systems

EuroTeleSites Group's risk management system is expected to be designed to assess, avoid, and reduce risks that may jeopardize its business. EuroTeleSites Group's operating risks primarily include the risks of Site selection and infrastructure maintenance. There are, however, inherent limitations on the effectiveness of any risk management system. These limitations include the possibility of human error and the circumvention or overriding of the system. Accordingly, any such system can provide only reasonable assurances of achieving the desired objectives. For example, in the telecommunications infrastructure industry, rooftop sites, which consist of antenna structures, including steel structures and masts installed on various types of buildings or constructions, typically on the roof and/or roofing pavement ("**Rooftop Sites**") placed on buildings suffering from substandard materials, insufficient designs and poor construction practices may only be detected with delay or may not be detected at all. Other risks include the violations of internal guidelines, applicable law or criminal acts by EuroTeleSites Group's employees or third parties retained by EuroTeleSites Group such as subcontractors or service providers (including external power supplies and generators) and their employees. Should any of these risks materialize, they could have a material adverse effect on the business prospects and EuroTeleSites Group's financial standing.

Failure to comply with anti-bribery, anti-corruption and anti-money laundering laws and foreign sanctions laws could result in severe criminal or civil law sanctions as well as reputational risks

EuroTeleSites Group is subject to anti-bribery, anti-corruption and anti-money laundering laws and regulations in the countries in which it operates. Those provisions prohibit companies and their intermediaries from making or receiving improper payments or illegally transmitting large amounts of money through the financial systems and impose severe sanctions, including criminal sanctions, for their violation.

EuroTeleSites Group may be unable to prevent or detect acts of fraud, bribery and corruption involving its employees, business partners, construction contractors, suppliers or agents in the future. EuroTeleSites Group may therefore be subject to civil and criminal penalties and to reputational damages in this regard. Instances of fraud, bribery and corruption may also be considered by public authorities when assessing EuroTeleSites Group's bids to leases or licenses granted by public authorities or private third parties. The involvement or association of EuroTeleSites Group's employees, business partners, contractors, suppliers or agents with fraud, bribery or corruption, or allegations or rumors relating thereto, could negatively impact its reputation and materially adversely affect its business, results of operations, financial position and/or prospects.

Furthermore, EuroTeleSites Group is subject to a number of complicated sanctions laws, including, *inter alia*, sanctions imposed, administered or enforced by the U.S. Department of Treasury's Office of Foreign Assets ("**OFAC**"), the European Union and the United Nations. These sanctions laws require EuroTeleSites Group to refrain from doing business or allowing its customers or business partners to do business through its companies in certain countries or with certain organizations or individuals on sanctions lists maintained by the United States, the European Union or other countries. The interpretation of those laws is so broad that EuroTeleSites Group can also inadvertently violate such laws through its business with strategic or joint venture partners or other business partners. Failure to adopt and enforce appropriate internal policies to ensure compliance with these laws may result in severe criminal or civil sanctions, and EuroTeleSites Group may become subject to other liabilities, which could have a material adverse effect on its business, result of operations, cash flows, financial position and prospects.

EuroTeleSites Group is subject to litigation risk

In the normal course of business, EuroTeleSites Group could be involved in various legal proceedings. Litigation or arbitration may result from injury or death of or property damage to members of the public or employees, subcontractors or customer personnel including in situations where accidents are associated with working at height or with electricity. An unfavorable outcome of some or all such matters could cause EuroTeleSites Group to incur significant liabilities. Likewise, it may incur significant legal and other costs in connection with defending its interests in on-going legal proceedings. Any significant adverse litigation or arbitration judgments or settlements could therefore have a material adverse effect on EuroTeleSites Group's business, financial position, results of operations and/or prospects.

Changes in tax laws, regulations or treaties or adverse determinations by taxing authorities could increase EuroTeleSites Group's tax burden or otherwise affect its financial condition and results of operations

The amount of taxes the Company has to pay is subject to a variety of tax laws in the jurisdictions in which EuroTeleSites and the companies of EuroTeleSites Group are organized and operate. There is no assurance that tax laws or the official interpretation thereof or tax rates may not be changed in the future. Whereas a tax ruling has been sought before the Austrian tax authorities in view of the Towers Business Spin-off and the Towers Holding Spin-off, it cannot be ruled out that the tax assessment may change in later periods, especially due to the many reorganization steps within EuroTeleSites Group. Any change in tax laws or the official interpretation thereof or tax rates may increase EuroTeleSites Group's tax expenses and liabilities and could have a material adverse effect on its business, results of operations, financial position and/or prospects. EuroTeleSites Group could be subject to increased taxation on a going forward and retroactive basis if certain legislative proposals or regulatory changes are enacted, certain tax treaties are amended and/or its interpretation of applicable tax or other laws is challenged and determined to be incorrect. In particular, any alternative interpretations of applicable tax laws asserted by a tax authority or changes in tax laws, regulations or accounting principles that limit EuroTeleSites Group's ability to take advantage of tax treaties between jurisdictions, modify or eliminate the deductibility of various currently deductible payments, increase the tax burden of operating or being resident in a particular country, result in transfer pricing adjustments or otherwise require the payment of additional taxes, may have a material adverse effect on EuroTeleSites Group's financial condition and results of operations.

More specifically, the so-called Global Anti-Base Erosion ("**GloBE**") rules under Pillar Two published by the OECD will introduce a global minimum corporate tax rate set at 15%. The minimum tax is expected to apply to Multinational Enterprises ("**MNEs**") with revenues above EUR 750 million and is estimated by the OECD to generate around USD 150 billion in additional global tax revenues annually. The GloBE rules provide for a coordinated system of taxation intended to ensure large MNE groups pay this minimum level of tax on income arising in each of the jurisdictions in which they operate. The rules create a "top-up tax" to be applied on profits in any jurisdiction whenever the effective tax rate, determined on a jurisdictional basis, is below the minimum 15% rate.

Furthermore, judgment and estimation are required in determining EuroTeleSites Group's calculation and provision for income, sales, value-added and other taxes, including withholding taxes. In the ordinary course of EuroTeleSites Group's business, there are various transactions, including, for example, intercompany transactions based on cross-jurisdictional transfer pricing and transactions with specific documentation requirements, for all of which the ultimate tax assessment or the timing of the tax effect is uncertain.

As América Móvil has the ability to control both EuroTeleSites and Telekom Austria, both groups are related parties und thus are subject to risks based on transfer pricing rules which apply to domestic and cross-border business relationships. Pursuant to such transfer pricing rules, related enterprises are required to conduct any intercompany transactions per conditions which would also apply among unrelated third parties, concluding comparable agreements (the so-called "arm's length principle") and to provide sufficient documentation thereof, subject to the rules applicable to them in the relevant jurisdiction. It cannot be excluded that one or more tax authorities might not agree with, and thus challenge the cross-jurisdictional transfer pricing model implemented by EuroTeleSites Group. The consequences might be double taxation in two or more countries. Furthermore, transfer pricing risks may increase in the future in case the intra-group cross-border business grows or changes or because the tax authorities' interpretation of the arm's length principle might change from time to time.

EuroTeleSites Group's tax calculations and its interpretation of laws will be reviewed by tax authorities which may disagree with EuroTeleSites Group's tax estimates or judgments and challenge EuroTeleSites Group's assessments in relation to tax filings or other tax-related documentation and their compliance with applicable tax laws. In addition, tax authorities might challenge the factual or legal basis for such tax filings or other tax-related documentation. Although EuroTeleSites Group believes that those tax estimates are reasonable, the final determination of any such tax audits or reviews could differ from its tax provisions and accruals. EuroTeleSites Group could, as a result, incur additional tax liabilities, as well as interest, penalties, or regulatory, administrative, or other sanctions related thereto. Any additional tax liabilities resulting from the aforementioned risks or any interest or any penalties or any regulatory, administrative or other sanctions relating thereto could have a material adverse effect on EuroTeleSites Group's business, financial condition and results of operations.

Furthermore, where Mexican tax law was amended in a way so that it would prevent or otherwise interfere with indirect distributions to EuroTeleSites, this could impact on the ability of the Austrian ETS TowerCo and EuroTeleSites or any other ETS TowerCo to make distributions.

(d) Risks relating to the shareholder structure

América Móvil has the ability to control EuroTeleSites in the shareholders' meeting, the Supervisory Board and the Management Board

As of the date of the establishment of EuroTeleSites by way of spin-off by formation, América Móvil holds 56.55% of the share capital and voting rights in EuroTeleSites. As a result, as long as América Móvil holds the majority of the share capital and voting rights in EuroTeleSites, it has the ability to control EuroTeleSites in, and ultimately determine the outcome of, important decisions to be taken by vote at EuroTeleSites's shareholders' meeting, including the election, appointment or removal of members of the supervisory board, approval of the annual financial statements, distribution or carry-forward of dividends, changes to the articles of association, capital increases or decreases, mergers, spin-offs, a substantial sale of assets or any other decision that requires approval from EuroTeleSites's shareholders, subject to those cases where ÖBAG (which, as of the establishment of EuroTeleSites by way of spin-off by formation, holds 28.42% of the shares and the voting rights in EuroTeleSites) has veto rights.

In addition, eight out of the ten shareholder-elected members of the supervisory board of EuroTeleSites ("**Supervisory Board**") have been nominated by América Móvil, and one out of the two (and in the case of a management board consisting out of three members: two out of three) members of the management board of EuroTeleSites ("**Management Board**") have been nominated by América Móvil. As a consequence, América Móvil effectively also controls all decisions of the Supervisory Board and of the Management Board requiring a majority vote.

As a result of the continuing (direct and indirect) majority shareholding of América Móvil and its ability to nominate the majority of the members of the Supervisory Board and of the Management Board of EuroTeleSites, América Móvil can exercise significant influence over EuroTeleSites Group. Further, resolutions adopted by América Móvil in the shareholders' meeting of EuroTeleSites or decisions taken by the Supervisory Board or the Management Board may raise, or be perceived to involve, conflicts of interest between América Móvil on the one hand and EuroTeleSites Group on the other or between América Móvil on the one hand and the other shareholders of EuroTeleSites on the other.

If América Móvil, through its votes at the shareholders' meetings or otherwise, was to exert influence on EuroTeleSites in such a way as to conflict with the interests of EuroTeleSites Group or the other shareholders of EuroTeleSites, this could have a significant adverse effect on EuroTeleSites Group's business, financial condition and results of operations.

Conflicts of interest may further arise from the fact that América Móvil is also the majority shareholder of Telekom Austria, which accounts on a *pro forma* basis for approximately 95% of Towers Group’s total revenues (incl. other operating income) for the financial year 2022. Since Telekom Austria Group and its companies are the main customer(s) of EuroTeleSites Group and benefit from certain termination rights in respect of their customer relationship as well as repurchase rights in terms of shares in the ETS TowerCos as well as significant assets of EuroTeleSites Group such as the Sites, investors are exposed to the risk that América Móvil may consider its interests in Telekom Austria Group being more important than its interests in EuroTeleSites Group. Any such situation may have a significant adverse effect on EuroTeleSites Group's business, financial condition and results of operations.

Any seeking of consent by EuroTeleSites's main shareholders on certain important shareholders' meeting matters could delay or otherwise impact EuroTeleSites's ability to react quickly to business and/or strategic developments

ÖBAG and América Móvil agreed on 6 February 2023 to enter into a shareholders' agreement for a ten-year term with respect to the Company which became effective upon the legal registration of EuroTeleSites in the Austrian companies register (the "**Shareholders' Agreement**"). Under the Shareholders' Agreement, the parties contractually agreed the following terms for EuroTeleSites's governance: (i) the parties agreed to keep (a) EuroTeleSites's headquarters and all main corporate and business functions in Vienna, Austria and (b) the shares in EuroTeleSites listed on the Vienna Stock Exchange (*Wiener Börse*); (ii) (a) eight members of EuroTeleSites' Supervisory Board members shall be nominated by América Móvil and two members of EuroTeleSites' Supervisory Board shall be nominated by ÖBAG and (b) whereas EuroTeleSites' Management Board shall consist of a minimum of two and a maximum of three members, at least one member shall be the CEO to be nominated by América Móvil and one member shall be the CFO nominated by ÖBAG (in case a third member is required at any time, such member shall be nominated by América Móvil); (iii) (a) ÖBAG shall be granted certain veto rights over a series of decisions, including, capital increases, exclusion of subscription rights, mergers and demergers of EuroTeleSites (ÖBAG is entitled to the full set of veto rights for as long as it holds at least 25% plus one share of EuroTeleSites' outstanding shares at the time any such resolution is to be taken), (b) a five year lock-up period shall be set where the parties have agreed not to transfer or commit to transfer their shares in EuroTeleSites to a third-party; and (c) ÖBAG and América Móvil shall be granted a right of first refusal in case any of such parties intends to sell or otherwise transfer a portion or all of its shares in EuroTeleSites. The necessity to seek those shareholders' consents, for example in relation to capital or corporate restructuring measures as described at (iii) above, might lead to lengthy or protracted shareholder decision processes or deadlocks, which could block decision making procedures in EuroTeleSites' corporate bodies, could delay or otherwise impact EuroTeleSites's ability to react quickly to business and/or strategic developments and could therefore have a material adverse effect on the business prospects, results of operations and financial condition of EuroTeleSites Group.

Certain Supervisory Board members of EuroTeleSites may also hold executive positions in the management of América Móvil or serve as members of boards in companies of América Móvil Group, which may create conflicts of interest

If members of EuroTeleSites' Supervisory Board, also hold executive positions in the management of América Móvil or serve as members of the boards in companies of América Móvil, S.A.B. de C.V. or any of its subsidiaries (the "**América Móvil Group**"), this can create conflicts of interest. To the extent that interests of América Móvil Group are not fully aligned with interests of EuroTeleSites Group (which includes the Company), holding an executive position in the management of América Móvil or serving as a member of boards in companies of América Móvil Group while at the same time being members of the Supervisory Board of EuroTeleSites may potentially create conflicts of interest for those Supervisory Board members in their respective positions. If those members of the Supervisory Board were to exert influence on América Móvil in a way that conflicts with the interests of EuroTeleSites Group, this may have a material adverse effect on EuroTeleSites Group's business, results of operations and financial condition.

(e) Risks related to the history and formation of the group structure

The limited availability and comparability of historical financial information related to EuroTeleSites Group may make it difficult for investors to evaluate EuroTeleSites Group's historical performance and future prospects

In order to create EuroTeleSites Group, Telekom Austria Group has separated its Austrian, Croatian, Bulgarian, North Macedonian, Serbian and Slovenian tower infrastructure assets into a new stand-alone tower infrastructure group. As of the date of the consummation of the Towers Business Spin-off, the transfer is intended to have been effected both legally and operationally, subject to (i) certain cases where the mere beneficial ownership of tower assets has been transferred as described at the risk factor "*Certain ground leases governing EuroTeleSites Group's use of land on which its tower assets are expected to be located may be subject to landowner consent in respect of the lease transfer to EuroTeleSites Group and/or may be subject to non-renewal, renewal on commercially unattractive terms, or general disputes with landowners"* and (ii) certain services which continue to be provided by Telekom Austria Group on the basis of intercompany service agreements as described in further detail at the risk factor *"Any material increases in EuroTeleSites Group's primary costs or any failure or inability to achieve planned cost efficiencies could adversely affect EuroTeleSites Group's margins*".

Prior to the Towers Business Spin-off, the Towers Business had not historically operated or been managed as a separate legal (sub-)group within the Telekom Austria Group. Moreover, the intended final group structure did not exist as an actual group of companies under the Company's control throughout the reporting period of the Audited Condensed Combined Financial Statements 2022 (as defined below) and the reporting period of the Unaudited Condensed Combined Interim Financial Statements (as defined below). The assets of the Towers Business were historically used primarily as infrastructure to support the active transmission equipment of the Telekom Austria Group. The Towers Business was not managed separately by the management of Telekom Austria, and therefore, the information required to fully reconstruct its historical financial information prior to its separation is not available. Accordingly, the Audited Condensed Combined Financial Statements 2022 and the Unaudited Condensed Combined Interim Financial Statements as presented herein are not indicative of the results that would have been obtained by EuroTeleSites Group if it had operated under the same legal structure during the respective reporting periods, or of the business's future results.

The Unaudited Towers Group *Pro Forma* Financial Information may differ materially from and may not be representative of EuroTeleSites Group's actual or future results of operations and financial condition

This Prospectus includes the Unaudited Towers Group *Pro Forma* Financial Information. The purpose of the Unaudited Towers Group *Pro Forma* Financial Information is to illustrate the material effects that Towers Group structure would have had on the Audited Condensed Combined Financial Statements 2022 and the Unaudited Condensed Combined Interim Financial Statements if Towers Group structure had existed since 1 January 2022 with respect to the unaudited *pro forma* consolidated income statements of Towers Group for the year ended 31 December 2022 and for the six months ended 30 June 2023 or on 30 June 2023 with respect to the unaudited *pro forma* consolidated statement of financial position of Towers Group as of 30 June 2023.

The Unaudited Towers Group *Pro Forma* Financial Information has been prepared for illustrative purposes only and shows a hypothetical situation and, therefore, does not represent the actual financial position or results of Towers Group as if Towers Group structure had existed since 1 January 2022 with respect to the unaudited *pro forma* consolidated income statements of Towers Group for the year ended 31 December 2022 and for the six months ended 30 June 2023 or on 30 June 2023 with respect to the unaudited *pro forma* consolidated statement of financial position of Towers Group as of 30 June 2023. The Unaudited Towers Group *Pro Forma* Financial Information is based on factually supportable *pro forma* adjustments described in the accompanying *pro forma* notes, which Telekom Austria considers reasonable. It does not include incremental revenues or costs that are not directly related to the implementation of the current group structure. Future results of operations may differ materially from those presented in the Unaudited Towers Group *Pro Forma* Financial Information. The Unaudited Towers Group *Pro Forma* Financial Information may not give a true picture of Towers Group's financial position or results nor is it indicative of the results that may, or may not, be expected to be achieved in the future.

EuroTeleSites Group may not realize potential benefits from the separation of its business from Telekom Austria Group

EuroTeleSites Group may be unable to realize the potential benefits that it expects to achieve by separating from Telekom Austria Group. These benefits include EuroTeleSites Group's ability to more efficiently utilize its assets and allocate capital and to develop a distinct investment identity allowing investors to evaluate the merits, performance and future prospects of EuroTeleSites Group separately from those of the Telekom Austria Group.

EuroTeleSites Group may not achieve these and other anticipated benefits for a number of reasons. Prior to the implementation of the current group structure, the Towers Business had not been operated or managed as a separate legal entity (or group of legal entities) within the Telekom Austria Group. Accordingly, EuroTeleSites Group has a limited track record of operating as a stand-alone business and is therefore subject to some of the risks frequently encountered by companies in their early stages of operation. For example, EuroTeleSites Group may need to implement changes to its cost structure, operating model and management arrangements in order to ensure they are optimized to meet the needs of the business. If EuroTeleSites Group is unable to achieve some or all of the benefits expected to result from its separation from the Telekom Austria Group, or if such benefits are delayed, this could have a material adverse effect on EuroTeleSites Group's financial condition and results of operations.

A subsequent change of control in respect of EuroTeleSites Group could have a material adverse effect on EuroTeleSites Group's business, financial condition and results of operations

Given the current high level of dependency of EuroTeleSites Group on the A1 Telekom MNOs as customers and the high level of interrelationship between the two groups in terms of shared services, EuroTeleSites Group may be exposed to a drop in revenues and a loss of shared services or service quality and may not be in a position to adequately compensate for such losses, if the A1 Telekom MNOs did not extend the MLAs or would otherwise wish to terminate or reduce the business relationship with EuroTeleSites Group as a result of any such change of control. The occurrence of such a change of control is therefore likely to have a material adverse effect on EuroTeleSites Group's business, financial condition and results of operations.

2.2 Risks relating to the Listing and/or the Shares

The Shares have not been publicly traded, and there is no guarantee that an active and liquid market for the Shares will develop or can be maintained and Shareholders may therefore not be able to sell their Shares quickly or at all or at the market price

Prior to the creation of the Company by way of a spin-off by formation (*Spaltung zur Neugründung*) and the Listing of its Shares, there has been no public market for the Shares on the Official Market (*Amtlicher Handel*) of the Vienna Stock Exchange (*Wiener Börse*) (the "**Listing**"). There can be no assurance that an active, liquid trading market for the Shares will develop or be sustained following the listing of the Shares on the Official Market (*Amtlicher Handel*), the statutory regulated market segment of the Vienna Stock Exchange (*Wiener Börse*) and, simultaneously, in the "Prime Market" segment, a private-law market segment operated by the Vienna Stock Exchange (*Wiener Börse*) with additional post-admission obligations. The lack of an active trading market in the Shares and the relatively low number of shares available for free float could affect an investor's ability to sell the Shares at a desired price, at a desired time and/or in a desired quantity.

Investors may therefore not be able to sell their Shares quickly or at all or at the market price if there is no active trading in the Shares.

In addition, even if an active market for the Shares will develop after the Listing, the liquidity and market price of the Shares may be adversely affected.

The market price and trading volume of the Shares may fluctuate significantly and investors could lose some or all of their investment.

Following the Listing, the trading volume and share price of the Shares may fluctuate significantly. The share price will be affected primarily by the supply and demand for the Shares and could fluctuate significantly in response to numerous factors, many of which are beyond the Company's control. These factors include fluctuations in actual or projected results of operations, changes in projected earnings or failure to meet securities analysts' earnings expectations, the absence of analyst coverage on the Shares, changes in trading volumes in the Shares, the activities of EuroTeleSites Group's competitors and suppliers, changes in the market valuations of similar companies, changes in investor and analyst perception of EuroTeleSites Group's industry and/or main geographical markets (including due to changes in public opinion, for example as a result of adverse media coverage), negative research reports, changes in the statutory framework in which EuroTeleSites Group operates, changes in macroeconomic conditions including an increase in interest rates, including fluctuations in foreign currencies and general stock market plunges, such as a reaction to measures following the spread of an infectious disease as seen several times in 2020 or as a reaction to the Russian invasion of Ukraine (and its geopolitical and economic impact) as seen in early 2022 or the perception that any of these developments will re-occur or exacerbate and other factors. Stock prices of many companies have experienced price and volume fluctuations in a manner often unrelated to the operating performance of such companies, including as a result of short seller attacks.

In addition, the adoption or further refinement of ESG investment principles by investors (for example, so-called green funds or issuers of so-called green or sustainability bonds) might lead to a divestment of shares of or non-investment into certain companies (which might include the Company).

If the share price or the trading volume in its Shares declines from the realization of any or all of these events, investors could lose part or all of their investment in the Shares.

Limited free float could negatively affect the liquidity of the Shares on the stock market

América Móvil and ÖBAG together hold approximately 85% of the Shares in the Company. As a result, following the Listing, the free float will only be approximately 15% of the Shares in the Company. The resulting limited liquidity in the Shares could impact the price of the Shares, and could in particular result in even limited sell or buy orders resulting in a substantial trading impact. No assurance can be provided that following the Listing, sufficient market liquidity will develop so that shareholders can adequately trade their Shares.

Future capital-related measures, such as future offerings of equity-linked or equity securities by the Company or the exercise of possible future stock option programs, may adversely affect the market price of the Shares and could result in a substantial dilution of existing shareholdings in the Company

The Company may require further capital in the future to finance its investments and working capital, its ongoing operations, its properties, leases and related infrastructure, its research and development, as well as the introduction of new equipment and technology. Therefore, the Company may seek to raise capital through offerings of equity-linked securities, additional equity securities or future stock option programs. An issuance of additional equity securities or securities with a right to convert into equity, such as convertible bonds or warrant bonds, or the exercise of a stock option program could adversely affect the market price of the Shares and would dilute the economic and voting interests of existing shareholders if made without granting subscription rights to existing shareholders. Even if existing shareholders were granted subscription rights, investors in certain jurisdictions may not be able to acquire and/or exercise any subscription rights due to local laws. Since the timing and nature of any future offering would depend on market conditions, it is not possible to predict or estimate the amount, timing or nature of future offerings. In addition, the acquisition of other companies or investments in companies in exchange for newly issued Shares, as well as a potential exercise of stock options and the issuance to the Company's and/or EuroTeleSites Group's employees in the context of possible future stock option programs, could lead to a dilution of the economic and voting interests of existing shareholders. Furthermore, a proposal made at the shareholders' meeting to take any of the abovementioned measures, with dilutive effects on existing shareholders, or any other announcement of such proposal, could adversely affect the market price of the Shares.

Shareholders in jurisdictions outside Austria may not be able to participate in future issues of the Company's Shares unless the Company decides to take additional steps to comply with applicable local laws and regulations of such jurisdictions

In the case of increases in the Company's issued share capital, the Company's shareholders at the time are generally entitled to subscribe for the newly issued shares unless such subscription rights are specifically excluded. Shareholders outside Austria may, however, not be able to exercise their subscription rights unless the Company decides to comply with applicable local laws and regulations and such local laws and regulations allow for the Company to permit such shareholders to participate in the offering of subscription rights. The Company cannot assure shareholders outside Austria that steps will be taken to enable them to exercise their subscription rights or whether such participation will lawfully be possible, or to permit them to receive any proceeds or other amounts relating to their subscription rights.

Future sales of the Company's shares by any of América Móvil and/or ÖBAG or the perception that such sales may occur could depress the price of the shares

If any of América Móvil (holding 56.55% of the Shares in the Company) and/or ÖBAG (holding 28.42% of the Shares in the Company), or one or more other shareholders of the Company sell a substantial number of the Shares in the Company they hold, following the Listing, or a consensus or firm perception is formed in the market that such a sale is imminent, the Company's share price may decline.

Rights of shareholders in an Austrian corporation may differ from rights of shareholders in a corporation organized under the laws of another jurisdiction

EuroTeleSites is a joint stock corporation (*Aktiengesellschaft*) organized under the laws of Austria. The rights of EuroTeleSites' shareholders are governed by its articles of association and by Austrian law. These rights may differ in some respects from the rights of shareholders in corporations organized in a jurisdiction other than Austria. In addition, it may be difficult for investors to enforce the securities laws of other jurisdictions, or to prevail with a claim against EuroTeleSites based on those laws.

A suspension of trading in the Shares on the Vienna Stock Exchange (*Wiener Börse*) could adversely affect the share price

With respect to securities publicly traded in Austria, the FMA is authorized to suspend or request the relevant regulated market on which securities are admitted to trading to suspend such securities from trading, if, in its opinion, the situation of EuroTeleSites is such that continued trading would be detrimental to the investors' interest. The FMA is further authorized to instruct the Vienna Stock Exchange (*Wiener Börse*) to suspend trading in securities issued by EuroTeleSites in connection with measures taken against market manipulation and/or insider trading. The Vienna Stock Exchange (*Wiener Börse*) must suspend trading in securities which no longer comply with the rules of the regulated market, unless such step would cause significant damage to investors' interests or the orderly functioning of the market. If the Vienna Stock Exchange (*Wiener Börse*) does not do so, the FMA could demand the suspension of trading in securities if it is in the interest of the orderly functioning of the market and does not impair investors' interests. Existing orders are deemed void if trading is suspended. Any suspension of trading (other than for protecting investors' interest) could adversely affect the price and the liquidity of the Shares and, consequently, could have a negative effect on investors' ability to sell the Shares at a satisfactory price.

The Company's ability to pay dividends depends, among other things, on its financial position and results of operations

Any potential future determination by the Company to pay dividends will be made in accordance with applicable laws, and will depend upon, among other factors, the level of distributable profit for the respective year, its results of operations, financial position, its investment policy, market developments and capital requirements based on the unconsolidated financial statements of the Company prepared in accordance with Austrian generally accepted accounting principles and the Austrian Company Code UGB, as well as shareholders' consent. There can be no assurances that the Company's or its subsidiaries' performance will allow the Company to pay dividends in the foreseeable future. In particular, the ability to pay dividends may be impaired if any of the risks described in this section "*Risk Factors"* were to occur. More precisely, it is not intended that EuroTeleSites will pay dividends for the next four years. This is in line with rating considerations and certain covenants under the term loan agreement in the amount of EUR 500,000,000 entered into by Austrian ETS TowerCo as the Company's fully owned subsidiary in June 2023.

Moreover, the issuance of certain profit-dependent instruments could potentially decrease the distributions available for shareholders.

Any of these factors, individually or in combination, could restrict the Company's ability to pay dividends and could cause the price of the Shares to fall, in which case investors could lose some or all of their investment.

In the event of the insolvency of the Company, the Company's shareholders could suffer a total loss in the value of their Shares

Under Austrian Insolvency Act (*Insolvenzordnung – IO*) (the "**IO**"), in the event of insolvency, the Shares are subordinated to all other instruments or obligations of the Company and no amounts or liquidation proceeds will paid to holders of the Shares until all other instruments or obligations of the Company have been satisfied in full. Therefore, if insolvency proceedings were opened over the assets of the Company, it would be very likely that all or substantially all of the Company's assets would be used to satisfy the claims of its creditors (senior or subordinated) and investors in the Shares would suffer a partial or complete loss of their investment.

Shareholders are subject to the risk of detrimental changes of foreign exchange rates and adverse tax consequences

The Company's share capital is denominated in euros and all dividend payments on the Shares, if any, are payable in euros. Therefore, every holder of Shares outside of countries where the predominant currency is euros is subject to the risk that, following detrimental changes of the exchange rate between euros and such holder's home country currency because of economic, political, or other factors over which the Company has no control, the effective value of dividend distributions and profits realized upon the sale of Shares, if any, may be lower than expected. In addition, such investors could incur additional costs in converting euros into another currency. There is furthermore a risk that authorities with jurisdiction over the currency in which a shareholder's financial activities are denominated may impose or modify exchange controls, with the effect that holders may receive fewer dividends than expected. Furthermore, dividend payments on the shares, if any, or profits realized by holders upon the sale of Shares, may be subject to taxation in such holder's home jurisdiction or in another jurisdiction in which he or she is required to pay taxes, further reducing the effective yield of the investment in the Shares.

The Company will be facing additional administrative requirements and costs as a stand-alone publicly listed company

As a publicly listed company, the Company is responsible for managing, among other things, all of its administrative and employee arrangements, its legal affairs and its financial reporting requirements. Following the Listing, the Company is subject to the legal requirements for Austrian joint stock corporations listed on the Official Market (*Amtlicher Handel*), the statutory regulated market segment of the Vienna Stock Exchange (*Wiener Börse*) and, simultaneously, on the "Prime Market", a private-law market segment operated by the Vienna Stock Exchange (*Wiener Börse*) with additional post-admission obligations. Those requirements include periodic financial reporting and other public disclosures of information, compliance with market abuse regulation and related organizational requirements as well as, on a practical level, regular calls and meetings with securities and industry analysts. There can be no assurance that EuroTeleSites Group's accounting, controlling and legal or other corporate administrative functions will be capable of responding to these requirements without difficulties and inefficiencies that cause EuroTeleSites Group to incur significant additional expenses and/or expose EuroTeleSites Group to legal, regulatory or civil costs or penalties. This could be of particular relevance having regard to the lack of an established comprehensive financial history of the actual group structure.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for listed companies generally, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity. As a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs required by ongoing reviews of disclosure and governance practices. The Company intends to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If the Company's efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against the Company which could have an adverse effect. EuroTeleSites Group cannot predict or estimate the amount or timing of additional costs it may incur in the future to respond to these continually evolving requirements. The impact of these requirements could also make it more difficult for the Company to attract and retain qualified persons to serve on its Management and/or Supervisory Board or in other senior management positions.

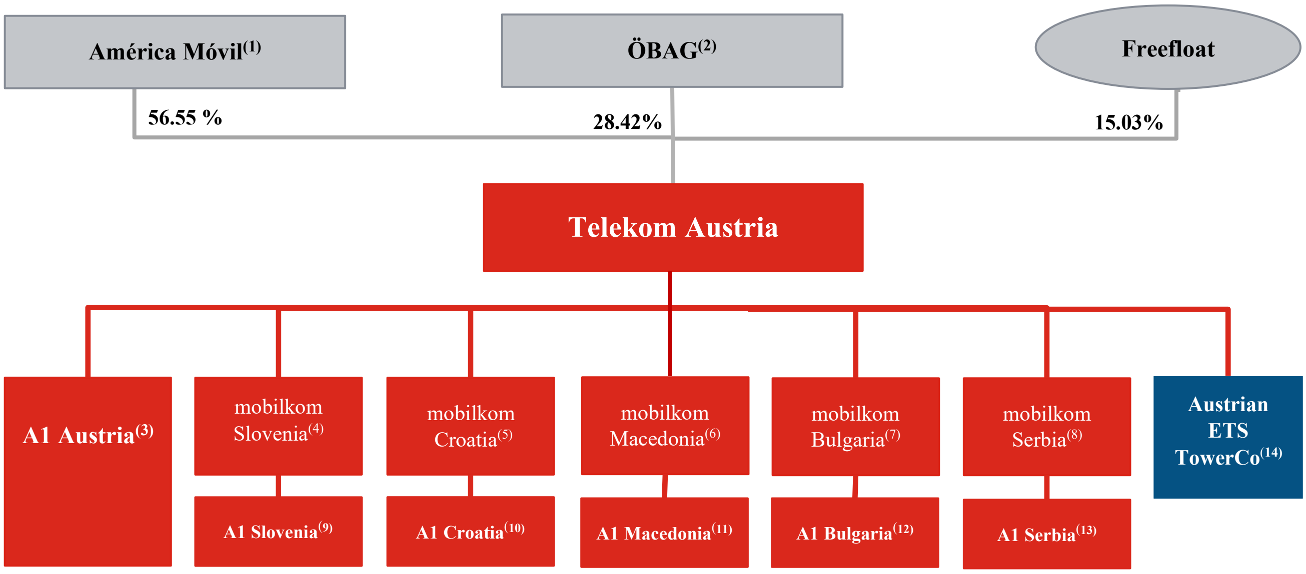
3. REORGANIZATION AND SPIN-OFF

3.1 Background and reasons of the Establishment of EuroTeleSites Group

Telekom Austria decided to separate its Tower Business thereby giving EuroTeleSites its independence and entrepreneurial freedom to pursue its own strategy and resource allocation as well as strengthen the focus on its customers, technologies, risks and markets and adapt quicker to the rapidly changing market conditions. In particular, EuroTeleSites expects to benefit from direct access to the capital markets, potential for an appreciation in value, as experience shows that a company focused on the construction and marketing of passive mobile communications infrastructure may be valued at higher multiples than integrated telecommunications companies. EuroTeleSites aims to position itself as an independent mobile telecommunications tower infrastructure operator with a strong market position in Austria and Central and Eastern Europe and potential for commercializing those towers more efficiently. In addition, EuroTeleSites expects to be able to acquire new tenants for its Sites given its leaner structure and organizational flexibility. The reorganization is expected to result in a capital allocation whereby EuroTeleSites Group will have the flexibility to allocate its investment by increasing its roll-out locations, yet at the same time becoming an efficient player on the market in order to attract more tenants besides its anchor tenant. For more information regarding the strategic rationale of establishing EuroTeleSites Group, see "*Management's Discussion and Analysis of Financial condition and Results of Operations – Rationale for the Establishment of EuroTeleSites Group*".

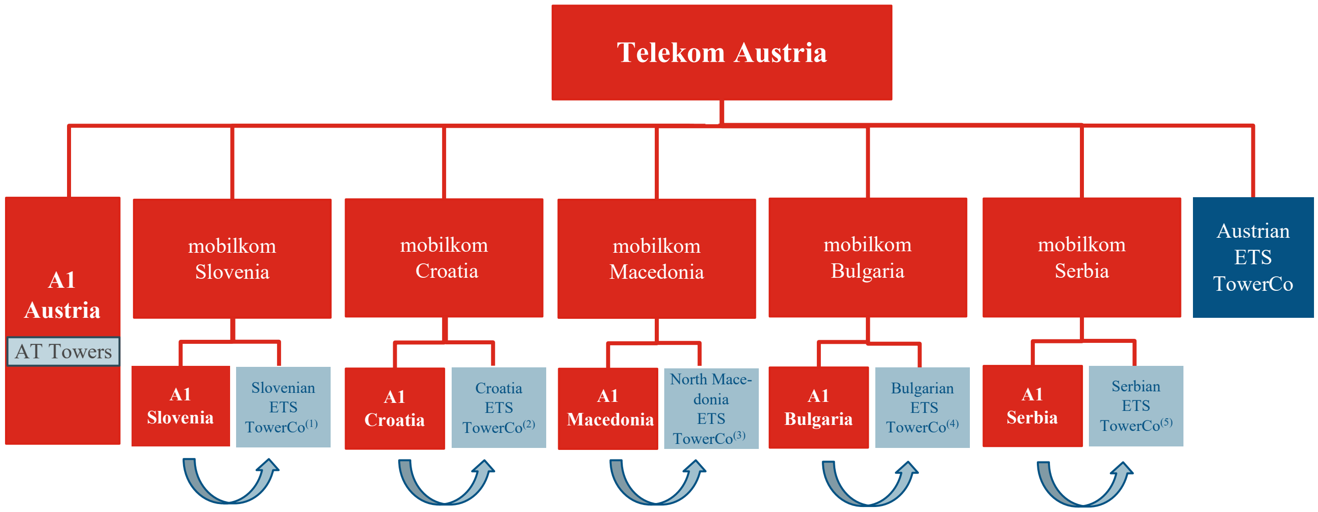
3.2 Implementation Steps

Prior to the Reorganization, the businesses that comprised the Towers Business were part of the operating entities of Telekom Austria Group in their respective markets. The structure diagram below shows the simplified structure of Telekom Austria Group prior to the Reorganization:



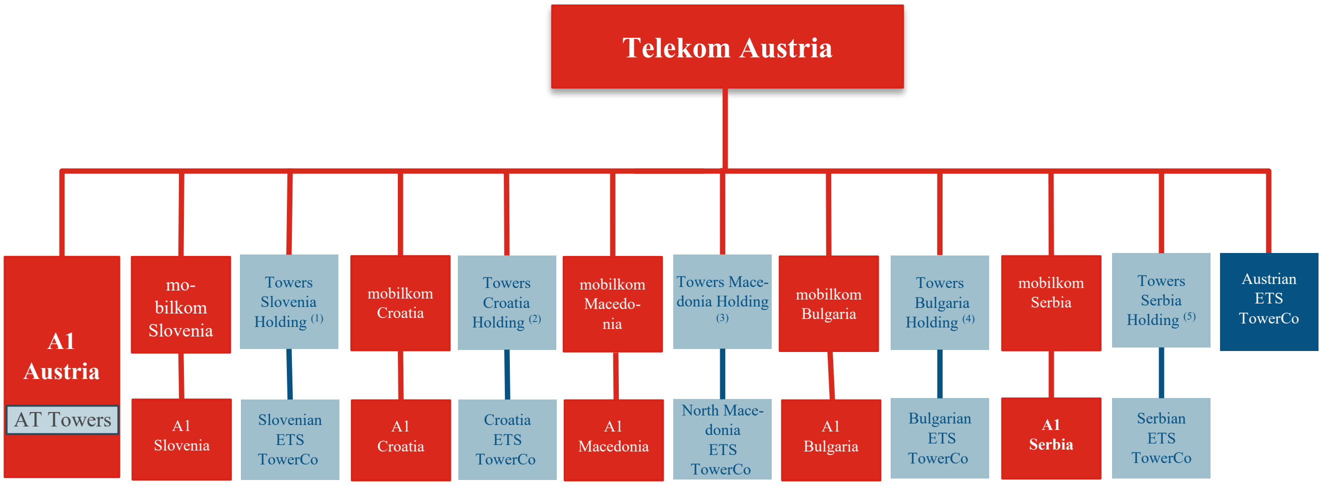
(1) "América Móvil" means América Móvil, S.A.B. de C.V., holding Telekom Austria via its subsidiary América Móvil B.V., Netherlands
(2) "ÖBAG" means Österreichische Beteiligungs AG, Austria
(3) "A1 Austria" means A1 Telekom Austria AG, Austria
(4) "mobilkom Slovenia" means Mobilkom Beteiligungsgesellschaft m.b.H, Austria
(5) "mobilkom Croatia" means Kroatien Beteiligungsverwaltung GmbH, Austria
(6) "mobilkom Macedonia" means mobilkom Mazedonien Beteiligungsverwaltung GmbH, Austria
(7) "mobilkom Bulgaria" means mobilkom Bulgarien Beteiligungsverwaltung GmbH, Austria
(8) "mobilkom Serbia" means mobilkom CEE Beteiligungsverwaltung GmbH, Austria
(9) "A1 Slovenia" means A1 Slovenija d.d., Slovenia
(10) "A1 Croatia" means A1 Hrvatska d.o.o., Croatia
(11) "A1 Macedonia" means A1 Makedonija DOOEL, North Macedonia
(12) "A1 Bulgaria" means A1 Bulgaria EAD, Bulgaria
(13) "A1 Serbia" means A1 Serbia d.o.o., Serbia
(14) "Austrian ETS TowerCo" means A1 Towers Holding GmbH, Austria
(Source: Internal information of the Company)

As part of the Reorganization, Telekom Austria decided to separate its European tower infrastructure assets located in Austria, Bulgaria, Croatia, North Macedonia, Serbia and Slovenia both legally and operationally into a new standalone tower infrastructure operator holding and operating the Towers Business. In order to separate the Towers Business from the other parts of the Telekom Austria Group, local ETS TowerCos in Bulgaria, Croatia, North Macedonia, Serbia and Slovenia were created, as shown in the diagram below:



(1) " Slovenian ETS TowerCo" means A1 Towers d.o.o., Slovenia
(2) "Croatian ETS TowerCo" means A1 Towers d.o.o., Croatia
(3) "North Macedonian ETS TowerCo" means A1 TOWERS DOOEL, North Macedonia
(4) "Bulgarian ETS TowerCo" means A1 Towers Bulgaria EOOD, Bulgaria
(5) "Serbian ETS TowerCo" means A1 Towers Infrastructure d.o.o., Serbia
(Source: Internal information of the Company)

Thereafter, the intermediate holding companies were split up so that the shares in each ETS TowerCo are held by an intermediate holding company holding exclusively the shares in the ETS TowerCo (implemented in December 2022) as shown in the diagram below:



(1) "Towers Slovenia Holding" means A1 Towers Slovenia Holding GmbH, Austria
(2) "Towers Croatia Holding" means A1 Towers Croatia Holding GmbH, Austria
(3) "Towers Macedonia Holding" means A1 Towers Macedonia Holding GmbH, Austria
(4) "Towers Bulgaria Holding" means A1 Towers Bulgaria Holding GmbH, Austria
(5) "Towers Serbia Holding" means A1 Towers Serbia Holding GmbH, Austria
(Source: Internal information of the Company)

3.3 Creation of Local TowerCo's

Bulgarian Reorganization

A1 Bulgaria EAD ("**A1 Bulgaria**") spun-off its assets and liabilities that formed its towers business, including 2,662 Macro Sites, to A1 Towers Bulgaria EOOD (the "**Bulgarian ETS TowerCo**") by resolution of the sole shareholder – mobilkom Bulgarien BeteiligungsverwaltungsgmbH – dated 23 December 2020. The transfer became effective on 2 February 2021 by registration of the transfer in the commercial registry of Bulgaria and resulted in the transfer of the towers business of A1 Bulgaria through spin-off by incorporation of the Bulgarian ETS TowerCo. On 2 February 2021, mobilkom Bulgarien BeteiligungsverwaltungsgmbH, the sole shareholder of A1 Bulgaria, also became the sole shareholder of the Bulgarian ETS TowerCo.

Pursuant to the terms of the spin-off plan dated 27 October 2022, mobilkom Bulgarien BeteiligungsverwaltungsgmbH spun-off its shareholding in the Bulgarian ETS TowerCo, thereby establishing A1 Towers Bulgaria Holding GmbH as fully-owned subsidiary of Telekom Austria. The spin-off was registered with the Austrian companies register on 15 December 2022 and A1 Towers Bulgaria Holding GmbH became the sole shareholder of the Bulgarian ETS TowerCo.

Croatian Reorganization

A1 Hrvatska d.o.o. ("**A1 Croatia**") transferred its assets and liabilities that formed its towers business, including 1,540 Macro Sites, to A1 Towers d.o.o. (the "**Croatian ETS TowerCo**") under a spin-off and transfer agreement (*Ugovor o podjeli i preuzimanju*) dated 27 August 2021. The transfer became legally effective on 2 November 2021 and resulted in the transfer of the towers business by partial universal succession. Kroatien Beteiligungsverwaltung GmbH, the sole shareholder of A1 Croatia, also became the sole shareholder of the Croatian ETS TowerCo.

Pursuant to the terms of the spin-off plan of 27 October 2022, Kroatien Beteiligungsverwaltung GmbH spun-off its shareholding in the Croatian ETS TowerCo, thereby establishing A1 Towers Croatia Holding GmbH as fully-owned subsidiary of Telekom Austria. The spin-off was registered with the Austrian companies register on 2 December 2022 and A1 Towers Croatia Holding GmbH became the sole shareholder of the Croatian ETS TowerCo.

Reorganization in North Macedonia

A1 Makedonija DOOEL Skopje ("**A1 North Macedonia**") transferred its assets and liabilities that formed its towers business, including 484 Macro Sites, to A1 TOWERS DOOEL Skopje (the "**North Macedonian ETS TowerCo**") under an agreement on status change – spin-off by acquisition (*Spogodba za podelba – izdvojuvanje so prezemanje na trgovski društva*) dated 9 May 2022. The transfer became effective on 30 June 2022 by means of completion of the registration with the commercial registry of North Macedonia and resulted in the transfer of the towers business. Mobilkom Mazedonien Beteiligungsverwaltung GmbH, the sole shareholder of A1 North Macedonia, also became the sole shareholder of the North Macedonian ETS TowerCo.

Pursuant to the terms of the spin-off plan dated 27 October 2022, mobilkom Mazedonien Beteiligungsverwaltung GmbH spun-off its shareholding in the North Macedonian ETS TowerCo, thereby establishing A1 Towers North Macedonia Holding GmbH as fully-owned subsidiary of Telekom Austria. The spin-off was registered with the Austrian companies register on 15 December 2022 and A1 Towers North Macedonia Holding GmbH became the sole shareholder of the North Macedonian ETS TowerCo.

Serbian Reorganization

A1 Srbija d.o.o. Beograd ("**A1 Serbia**") transferred its assets and liabilities that formed its towers business, including 1,566 Macro Sites, to A1 Towers Infrastructure d.o.o. (the "**Serbian ETS TowerCo**") under the agreement on status change – spin-off by acquisition (*Ugovor o statusnoj promeni izdvajanje uz pripajanje*) dated 28 October 2022. The transfer became legally effective on 4 November 2022, by means of a completion of the registration with the Serbian commercial registry and resulted in the transfer of the towers business by partial universal succession. The shareholder of A1 Serbia also became the sole shareholder of the Serbian ETS TowerCo.

Pursuant to the terms of the spin-off plan of 7 November 2022, mobilkom CEE Beteiligungsverwaltung GmbH (old) spun-off its shareholding in A1 Srbija d.o.o., thereby establishing mobilkom CEE Beteiligungsverwaltung GmbH (new) as fully-owned subsidiary of Telekom Austria. Mobilkom CEE Beteiligungsverwaltung GmbH (old) was renamed into A1 Towers Serbia Holding GmbH and kept its shareholding in the Serbian ETS TowerCo. The spin-off was registered with the commercial register on 15 December 2022 and A1 Towers Serbia Holding GmbH became the sole shareholder of the Serbian ETS TowerCo.

Slovenian Reorganization

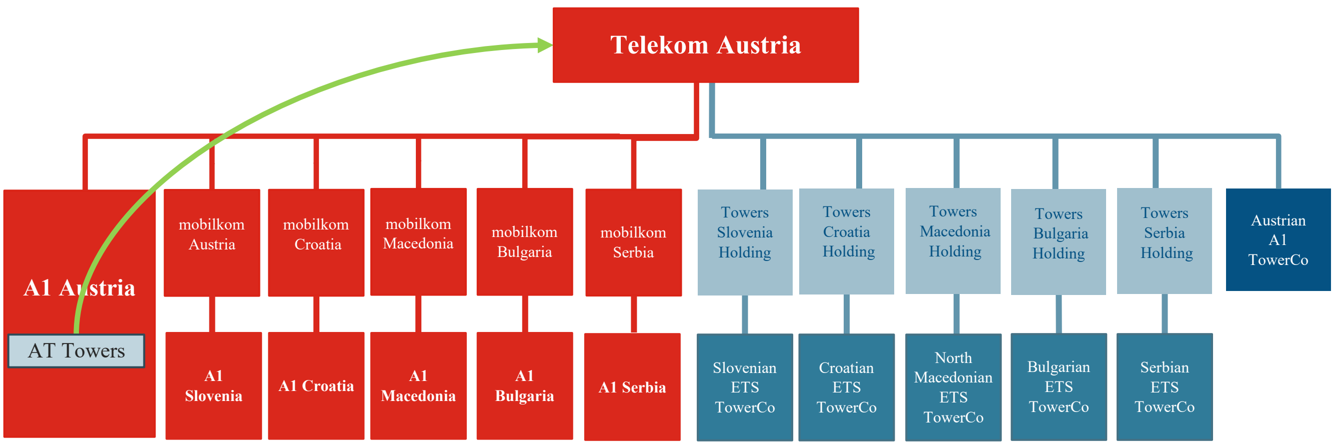
A1 Slovenija, telekomunikacijske storitve, d. d. ("**A1 Slovenia**") transferred its assets and liabilities that formed its towers business, including 748 Macro Sites, to A1 Towers d.o.o. (the "**Slovenian ETS TowerCo**") under a spin-off and transfer agreement (*Delitveni načrt po 624. členu ZGD-1*) dated 19 July 2022. The transfer became legally effective on 3 October 2022 and resulted in the transfer of the towers business by partial universal succession. Mobilkom Beteiligungsgesellschaft mbH, the sole shareholder of A1 Slovenia, also became the sole shareholder of the Slovenian ETS TowerCo.

Pursuant to the terms of the spin-off plan dated 7 November 2022, Mobilkom Beteiligungsgesellschaft mbH spun-off its shareholding in the Slovenian ETS TowerCo, thereby establishing A1 Towers Slovenia Holding GmbH as fully-owned subsidiary of Telekom Austria. The spin-off was registered with the Austrian companies register on 15 December 2022 and A1 Towers Slovenia Holding GmbH became the sole shareholder of the Slovenian ETS TowerCo.

3.4 Reorganization measures in Austria

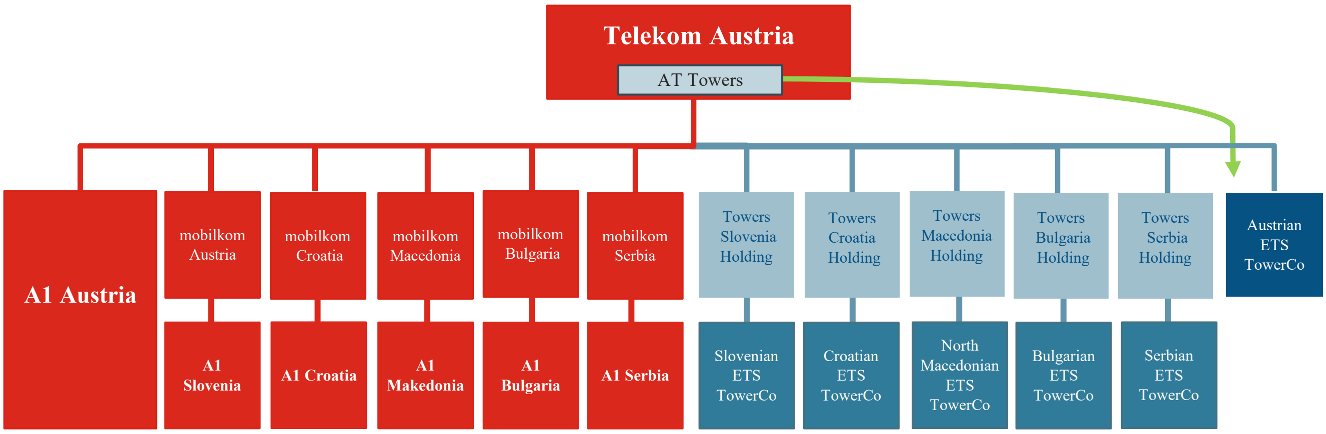
The following Austrian reorganization measures have been carried out:

Under the spin-off and transfer agreement dated 12 June 2023, A1 Telekom Austria AG has arranged the Austrian Up-stream Spin-off by spinning-off and transferring its Austrian tower business to Telekom Austria (the "**Spin-off and Transfer Agreement dated 12 June 2023**"). The registration of the Austrian Up-stream Spin-off occurred on 4 July 2023, and the MLA between the Austrian A1 Telekom MNO and Telekom Austria has entered into force with effect as of such registration. This reorganization measure is shown in the diagram below:



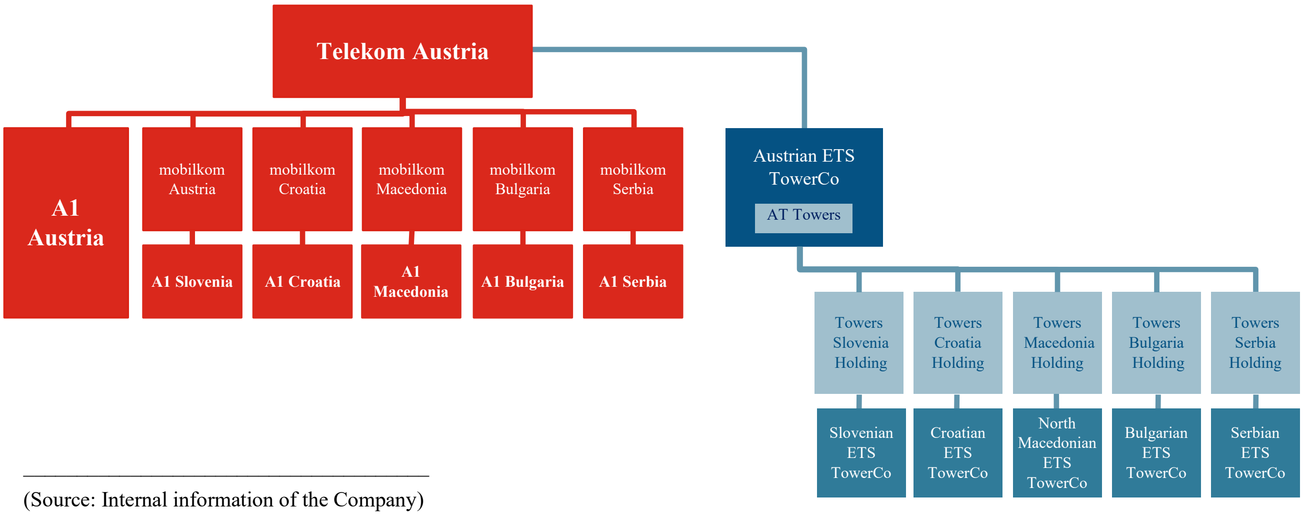
(Source: Internal information of the Company)

Based on the Spin-off and Transfer Agreement dated 28 June 2023 (the "**Spin-off and Transfer Agreement dated 28 June 2023**"), Telekom Austria has spun-off and transferred the Austrian towers business (including the MLA, its shareholdings in (i) Towers Slovenia Holding, (ii) Towers Croatia Holding, (iii) Towers Macedonia Holding, (iv) Towers Bulgaria Holding, and (v) Towers Serbia Holding ((i) to (v) together the "**Towers Holding Companies**") and intragroup debt owed to TFG) by way of spin-off by assumption (*Spaltung zur Aufnahme*) (the "**Towers Business Spin-off**") to its fully owned subsidiary Austrian ETS TowerCo. Austrian ETS TowerCo was founded on 11 November 2020, but so far has not carried out any operations. The Towers Business Spin-off has been approved by the extraordinary shareholders' meeting of Telekom Austria dated 1 August 2023 and has become effective through its registration in the Austrian companies register on 22 September 2023. This reorganization measure is shown in the diagram below:



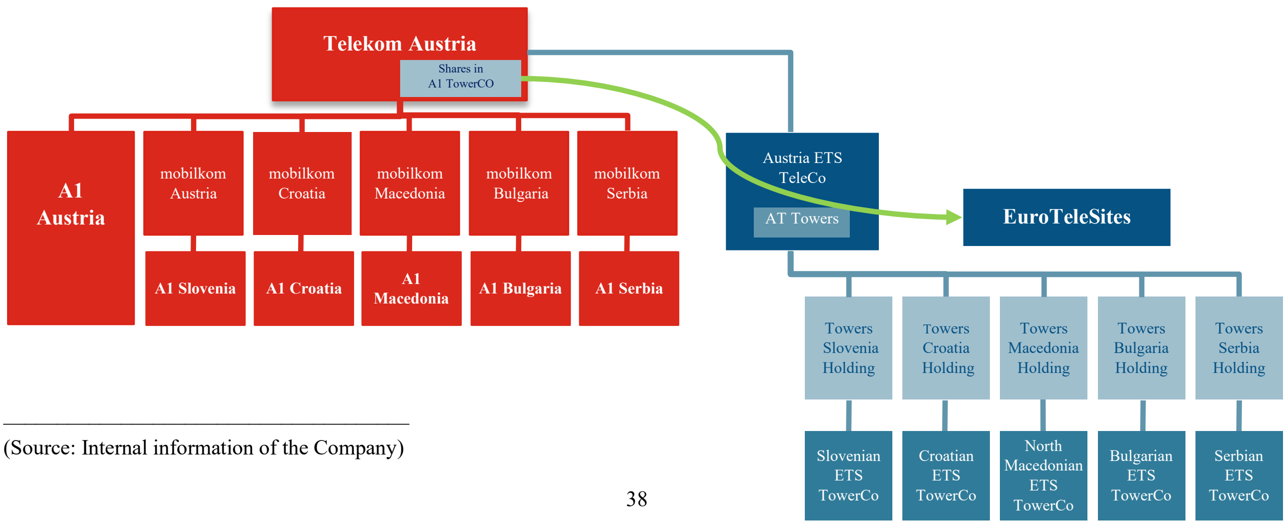
(Source: Internal information of the Company)

The Towers Business Spin-off amended the Telekom Austria Group structure as shown in the diagram below:



(Source: Internal information of the Company)

Concurrently with the Towers Business Spin-off, the shareholding of Telekom Austria in Austrian ETS TowerCo has been spun-off by way of a spin-off by formation (*Spaltung zur Neugründung*) thereby creating EuroTeleSites, and the shares in EuroTeleSites have been distributed to the shareholders of Telekom Austria *pro rata* to the number of shares held by them at the day before the Towers Holding Spin-off has become effective by its registration in the Austrian companies register ("**Cum Date**"). The Towers Holding Spin-off has received the approval by the extraordinary shareholders' meeting of Telekom Austria dated 1 August 2023. EuroTeleSites was established with registration of the Towers Holding Spin-off in the Austrian companies register as of 22 September 2023. This reorganization measure is shown in the diagram below:

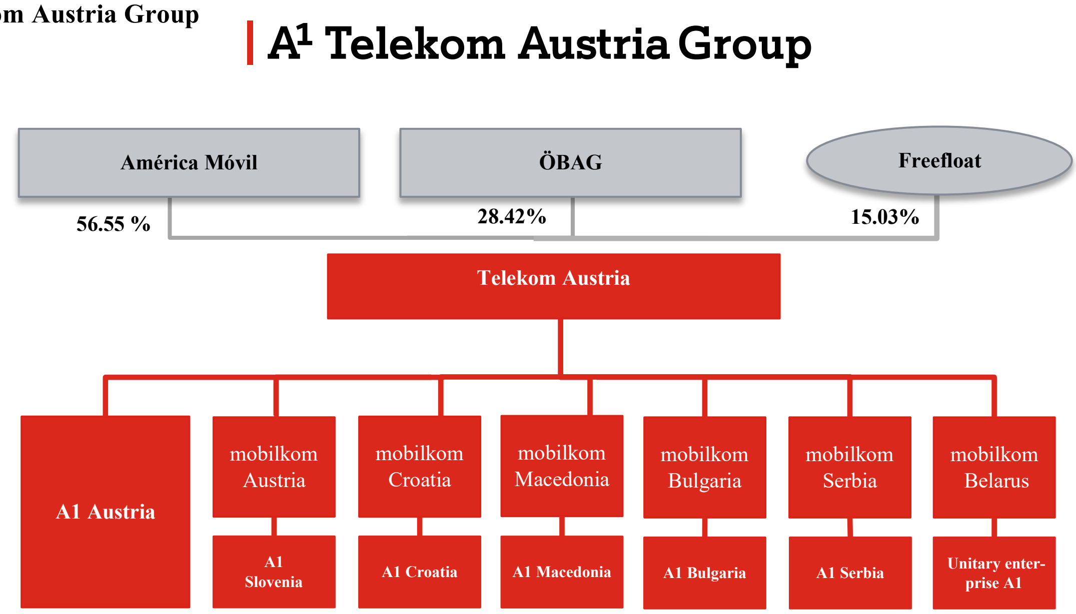


(Source: Internal information of the Company)

Following completion of the Towers Holding Spin-off by its registration in the Austrian companies register, EuroTeleSites Group was established and incorporated.

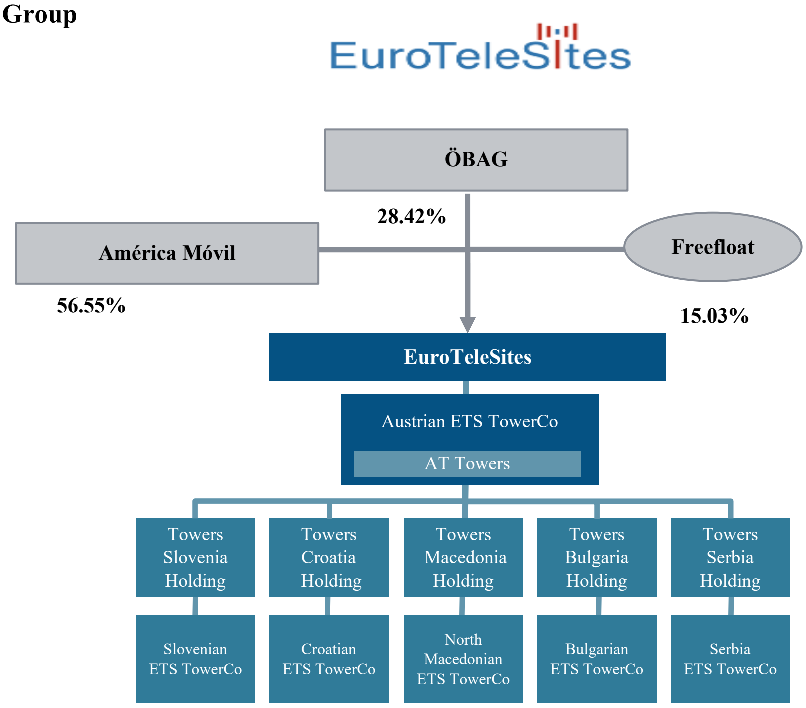
The completion of the reorganization measures by separation of the Towers Business has resulted in two separate groups, as shown in the diagrams below:

Telekom Austria Group



(Source: Internal information of the Company)

EuroTeleSites Group



(Source: Internal information of the Company)

3.5 Statutory Spin-off auditor

With resolution of the Supervisory Board dated 28 March 2023, Deloitte Audit Wirtschaftsprüfungs GmbH ("**Deloitte**") was appointed as statutory spin-off auditor for both the Towers Business Spin-off and the Towers Holding Spin-off as, in legal terms, both such spin-offs were combined in one legal transaction. Deloitte as spin-off auditor issued its spin-off report dated 28 June 2023.

3.6 Share Allocation

Allocation ratio

Upon effectiveness of the Towers Holding Spin-off, the shareholders of Telekom Austria also became shareholders of the Company in the same ratio as their participation in Telekom Austria. The Spin-off and Takeover Contract including the Spin-off Plan (*Spaltungs- und Übernahmevertrag samt Spaltungsplan*) determines an allocation ratio of 4:1. This means that a shareholder of Telekom Austria, subject to fractional rights, for every four bearer shares held in Telekom Austria (ISIN AT0000720008) on 21 September 2023, 23:59hrs CET, receives one no-par value ordinary bearer share of EuroTeleSites (ISIN AT000000ETS9) representing a calculated notional amount of EUR 1.00 in the Company's nominal share capital and – subject to the dividend strategy not to pay dividends for the next four years – with full dividend entitlement from 22 September 2023 as the date of EuroTeleSites´ registration in the Austrian companies register.

In the course of the Towers Holding Spin-off, no ratio of the remaining assets of Telekom Austria in relation to the Spin-off assets was assessed. In relation to tax implications for Shareholders due to the Towers Holding Spin-off see "*Taxation – Austria – Tax implications for shareholders due to the Towers Holding Spin-off*".

Settlement Agent

In connection with the Towers Holding Spin-off, Erste Group Bank AG was appointed as settlement agent in accordance with the Austrian Spin-off Act (the "**Settlement Agent**"). The Settlement Agent has taken possession of the Shares to be allocated to the Telekom Austria shareholders upon effectiveness of the Towers Holding Spin-off and will provide them to the Telekom Austria shareholders on or about 26 September 2023 (the "**Settlement Date**").

Allocation

All shares in Telekom Austria are represented by one or more global share certificates deposited with OeKB CSD and held in securities accounts with depositary banks who directly or indirectly maintain securities accounts with OeKB CSD. Accordingly, the shareholders of Telekom Austria need not take action in order to get shares in EuroTeleSites allocated to them. The allocation of shares in EuroTeleSites is effectuated for the benefit of entitled shareholders on the basis of their shareholding in Telekom Austria on 21 September 2023, 23:59hrs CET by crediting their securities accounts. The settlement is effectuated by Erste Group Bank AG as Settlement Agent.

EuroTeleSites shareholders have no right to request the issuance of individual share certificates. Shares in EuroTeleSites are represented by a modifiable global certificate (*veränderbare Sammelurkunde*) deposited with the clearing system of OeKB CSD. The shareholders of EuroTeleSites jointly own the shares *pro rata* according to their participation in EuroTeleSites. Shares distributed in the Towers Holding Spin-off will be delivered by Erste Group Bank AG as settlement Agent in book entry form through the facilities of OeKB CSD, Euroclear and Clearstream on or about 26 September 2023, which is the Settlement Date. Ex date will be 22 September 2023 (the "**Ex Date**") and the shares in Telekom Austria will trade without an entitlement to receive a *pro rata* number of Shares in the Company on the same date.

Due to the allocation ratio, those shareholders of Telekom Austria who own numbers of shares in Telekom Austria which cannot be divided by four without remainder, will be allocated fractional rights in Shares which generally do not grant full shareholders' rights.

Unless shareholders instruct their respective depositary bank to sell such fractional rights in Shares, the fractional rights will be transferred by the respective depositary bank via OeKB CSD (where they will be pooled to full Shares) to Erste Group Bank AG as the Settlement Agent and sold via the stock exchange by the Settlement Agent. The proceeds of such sale will be distributed to the respective EuroTeleSites shareholders in proportion to their corresponding fractional rights on or about 11 October 2023.

3.7 Listing

Stock Exchange Admission and Commencement of Trading

The Towers Holding Spin-off, which resulted in the creation of the Company by way of a spin-off by formation (*Spaltung zur Neugründung*), became effective on 22 September 2023. As of such point in time, the Shares in the Company so created are distributed to the shareholders of Telekom Austria by operation of law.

The Shares are expected to be admitted for listing on the Official Market (*Amtlicher Handel*) of the Vienna Stock Exchange (*Wiener Börse*) and for trading in the "Prime Market" segment on or about the day of their creation, 22 September 2023.

It is expressly noted that the deposit entry of the Shares is expected to take place on or about 26 September 2023. Whether shareholders of EuroTeleSites will be able to dispose their Shares via the stock exchange already at the time of the expected commencement of trading on 22 September 2023 and prior to their deposit entry, which is expected to take place on or around 26 September 2023, will depend on their respective depositary bank, and neither Telekom Austria nor EuroTeleSites has the possibility to influence this. Shareholders are therefore requested to clarify whether they are eligible of disposing their Shares prior to the deposit entry with their depository bank.

Securities Code

The ISIN for the Shares is AT000000ETS9.

Expected timetable for the Listing

21 September 2023	Cum Date: shareholders of Telekom Austria who hold shares in Telekom Austria as of this date, 23:59hrs CET, are entitled to receive a *pro rata* number of Shares in the Company.
22 September 2023	Registration of the Towers Holding Spin-off with the Austrian companies register.
22 September 2023	Approval of the Prospectus by the Austrian Financial Market Authority and publication.
22 September 2023	Ex Date: delivery of the Company's Shares to Telekom Austria shareholders in proportion to their shareholding on the Cum Date.
22 September 2023	Start of trading of the Company's Shares on the Vienna Stock Exchange (*Wiener Börse*) and trading of Telekom Austria shares on the Vienna Stock Exchange (*Wiener Börse*) "ex Spin-off", without an entitlement to receive a *pro rata* number of Shares in the Company.
26 September 2023	Settlement Date: expected book-entry delivery of the allotted Shares.

Listing Agreement, Advisory Engagement and Settlement Engagement

On 22 September 2023, the Lead Financial Advisor and Listing Agent, the Co-Financial Advisor and Settlement Agent, Telekom Austria and EuroTeleSites entered into a listing agreement setting out certain provisions in relation to the Listing and the settlement of the Shares. The listing agreement includes various representations and undertakings by EuroTeleSites including an indemnity provision.

On the basis of an advisory engagement dated 15 September 2023, the Lead Financial Advisor and Listing Agent has provided and will continue to provide certain customary financial advisory and investment banking services to Telekom Austria in connection with the separation of the Tower Business and the Listing of the Shares of EuroTeleSites, including, among other things, advice on the structure of the Reorganization, preparation of a valuation analysis, organizing investor solicitation meetings and physical and virtual roadshows as well as flow back management services in the form of general investor education.

On the basis of a settlement engagement dated 28 July 2023, the Co-Financial Advisor and Settlement Agent has provided and will continue to provide certain customary securities settlement services to EuroTeleSites in connection with the Listing of the Shares of EuroTeleSites, including, among others, the allocation of the Shares of EuroTeleSites to the shareholders of Telekom Austria, the collection of fractional rights in Shares and their sale via the stock exchange and distribution of the proceeds of such sale to the respective EuroTeleSites shareholders in proportion to their corresponding fractional rights.

Interests of Persons Participating in the Spin-off and the Listing

The Lead Financial Advisor and Listing Agent and the Co-Financial Advisor and Settlement Agent have entered into contractual relationship with EuroTeleSites Group (via the listing agreement, to which Telekom Austria is also a party) and Telekom Austria (via an advisory engagement) in connection with the Listing. Upon completion of their engagement, the Lead Financial Advisor and Listing Agent and the Co-Financial Advisor and Settlement Agent will receive a fee. In connection with the Listing and thereafter, the Lead Financial Advisor and Listing Agent and the Co-Financial Advisor and Settlement Agent and their respective affiliated companies will be able to acquire Shares for their own accounts and hold, purchase or sell Shares for their own accounts and can also (re-)sell these Shares. The Lead Financial Advisor and Listing Agent and the Co-Financial Advisor and Settlement Agent do not intend to disclose the scope of such engagement if not required by law. The Lead Financial Advisor and Listing Agent and the Co-Financial Advisor and Settlement Agent and/or their respective affiliates have provided, currently provide or may provide in the future various investment banking, commercial banking, financial advisory and/or similar services to companies of the Telekom Austria Group or EuroTeleSites Group, and maintain normal business relationships with the companies of the Telekom Austria Group or EuroTeleSites Group in their capacity as credit institutions or as lenders under credit and/or guarantee facilities, for which they have received and may continue to receive customary fees and expenses. All investment, consulting and financial transactions with the Lead Financial Advisor and Listing Agent and the Co-Financial Advisor and Settlement Agent are conducted on an arm's length basis.

Form, Certification of the Company's Shares and Currency of the Securities Issue

As of the date of this Prospectus, all Shares in EuroTeleSites are represented by one modifiable global share certificate deposited with OeKB CSD as central depository and are held in securities accounts with custodian banks who directly or indirectly maintain securities accounts with OeKB CSD. The distribution of Shares in the Company is effectuated for the benefit of the shareholders of Telekom Austria on the basis of their shareholding (represented by those securities accounts) in Telekom Austria as of 21 September 2023 23:59hrs CET (i.e. at the time immediately before the registration and effectiveness of the Towers Holding Spin-off) by operation of law. According to the Spin-off and Transfer Agreement dated 28 June 2023 and as approved by the shareholders' meeting of Telekom Austria on 1 August 2023, shareholders of Telekom Austria receive one Share in the Company for every four shares held in Telekom Austria. For shareholders of Telekom Austria whose number of shares is not divisible by four without remainder, any such share fractions are intended be sold on the market and the proceeds will be credited to the relevant cash account of the Shareholder concerned.

Following delivery of the global share certificate of the Company so created to OeKB CSD and usual settlement procedures and timing, shareholders in the Company may expect to have the Shares credited to their securities account by way of book-entry on or about 26 September 2023 as the Settlement Date. The settlement is effectuated by Erste Group Bank AG as settlement agent. Accordingly, there was and there is no need for shareholders of Telekom Austria to take action in order to receive Shares in the Company allocated to them.

The Company's shareholders have no right to request the issuance of individual share certificates. Shares in the Company are represented by a modifiable global certificate (*veränderbare Sammelurkunde*) deposited with the clearing system of OeKB CSD. The shareholders of the Company jointly own the Shares *pro rata* according to their participation in the Company. Shares distributed in the Towers Holding Spin-off will be delivered in book entry form through the facilities of OeKB CSD, Euroclear and Clearstream on or about 26 September 2023.

3.8 Costs of Listing

Neither the Company nor Telekom Austria will receive proceeds in connection with the Towers Holding Spin-off or the Listing. In connection with the Listing, Telekom Austria will bear the overall costs of approximately EUR 2.7 million.

4. DIVIDEND POLICY

Shareholders are entitled to an annual dividend declared in respect of the Company's financial year. The payment and the amount of dividends on the Shares are subject to the approval of the shareholders at the annual shareholders' meeting. See "*Share Capital and Articles of Association – Other Shareholder Rights – Dividend rights*".

The dividend policy of Telekom Austria cannot be compared and reconciled with the future dividend policy of the Company. Further, in order to arrange for deleverage of its financial debt, it is not intended to pay dividends for the next four years. There can be no assurance that any dividends will be paid after this period.

Any future dividends paid by the Company may be subject to deduction of Austrian withholding tax, as described in (see "*Taxation – Austria – Taxation of Dividends*").

5. CAPITALISATION AND INDEBTEDNESS, STATEMENT ON WORKING CAPITAL AND SIGNIFICANT CHANGES

The Company will not receive any proceeds in connection with the Towers Holding Spin-off or the Listing. Accordingly, there will be no effect on the Company's capitalization as reflected below.

The following tables should be read in conjunction with the Unaudited Condensed Combined Interim Financial Statements, including the notes thereto.

5.1 Capitalization

The following table sets forth an overview of the capitalization of Towers Group as of 30 June 2023:

	30 June 2023 in TEUR
	Actual (unaudited)
Total current liabilities[1]	**89,430**
Guaranteed	-
Collateralized	-
Not guaranteed/collateralized	89,430
Total non-current debt[2]	**224,510**
Guaranteed	-
Collateralized	-
Not guaranteed/collateralized	224,510
Total equity[3]	**402,279**
Total[4]	**716,219**

[1] Total current liabilities correspond to total current liabilities as shown in the Unaudited Condensed Combined Interim Financial Statements.
[2] Total non-current debt correspond to total non-current liabilities as shown in the Unaudited Condensed Combined Interim Financial Statements.
[3] Total equity correspond to total equity as shown in the Unaudited Condensed Combined Interim Financial Statements.
[4] Total reflects the sum of total current liabilities, total non-current liabilities and total equity.

(Source: Unaudited Condensed Combined Interim Financial Statements and internal calculation of the Company)

5.2 Net Financial Indebtedness

The following table sets forth an overview of the net debt of Towers Group as of 30 June 2023:

	30 June 2023 in TEUR
	Actual (unaudited)
A. Cash[1]	20,482
B. Cash equivalents[2]	20,554
C. Other current financial assets[3]	13,423
D. Liquidity (A + B + C)	**54,459**
E. Short term financial liabilities[4]	29,639
F. Short term portion of long term debt[5]	57,631
G. Short term financial liabilities (E + F)	**87,270**
H. Short term financial net debt/liquidity (G - D)	**32,811**
I. Long term financial liabilities (excl. short term portion of long term debt)[6]	121,433
J. Debt securities	-
K. Accounts payable long-term	-
L. long term financial net debt (I + J +K)	**121,433**
M. Net debt total (H + L)	**154,244**

[1] Cash corresponds to cash as shown in the Unaudited Condensed Combined Interim Financial Statements.
[2] Cash equivalents correspond to receivables due from related parties – receivables financing, which includes balances from cash pooling arrangements with TFG, as shown in the Unaudited Condensed Combined Interim Financial Statements.
[3] Other current financial assets correspond to the sum of accounts receivable trade, net and receivables due from related parties – receivables operating as shown in the Unaudited Condensed Combined Interim Financial Statements.
[4] Short term financial liabilities correspond to the sum of payables due to related parties and accounts payable mainly relating to suppliers and employees as shown in the Unaudited Condensed Combined Interim Financial Statements.
[5] Short term portion of long term debt corresponds to lease liabilities short-term as shown in the Unaudited Condensed Combined Interim Financial Statements.

[(6)] Long term financial liabilities (excl. short term portion of long term debt) correspond to lease liabilities long-term as shown in the Unaudited Condensed Combined Interim Financial Statements.

(Source: Unaudited Condensed Combined Interim Financial Statements and internal calculation of the Company)

5.3 Working capital statement

In the Company's opinion, its working capital is sufficient to meet its present requirements for a period of at least 12 months following the date of this Prospectus.

5.4 Significant Changes

Between 30 June 2023 and the date of this Prospectus,

(i) A1 Telekom Austria AG has spun-off and transferred its Austrian tower business to Telekom Austria pursuant to the Austrian Up-stream Spin-off. The registration of the Austrian Up-stream Spin-off occurred on 4 July 2023, and the MLA between the Austrian A1 Telekom MNO and Telekom Austria has entered into force with effect as of registration.

(ii) On 9 June 2023, ETS TowerCo entered into a EUR 500,000,000 term loan facility agreement with Banco Bilbao Vizcaya Argentaria, S.A., Niederlassung Deutschland, Banco Santander, S.A. Citibank Europe plc, Erste Group Bank AG, Intesa Sanpaolo S.p.A., Frankfurt Branch, and UniCredit Bank Austria AG acting as original lenders, mandated lead arrangers and bookrunners. The term loan facility was drawn on 21 July 2023 for the full amount.

(iii) Austrian ETS TowerCo, a wholly owned subsidiary of EuroTeleSites, issued on 13 July 2023 EUR 500,000,000 5.250 per cent. Notes due 2028 in an aggregate principal amount of EUR 500,000,000.

(iv) Telekom Austria has spun-off and transferred the Austrian tower business (including the MLA, its shareholdings in the Towers Holding Companies and intra-group debt owed to TFG) by way of spin-off by assumption (*Spaltung zur Aufnahme*) pursuant to the Towers Business Spin-off to its fully owned subsidiary A1 Tower Holdings GmbH, which has received the approval by the extraordinary shareholders' meeting of Telekom Austria dated 1 August 2023 and has been registered with the companies register on 22 September 2023.

(v) Concurrently with the Towers Business Spin-off, the shareholding in Austrian ETS TowerCo has been spun-off by way of a spin-off by formation (*Spaltung zur Neugründung*), thereby creating EuroTeleSites and the shares in EuroTeleSites pursuant to the Towers Holding Spin-off, which has received the approval by the extraordinary shareholders' meeting of Telekom Austria dated 1 August 2023 and was registered in the companies register on 22 September 2023.

Other than this, there have been no significant changes in EuroTeleSites Group's financial position and EuroTeleSites Group's financial performance between 30 June 2023 and the date of this Prospectus.

6. UNAUDITED PRO FORMA FINANCIAL INFORMATION

6.1 Summary Description

The following narrative and figures provide a fair summary of the unaudited *pro forma* financial information of Towers Group consisting of the unaudited *pro forma* consolidated income statements of the Towers Group for the year ended 31 December 2022 and for the six months ended 30 June 2023 and the unaudited *pro forma* consolidated statement of financial position of the Towers Group as of 30 June 2023. The narrative and figures should be read in conjunction with the Unaudited Towers Group *Pro Forma* Financial Information included in the section "*Financial Information*".

Introduction

Telekom Austria Group has separated most of its tower infrastructure assets (both legally and operationally) into a new standalone tower infrastructure operator in order to create EuroTeleSites Group, consisting of EuroTeleSites and its subsidiaries (as explained further in "*Reorganization and Spin-off*").

The process by which EuroTeleSites Group has been established is referred to as the "Reorganization". The Reorganization has a significant impact on the net assets, financial position and results of operations of Towers Group and will substantially affect the results of operations going forward. Therefore, Telekom Austria prepared the following Unaudited Towers Group *Pro Forma* Financial Information for the Towers Business consisting of:

- the unaudited *pro forma* consolidated income statement of Towers Group for twelve months ended 31 December 2022;
- the unaudited *pro forma* consolidated income statement of Towers Group for six months ended 30 June 2023; and
- the unaudited *pro forma* consolidated statement of financial position of Towers Group as of 30 June 2023;

accompanied by the related unaudited *pro forma* notes thereto.

The purpose of the Unaudited Towers Group *Pro Forma* Financial Information is to illustrate the material effects that the Reorganization would have had on the Audited Condensed Combined Financial Statements 2022 and the Unaudited Condensed Combined Interim Financial Statements, as if the Reorganization had occurred (i) on 1 January 2022 with respect to the unaudited *pro forma* consolidated income statements of Towers Group for the year ended 31 December 2022 and for the six months ended 30 June 2023 or (ii) on 30 June 2023 with respect to the unaudited pro forma consolidated statement of financial position of Towers Group as of 30 June 2023.

The Unaudited Towers Group *Pro Forma* Financial Information has been prepared for illustrative purposes only and does not purport to be indicative of the results and financial position of Towers Group that would have actually been reported if the Reorganization had occurred on 1 January 2022 for purposes of the unaudited *pro forma* consolidated income statements of Towers Group for the twelve months ended 31 December 2022 and for the six months ended 30 June 2023 and on 30 June 2023 for purposes of the unaudited *pro forma* consolidated statement of financial position of Towers Group as of 30 June 2023. The Unaudited Towers Group *Pro Forma* Financial Information includes direct cost relating to the Reorganization for which Towers Group is responsible. However, it does not reflect the one-off costs relating to the Reorganization because such one-off costs are borne by Telekom Austria.

The Unaudited Towers Group *Pro Forma* Financial Information is based on factually supportable unaudited *pro forma* adjustments as well as on certain unaudited *pro forma* assumptions described in the accompanying pro forma notes included in the Unaudited Towers Group *Pro Forma* Financial Information, which Telekom Austria considers reasonable. It does not reflect the results of any future initiatives other than those outlined in "*Reorganization and Spin-off*".

Future results of operations may differ materially from those presented in the Unaudited Towers Group *Pro Forma* Financial Information. As a result, it may not give a true picture of Towers Group's financial position of results nor is it indicative of the results that may, or may not, be expected to be achieved in the future.

The Unaudited Towers Group *Pro Forma* Financial Information should be read in conjunction with the Audited Condensed Combined Financial Statements 2022 prepared in accordance with the basis of preparation as outlined in the selected explanatory notes to the Audited Condensed Combined Financial Statements 2022 in section "(1) Basis of Preparation of the Condensed Combined Financial Statements" and the Unaudited Condensed Combined Interim Financial Statements prepared in accordance with the basis of preparation as outlined in the selected explanatory notes to the

Unaudited Condensed Combined Interim Financial Statements in section "(1) Basis of Preparation of the Condensed Combined Interim Financial Statements".

Given its nature, the Unaudited Towers Group *Pro Forma* Financial Information merely describes a hypothetical situation and is based on assumptions, and it therefore does not represent the actual net assets, financial position and results of operations of Towers Group. It is also not intended to forecast the net assets, financial position and results of operations of Towers Group or EuroTeleSites on any future date.

6.2 Historical Financial Information included in the Unaudited Towers Group *Pro Forma* Financial Information

The Unaudited Towers Group *Pro Forma* Financial Information for the year ended 31 December 2022 and for the six months ended 30 June 2023 was prepared on the basis of the following historical financial information:

- the Audited Condensed Combined Financial Statements 2022; included in this Prospectus; and
- the Unaudited Condensed Combined Interim Financial Statements; included in this Prospectus.

The following tower companies and tower holding companies have been included in the Audited Condensed Combined Financial Statements 2022 and Unaudited Condensed Combined Interim Financial Statements from the effective date of their demerger from the respective operating companies of Telekom Austria Group or their foundation with the exception of the Austrian towers business:

Name and company domicile	Date of demerger
Tower companies/Business Unit	
Austrian towers business	*)
A1 Towers Bulgaria EOOD, Sofia	2 February 2021
A1 Towers d.o.o., Zagreb	2 November 2021
A1 TOWERS DOOEL Skopje, Skopje	30 June 2022
A1 Towers d.o.o., Ljubljana	3 October 2022
A1 TOWERS INFRASTRUCTURE d.o.o., Belgrade	4 November 2022

Name and company domicile	Date of foundation
Tower holding companies	
A1 Towers Holding GmbH, Vienna	11 November 2020
A1 Towers Austria GmbH, Vienna	30 January 2021
A1 Towers Bulgaria Holding GmbH, Vienna	15 December 2022
A1 Towers Croatia Holding GmbH, Vienna	2 December 2022
A1 Towers Macedonia Holding GmbH, Vienna	15 December 2022
A1 Towers Slovenia Holding GmbH, Vienna	15 December 2022
A1 Towers Serbia Holding GmbH, Vienna	15 December 2022

*) Establishment of the Austrian towers business, Vienna, on 1 January 2021 by transferring the corresponding assets and liabilities. Furthermore, the corresponding employee expenses and all other expenses related to the business unit are presented in the Austrian towers business. No legal separation has taken place until 30 June 2023.

(Source: Unaudited Towers Group *Pro Forma* Financial Information)

The Unaudited Towers Group *Pro Forma* Financial Information includes direct costs relating to the Reorganization for which Towers Group is responsible. However, it does not reflect the one-off costs relating to the Reorganization because such one-off costs are borne by Telekom Austria.

6.3 Basis of Preparation

The Unaudited Towers Group *Pro Forma* Financial Information was prepared in accordance with the principles described in the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004, Annex 20 Pro Forma Information.

The Unaudited Towers Group *Pro Forma* Financial Information was prepared consistently in all material aspects on the basis of the applicable recognition, measurement and consolidation principles of IFRS and the accounting policies of Towers Group as described in the selected explanatory notes to Towers Group's Audited Condensed Combined Financial Statements 2022 and in the selected explanatory notes to Towers Group's Unaudited Condensed Combined Interim Financial Statements unless otherwise stated. The *pro forma* assumptions and *pro forma* adjustments are described in the *pro forma* notes to the Unaudited Towers Group *Pro Forma* Financial Information.

The *pro forma* adjustments made for the purposes of the Unaudited Towers Group *Pro Forma* Financial Information are based on the information available at the time of the preparation of the Unaudited Towers Group *Pro Forma* Financial Information and on preliminary estimates as well as on certain *pro forma* assumptions, which are described in the *pro forma* notes to the Unaudited Towers Group *Pro Forma* Financial Information and which Telekom Austria considers to be reasonable. The *pro forma* adjustments are directly attributable to the Reorganization, including transaction-related costs and the related financing, determinable and factually supportable. The Unaudited Towers Group *Pro Forma* Financial Information contains neither potential synergies, cost savings, normalization of any restructuring nor additional future expenses or any future effects that could result from the Reorganization.

6.4 *Pro Forma* Assumptions

Date of Transaction

For the purposes of the Unaudited Towers Group *Pro Forma* Financial Information completion of the Reorganization is assumed to have occurred on 1 January 2022 for purposes of the unaudited *pro forma* consolidated income statements of Towers Group for the year ended 31 December 2022 and for the six months ended 30 June 2023 and on 30 June 2023 for purposes of the *pro forma* consolidated statement of financial position of Towers Group as of 30 June 2023.

Master Lease Agreements (MLAs)

In the course of the Reorganization, Towers Group and all respective operating companies of Telekom Austria Group as its anchor tenants using the tower infrastructure of the Towers Business have entered into new MLAs. The MLAs replaced previous agreements in place by 1 June 2023 for all countries other than Austria. The MLA for Austria entered into force on the Austrian Up-stream Spin-off becoming effective on 4 July 2023.

Each MLA has an initial term of eight years which will automatically be extended upon expiry of the initial eight and sixteen years term, if not terminated by the respective A1 Telekom MNO.

For the purpose of the *pro forma* consolidated income statements contained in the Unaudited Towers Group *Pro Forma* Financial Information, the effective date of each MLA is assumed to have occurred on 1 January 2022 for all local ETS TowerCos and the Austrian towers business. Hence, the revenues of the Towers Business as presented in the *pro forma* consolidated income statements contained in the Unaudited Towers Group *Pro Forma* Financial Information are based on the terms & conditions of the MLAs, the prices were adjusted to the price levels 2022 (the now valid 3% cap was retrospectively applied by reducing prices according to the MLAs for 2023 by the inflation for 2022). For the purpose of the unaudited *pro forma* consolidated statement of financial position of Towers Group as of 30 June 2023, the effective date of each MLA is assumed to have occurred on 1 January 2023 for all local ETS TowerCos and the Austrian towers business.

Electricity cost in the MLA borne by Towers Group is limited to electricity consumed by aviation lights and surveillance cameras / transmission. This represents a change to the previous agreements, where consumed electricity included cooling of containers (equipment), meaning that revenues and costs were reduced by electricity costs to be borne by the telecommunications ("**Telco**") operator in future. The change was mainly triggered to keep the incentive to replace cooled space with outdoor installations with the Telco operator.

Additional Service Agreements (ISAs)

In the course of the Reorganization, Towers Group and all respective operating companies of Telekom Austria Group that are MNOs using the tower infrastructure will enter into additional service agreements (the "**ISAs**", each an "**ISA**"). For the purpose of the unaudited *pro forma* consolidated income statements the effective date of each ISA is assumed to have occurred on 1 January 2022. For the purpose of the unaudited *pro forma* consolidated statement of financial position of Towers Group as of 30 June 2023, the effective date of each ISA is assumed to have occurred on 1 January

2023.

Ground Lease Liability

With effect as of the decision of Telekom Austria's extraordinary shareholders' meeting on 1 August 2023 which decided on the separation of Towers Business, the lease liabilities and right-of-use-assets were reassessed. A *pro forma* adjustment has been calculated in order to quantify the impact of the reassessment on the IFRS 16 liabilities, right-of-use assets and associated amortization and interest expense. The *pro forma* adjustment was based upon the lease term reassessment on 1 January 2022 for the *pro forma* consolidated income statements of Towers Group for the year ended 31 December 2022 and the six months ended 30 June 2023 and on 30 June 2023 for the *pro forma* consolidated statement of financial position of Towers Group as of 30 June 2023, using interest rates corresponding to blended 7-10 year rates for infrastructure operations, ranging between 3.7% (Austria) and 9.2% (North Macedonia); calculated with payments in arrears, the non-cancellable periods of the leases (including extension options/termination options within an eight year term). For the purpose of the preparation of the *pro forma* consolidated income statement for the year ended 31 December 2022, the lease payments for 2022 were used. For the purpose of preparing the unaudited *pro forma* consolidated income statement of Towers Group for the six months ended 30 June 2023 and the unaudited *pro forma* consolidated financial statement of financial position of Towers Group as of 30 June 2023, lease payments for 2023 were used. The *pro forma* adjustments in the unaudited *pro forma* consolidated statement of financial position of Towers Group as of 30 June 2023 reflect the reassessment of the lease liabilities and right-of-use assets as of 30 June 2023 (assumption completion of the Reorganization on 30 June 2023), the *pro forma* adjustments in the unaudited *pro forma* consolidated income statements of Towers Group for the year ended 31 December 2022 and for the six months ended 30 June 2023 correspond to the recalculated depreciation as well as interest expense to reflect the reassessment of lease liabilities and right-of-use-assets as of 1 January 2022 (assumption completion of the Reorganization on 1 January 2022).

Revaluation and Extension of the Useful Economic Life of Tower Assets

The main *pro forma* adjustments on property, plant and equipment as well as related depreciation are based on the revaluation of the tower assets in accordance with IAS 16 and with an extension of the useful life to 24 years. For the extension of the useful life an expert opinion was the base for the change. Towers Group will use the revaluation method according to IAS 16.31 ff for its tower infrastructure.

To calculate the fair value, the Discounted Cash Flow Method (DCF) with the weighted average cost of capital (WACC) as a discounting parameter is used, with the WACC ranging between 6.0% (Austria) and 9.43% (North Macedonia) as of 30 June 2023.

The following WACCs have been used to calculate the revaluation:

30 June 2023	Austria	Bulgaria	Croatia	Slovenia	Serbia	North Macedonia
WACC	6.00%	7.32%	7.43%	6.65%	8.47%	9.43%

(Source: Unaudited Towers Group *Pro Forma* Financial Information)

All tower assets are valued based on discounted cash flows on individual asset basis.

For the revenues from Telekom Austria Group as anchor tenant, the cash flow for the next 24 years (the contract period) is considered. The same method is used for cash flows regarding collocation partners.

The costs include core operating expenses (including holding cost), rental costs as well as maintenance expenses. With the ongoing 5G extension, all locations are also subject to improvement works that will extend the physical lifetime of the towers to be used for the next 24 years.

In addition, a tax benefit due to depreciation ("**tax amortization benefit**" or "**TAB**") was taken into account, since the fiction of an individual purchase or individual sale price is assumed. The TAB results from the tax advantage of a buyer from the depreciation of the difference between the market value and the previous book value.

The useful economic life of the tower assets were re-estimated at 31 December 2022 to reflect the period of time that the towers are expected to operate. The life of the towers was extended to 24 years, based on an external independent expert opinion and the investment activities planned on existing infrastructure related to 5G network extension. The *pro forma* adjustments for the purpose of the unaudited *pro forma* consolidated income statements of Towers Group for the year ended 31 December 2022 and for the six months ended 30 June 2023 includes the decrease in the depreciation of tower infrastructure assets applying the effects of extended useful life only for the year ended 31 December 2022 and on the other hand increases in depreciation due to from the asset revaluation.

The other operating income resulting from changes in asset retirement obligation shown in Towers Group's Audited Condensed Combined Financial Statements 2022 and Towers Group's Unaudited Condensed Combined Interim Financial Statements was eliminated as this change is part of the revaluation of assets.

Transaction–Related Financing and Interest Expense

This *pro forma* adjustment to financial result reflects the cost of the financing which the Austrian ETS TowerCo has entered into by 30 June 2023. For the purposes of the Unaudited Towers Group *Pro Forma* Financial Information, it is assumed that the borrowings would have been in place as of 1 January 2022 with the level of debt unchanged until 30 June 2023.

The *pro forma* adjustments in the financial result for the year ended 31 December 2022 as well as the six months ended 30 June 2023 concern the interest expense of the transferred debt of EUR 1.031 bn which was assessed with a 5% interest cost for the full year of 2022, and 5.1% for the six months of 2023. The adjustment also covers the changed interest expense due to the re-assessment of lease liabilities. The interest expense will have a continuing impact on Towers Group's income statement until the borrowings have been repaid in full.

Transaction-Related Effects on Costs

Operating expenses include the spun-off organization and its personnel and related costs (from rent to cars to equipment), contracted services for Sites maintenance, insurance, audit, HR services, financial services including legal expertise amongst others. In respect to employee expenses the targeted staffing for the spin-off was taken as basis for the calculation. For the already fully established Tower companies the actuals for personnel costs were calculated for the full periods of the unaudited *pro forma* consolidated income statement of Towers Group for the year ended 31 December 2022 and the six months ended 30 June 2023.

6.5 Unaudited Towers Group *Pro Forma* Financial Information

Unaudited Pro Forma Consolidated Income Statement of Towers Group for the year ended 31 December 2022

The table below sets forth the unaudited *pro forma* consolidated income statement of Towers Group for the year ended 31 December 2022:

2022 in TEUR	Condensed Combined Income Statement of Towers Group	*Pro Forma* Adjustments	Unaudited *Pro Forma* Consolidated Income Statement
Revenues from leases	57,864	172,402	230,266
Other operating income	2,878	–1,631	1,247
Total revenues (incl. other operating income)	60,742	170,772	231,514
Total cost and expenses	–22,537	–7,215	–29,752
Earnings before interest, tax, depreciation and amortization - EBITDA	38,205	163,557	201,763
Depreciation and amortization	–39,141	–16,600	–55,741
Depreciation of right-of-use assets	–48,352	–2,830	–51,182
Operating income - EBIT	–49,287	144,127	94,840
Interest expense	–3,873	–72,938	–76,812
thereof interest expense on lease liabilities	*-2,397*	*–21,388*	*–23,785*
thereof other interest expense	*-1,477*	*–51,550*	*–53,027*
Foreign currency exchange differences, net	–55	-	–55
Financial result	–3,928	–72,938	–76,866
Earnings before income tax - EBT	–53,215	71,189	17,974
Income tax	–1,761	27	–1,733
Net result	–54,976	71,215	16,239

(Source: Unaudited Towers Group *Pro Forma* Financial Information)

Pro Forma Adjustments to the Unaudited Pro Forma Consolidated Income Statement of Towers Group for the year ended 31 December 2022

The following table shows the *pro forma* adjustments to the unaudited *pro forma* consolidated income statement of Towers Group for the year ended 31 December 2022.

in TEUR

Pro Forma Adjustments	Austria	Bulgaria	Croatia	Slovenia	Serbia	North Macedonia	Other*	Total *Pro Forma* Adjustments
2022								
Revenues from leases	137,942	3,143	3,609	8,004	17,129	2,575	-	172,402
Other operating income	– 1,297	– 298	– 17	– 18	-	-	-	– 1,631
Total revenues (incl. other operating income)	136,646	2,845	3,591	7,986	17,129	2,575	-	170,772
Total cost and expenses	202	– 322	-	– 649	– 480	– 758	– 5,207	– 7,215
Earnings before interest, tax, depreciation and amortization - EBITDA	136,846	2,524	3,591	7,336	16,648	1,817	– 5,206	163,557
Depreciation and amortization	– 4,144	– 1,770	– 3,501	– 1,928	– 4,393	– 863	-	– 16,600
Depreciation of right-of-use assets	944	1,370	975	– 1,210	– 4,673	– 236	-	– 2,830
Operating income - EBIT	133,647	2,124	1,064	4,198	7,582	718	– 5,207	144,127
Interest expense	– 11,851	– 2,688	– 2,207	– 776	– 3,537	– 327	– 51,552	– 72,938
thereof interest expense on lease liabilities	–11,851	–2,688	–2,207	–776	–3,537	–327	-	–21,386
thereof other interest expense	-	-	-	-	-	-	–51,552	–51,552
Foreign currency exchange differences, net	-	-	-	-	-	-	-	-
Financial result	– 11,851	– 2,688	– 2,207	– 776	– 3,537	– 327	– 51,551	– 72,938
Earnings before income tax - EBT	121,795	– 564	– 1,143	3,422	4,045	391	– 56,756	71,189
Income tax	– 12,658	61	213	– 25	– 598	– 33	13,068	27
Net result	109,137	– 503	– 930	3,397	3,447	357	– 43,689	71,215

* Other includes Towers Holding Companies and A1 Towers Holding GmbH as well as eliminations within Towers Group.

(Source: Unaudited Towers Group *Pro Forma* Financial Information)

Unaudited Pro Forma Consolidated Income Statement of Towers Group for the six months ended 30 June 2023

The table below sets forth the unaudited *pro forma* consolidated income statement of Towers Group for the six months ended 30 June 2023.

1-6/2023 in TEUR	Unaudited Condensed Combined Income Statement of Towers Group	*Pro Forma* Adjustments	Unaudited *Pro Forma* Consolidated Income Statement
Revenues from leases	47,265	73,270	120,535
Other operating income	1,326	−736	589
Total revenues (incl. other operating income)	48,591	72,534	121,125
Total cost and expenses	−14,660	−3,299	−17,959
Earnings before interest, tax, depreciation and amortization - EBITDA	33,931	69,234	103,165
Depreciation and amortization	−11,454	−17,204	−28,658
Depreciation of right-of-use assets	−29,326	2,086	−27,240
Operating income - EBIT	−6,849	54,116	47,267
Interest income	129	-	129
Interest expense	−4,835	−35,968	−40,802
thereof interest expense on lease liabilities	−2,614	−8,727	−11,342
thereof other interest expense	−2,220	−27,240	−29,460
Foreign currency exchange differences, net	5	-	5
Financial result	−4,701	−35,968	−40,668
Earnings before income tax - EBT	−11,549	18,149	6,599
Income tax	−3,995	3,594	−401
Net result	−15,544	21,742	6,198

(Source: Unaudited Towers Group *Pro Forma* Financial Information)

Pro Forma Adjustments to the Unaudited Pro Forma Consolidated Income Statement of Towers Group for the six months ended 30 June 2023

The following table shows the *pro forma* adjustments to the unaudited *pro forma* consolidated income statement of Towers Group for the six months ended 30 June 2023.

in TEUR

Pro Forma Adjustments 1-6/2023	Austria	Bulgaria	Croatia	Slovenia	Serbia	North Macedonia	Other*	Total
Revenues from leases	71,249	247	942	114	653	65	-	73,270
Other operating income	−571	−105	−3	−22	−37	1	-	−736
Total revenues (incl. other operating income)	70,679	143	939	93	616	66	-	72,534
Total cost and expenses	−797	−145	−12	492	−169	−40	−2,629	−3,299
Earnings before interest, tax, depreciation and amortization - EBITDA	69,881	−2	927	585	447	24	−2,629	69,234
Depreciation and amortization	−11,568	−1,001	−1,974	−510	−1,747	−404	-	−17,204
Depreciation of right-of-use assets	199	624	401	173	655	33	-	2,086
Operating income - EBIT	58,512	−379	−646	247	−645	−347	−2,629	54,116
Interest income	-	-	-	-	-	-	-	-
Interest expense	−4,954	−1,403	−1,405	−395	−1,736	−233	−25,841	−35,968
thereof interest expense on lease liabilities	*– 4,954*	*– 1,021*	*– 1,069*	*– 333*	*– 1,239*	*– 111*	*-*	*– 8,728*
thereof other interest expense	*-*	*– 382*	*– 337*	*– 62*	*– 497*	*– 121*	*– 25,841*	*– 27,240*
Foreign currency exchange differences, net	-	-	-	-	-	-	-	-
Financial result	−4,954	−1,403	−1,405	−395	−1,736	−233	−25,841	−35,968
Earnings before income tax - EBT	53,558	−1,782	−2,051	−148	−2,381	−580	−28,470	18,149
Income tax	−4,213	194	370	51	543	128	6,522	3,594
Net result	49,345	−1,588	−1,681	−97	−1,838	−452	−21,948	21,742

*Other includes Towers Holding Companies and A1 Towers Holding GmbH as well as eliminations within Towers Group.

(Source: Unaudited Towers Group *Pro Forma* Financial Information)

Unaudited Pro Forma Consolidated Statement of Financial Position of Towers Group as of 30 June 2023

The table below sets forth the unaudited *pro forma* consolidated statement of financial position of Towers Group as of 30 June 2023.

June 30, 2023 in TEUR	Unaudited Condensed Combined Statement of Financial Position of Towers Group	*Pro Forma* Adjustments	Unaudited *Pro Forma* Consolidated Statement of Financial Position
ASSETS			
Current assets			
Cash	20,482	-	20,482
Accounts receivable trade, net	2,203	-	2,203
Receivables due from related parties	31,774	14,250	46,024
Income tax receivable	61	-	61
Other current assets, net	3,144	-	3,144
Total current assets	57,664	14,250	71,914
Non-current assets			
Property, plant and equipment, net	228,754	1,142,263	1,371,017
Right-of-use assets, net	185,908	210,435	396,344
Intangibles assets, net	190	-	190
Goodwill	239,964	-	239,964
Deferred income tax assets	3,668	– 3,668	-
Other non-current assets, net	70	-	70
Total non-current assets	658,555	1,349,030	2,007,585
TOTAL ASSETS	716,219	1,363,280	2,079,499
LIABILITIES AND EQUITY			
Current liabilities			
Lease liabilities short-term	57,631	– 9,368	48,263
Accounts payable	24,872	2,404	27,276
Accrued liabilities and current provisions	257	-	257
Income tax payable	1,904	-	1,904
Payables due to related parties	4,767	-	4,767
Total current liabilities	89,430	– 6,964	82,467
Non-current liabilities			
Long-term debt	-	1,031,000	1,031,000
Lease liabilities long-term	121,433	230,640	352,073
Deferred income tax liabilities	2,151	220,143	222,294
Asset retirement obligation	100,020	-	100,020
Employee benefits	906	-	906
Total non-current liabilities	224,510	1,481,782	1,706,293
Net investment of parent	402,279	– 111,538	290,740
Total equity	402,279	– 111,538	290,740
TOTAL LIABILITIES AND EQUITY	716,219	1,363,280	2,079,499

(Source: Unaudited Towers Group *Pro Forma* Financial Information)

Pro Forma Adjustments to the Unaudited Pro Forma Consolidated Statement of Financial Position of Towers Group as of 30 June 2023

The following table shows the *pro forma* adjustments to the unaudited *pro forma consolidated statement of* financial position of Towers Group as of 30 June 2023.

in TEUR

Pro Forma Adjustments June 30, 2023	Austria	Bulgaria	Croatia	Slovenia	Serbia	North Macedonia	Other*	Total *Pro Forma* Adjustments
ASSETS								
Current assets								
Receivables due from related parties	14,250	-	-	-	-	-	-	14,250
Total current assets	14,250	-	-	-	-	-	-	14,250
Non-current assets								
Property, plant and equipment, net	712,806	127,771	123,788	49,952	104,239	23,708	-	1,142,263
Right-of-use assets, net	138,671	19,512	20,781	5,151	27,060	−741	-	210,435
Deferred income tax assets	-	−358	−1,493	−1,167	−367	−106	−177	−3,668
Total non-current assets	851,477	146,924	143,076	53,936	130,932	22,861	−177	1,349,030
TOTAL ASSETS	865,727	146,924	143,076	53,936	130,932	22,861	−177	1,363,280
LIABILITIES AND EQUITY								
Current liabilities								
Lease liabilities short-term	−3,390	−2,775	−1,441	−373	−1,257	−133	-	−9,368
Accounts payable	2,375	-	-	-	-	-	29	2,404
Total current liabilities	−1,015	−2,775	−1,441	−373	−1,257	−133	29	−6,964
Non-current liabilities								
Long-term debt	-	-	-	-	-	-	1,031,000	1,031,000
Lease liabilities long-term	154,859	20,035	23,303	7,248	25,885	−691	-	230,640
Deferred income tax liabilities	161,002	12,644	20,594	7,997	15,633	2,273	-	220,143
Total non-current liabilities	315,861	32,680	43,897	15,245	41,518	1,582	1,031,000	1,481,782
Equity								
Net investment of parent	550,881	117,020	100,621	39,065	90,670	21,412	−1,031,206	−111,538
Total equity	550,881	117,020	100,621	39,065	90,670	21,412	−1,031,206	−111,538
TOTAL LIABILITIES AND EQUITY	865,727	146,924	143,076	53,936	130,932	22,861	−176	1,363,280

* Other includes Towers Holding Companies and A1 Towers Holding GmbH as well as eliminations within Towers Group.

(Source: Unaudited Towers Group *Pro Forma* Financial Information)

7. NON-IFRS FINANCIAL MEASURES ON A PRO FORMA BASIS

The following section sets out Towers Group's non-IFRS financial measures on a pro forma basis. These non-IFRS financial measures on a pro forma basis should not be considered as an alternative to the historical financial results or other indicators of Towers Group's performance based on IFRS financial measures. They should not be considered as alternatives to earnings before tax or net result as indicators of EuroTeleSites Group's performance or profitability or as alternatives to cash flows from operating, investing or financing activities as an indicator of EuroTeleSites Group's liquidity. The non-IFRS financial measures on a pro forma basis, as defined by Towers Group, may not be comparable to similarly titled measures as presented by other companies due to differences in the way EuroTeleSites Group's non-IFRS financial measures are calculated. Even though the non-IFRS financial measures on a pro forma basis are used by management to assess ongoing operating performance and liquidity and these types of measures are commonly used by investors, they have important limitations as analytical tools, and they should not be considered in isolation or as substitutes for analysis of Towers Group's results or cash flows as reported under IFRS.

7.1 Summary

In this Prospectus, Towers Group presents financial measures, ratios and adjustments that are not required by, or presented in accordance with, IFRS or any other generally accepted accounting principles. On a pro forma basis, these include, among others, EBITDAaL, EBITDAaL margin, Net Debt and Free Cash Flow. See "*General Information – Alternative Performance Measures (APM)"* for a description of these and other non-IFRS *pro forma* financial measures and why they are important to an understanding of the underlying performance of EuroTeleSites Group.

7.2 Reconciliation of Non-IFRS Financial Measures on a Pro Forma Basis

Pro Forma EBITDAaL

The table below sets forth the reconciliation of Towers Group's non-IFRS financial measure *pro forma* EBITDAaL to *pro forma* earnings before interest, tax, depreciation and amortization - EBITDA for the periods indicated.

	Pro forma	
in TEUR	1-6/2023 (unaudited)	1-12/2022 (unaudited)
Earnings before interest, tax, depreciation and amortization - EBITDA	103,165	201,763
- Interest expense on lease liabilities	– 11,342	– 23,785
- Depreciation of right-of-use assets	– 27,240	– 51,182
EBITDAaL	**64,583**	**126,796**

(Source: Unaudited Towers Group *Pro Forma* Financial Information and internal calculation of the Company)

Pro Forma EBITDAaL margin

The table below sets forth the reconciliation of Towers Group's non-IFRS financial measure *pro forma* EBITDAaL margin to *pro forma* total revenues (incl. other operating income) for the periods indicated.

	Pro forma	
in TEUR (unless otherwise stated)	1-6/2023 (unaudited)	1-12/2022 (unaudited)
Total revenues (incl. other operating income)	121,125	231,514
EBITDAaL	64,583	126,796
EBITDAaL margin	**53%**	**55%**

(Source: Unaudited Towers Group *Pro Forma* Financial Information and internal calculation of the Company)

Pro Forma Free Cash Flow

The table below sets forth the reconciliation of Towers Group's non-IFRS financial measure *pro forma* Free Cash Flow to *pro forma* EBITDAaL and *pro forma* CAPEX for the periods indicated.

in TEUR	*Pro forma* 1-6/2023 (unaudited)	*Pro forma* 1-12/2022 (unaudited)
EBITDAaL	64,583	126,796
- CAPEX	– 22,443	– 42,679
Free Cash Flow	**42,140**	**84,117**

(Source: Unaudited Towers Group *Pro Forma* Financial Information, internal *pro forma* financial information for Towers Group and internal calculation of the Company)

Pro Forma Net Debt

The table below sets forth the reconciliation of Towers Group's non-IFRS financial measure *pro forma* Net Debt to *pro forma* long-term debt as of 30 June 2023.

in TEUR	*Pro forma* **As of 30 June 2023** (unaudited)
Long-term debt	**– 1,031,000**
Cash	20,482
Accounts receivable trade, net	2,203
Net Debt	**– 1,008,315**

(Source: Unaudited Towers Group *Pro Forma* Financial Information and internal calculation of the Company)

8. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

8.1 Overview

EuroTeleSites Group is a leading mobile telecommunications tower infrastructure operator in Austria and Central Eastern Europe in terms of scale, with more than 13,200 Macro Sites and approximately 1,500 Micro & Indoor Sites across six markets, in five of which it ranks either first or second by number of Sites (Source: Company's Internal Assessment). The Company will operate via its subsidiaries in Austria, Bulgaria, Serbia, Croatia, Slovenia and North Macedonia. EuroTeleSites Group's principal business is to build and operate telecommunications Sites to provide space, energy management and related services to customers, which in turn provide mobile, voice, data and other services to end-users.

EuroTeleSites Group's portfolio of assets is supported by long-term contractual commitments with A1 Telekom MNOs as anchor tenants, and other leading MNOs within the markets of EuroTeleSites Group.

The Towers Business has been transferred from Telekom Austria Group's Austrian and Central Eastern European operating companies to the Company. In Austria and most of EuroTeleSites Group's international markets, the majority of its tower assets have been developed organically since the launch of Telekom Austria's mobile businesses in the 1990s and 2000s, respectively. Consequently, the Company believes that EuroTeleSites Group's Site portfolio is well-integrated, benefits from the strategically attractive Site locations, and is an attractive potential host for MNOs as customers looking to expand or densify their networks.

The Company benefits from the following key factors: (i) owning fully integrated nationwide networks that are underpinned by secure, long-term contractual arrangements with a high-quality customer base, including A1 Telekom MNOs as one of the leading MNOs in each market, (ii) expanding the services offered by a tower company beyond the traditional role of an infrastructure landlord to MNOs to the role of an innovative network enabler for a range of existing and new customers, and (iii) being at the forefront of enabling a resilient, inclusive digital society with a clear focus on sustainable infrastructure to minimize environmental impact.

EuroTeleSites Group believes it is well-positioned to benefit from long-term trends in the European mobile telecommunications market, delivering growth and value opportunities across each of its markets by (i) building BTS Sites to satisfy the coverage obligations and densification requirements of its customers resulting from strong data usage growth and the rollout of 5G, (ii) improving asset utilization by adding new customers beyond MNOs, (iii) driving efficiencies, (iv) expanding into adjacent services and (v) targeting organic growth opportunities. With its extensive footprint in Austria and Central Eastern Europe, strong relationships with A1 Telekom MNOs as its anchor tenants as well as other leading MNOs and experienced and empowered management team, EuroTeleSites Group believes it is well-placed to capitalize on prevailing market trends by attracting new customers onto its existing Sites and deploying new Sites.

EuroTeleSites Group has an operating model that delivers committed, long-term revenues with regular adjustments that are typically linked to inflation. The following tables set out certain key operational information about EuroTeleSites Group portfolio as of 30 June 2023 and as of 31 December 2022 (only Macro Sites and excluding Sites under construction).

Markets	Total Macro Sites(1)	Greenfield Sites(2)	Rooftop Sites(3)	Tenancy Ratio(4)
		as of 30 June 2023 / 31 December 2022		
Austria	6,098 / 6,104	3,050 / 3,045	3,048 / 3,059	1.27x / 1.26x
Bulgaria	2,729 / 2,701	935 / 930	1,794 / 1,771	1.17x / 1.17x
Croatia	1,540 / 1,540	811 / 811	729 / 729	1.14x / 1.14x
North Macedonia	484 / 484	242 / 243	242 / 241	1.05x / 1.05x
Serbia	1,620 / 1,581	601 / 594	1,019 / 987	1.22x / 1.23x
Slovenia	754 / 752	323 / 322	431 / 430	1.27x / 1.22x
Total	**13,225 / 13,162**	**5,962 / 5,945**	**7,263 / 7,217**	**1.22x / 1.21x**

(1) Macro Sites include Greenfield and Rooftop Sites (including towers in Austria built under co-operative agreements with one or two other colocation operators ("**ARGE Sites**") and shared Sites ("**Shared Sites**"))

(2) Including smaller type of Sites (cells on wheels, ballast Sites and transmission hubs) as well as ARGE Sites and Shared Sites

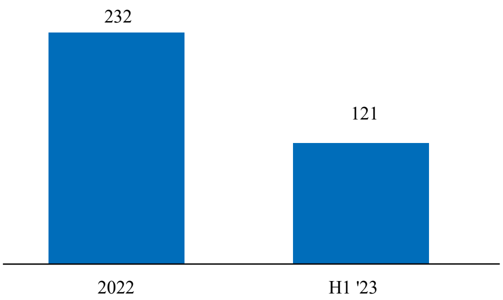
(3) Including ARGE Sites and Shared Sites

(4) Tenancy ratio means the total number of MNO tenancies (including physical tenancies) on EuroTeleSites Group's Sites divided by the total number of Macro Sites (including ARGE and Shared Sites)

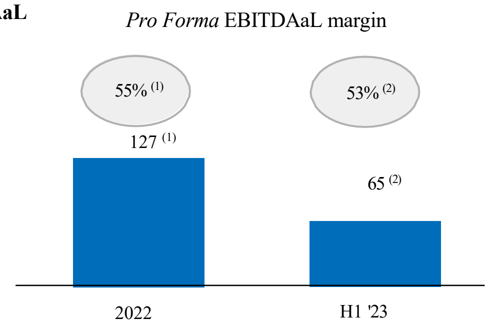
(Source: Internal information of the Company)

The following tables set out certain *pro forma* key financial indicators of Towers Group for the year ended 31 December 2022 and of the six months ended 30 June 2023.

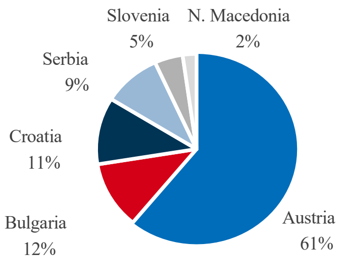
***Pro Forma* Total Revenues (incl. other operating income)**
(€mn)



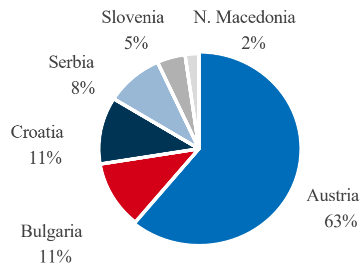
***Pro Forma* EBITDAaL**
(€mn)



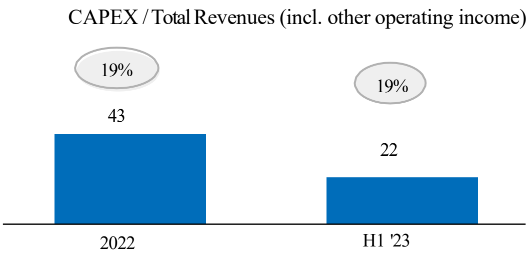
***Pro Forma* Revenues Split**
(2022)



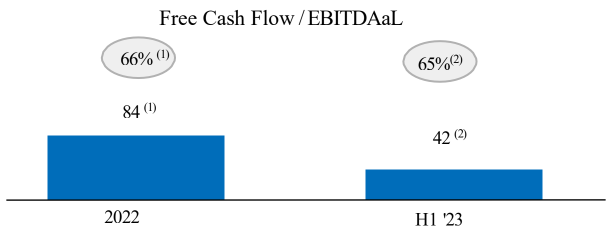
***Pro Forma* EBITDAaL Split**
(2022)



***Pro Forma* CAPEX**
(€mn)



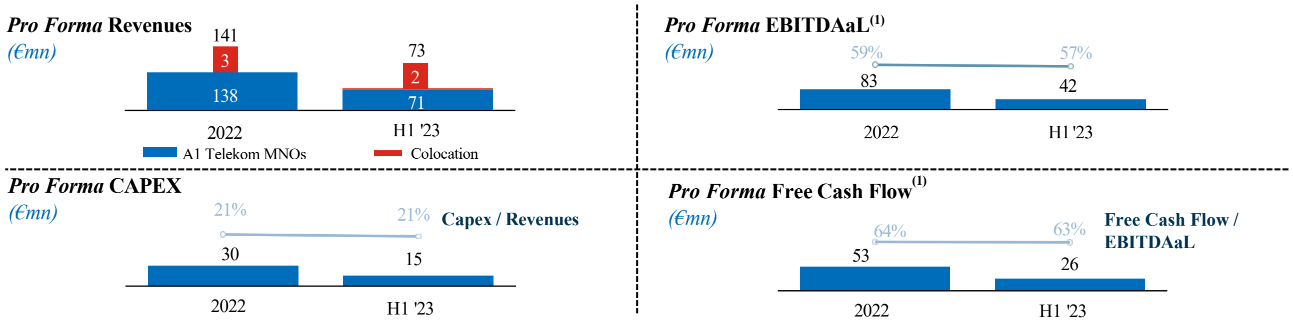
***Pro Forma* Free Cash Flow**
(€mn)



(1) Includes costs for Towers Group's headquarters.
(2) H1 2023 EBITDAaL and Free Cash Flow impacted by approximately EUR 4 million one-off for IT-implementation. Includes costs for Towers Group's headquarters.

(Source: Unaudited Towers Group *Pro Forma* Financial Information, internal *pro forma* financial information for Towers Group and internal calculation of the Company)

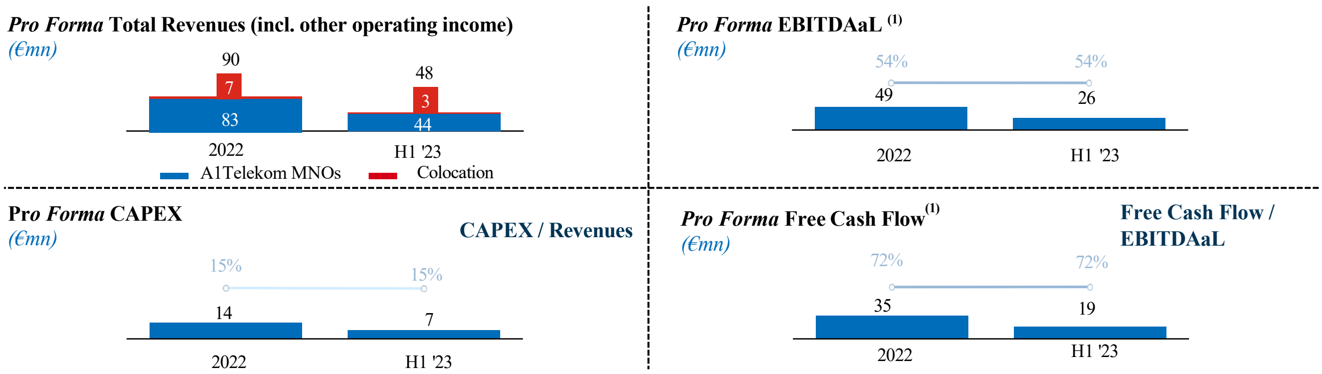
The following tables set out the breakdown of certain *pro forma* key financial indicators of Towers Group for the year ended 31 December 2022 and of the six months ended 30 June 2023 for Austria.



[(1)] Costs for Towers Group's headquarters not included neither in EBITDAaL nor in Free Cash Flow.

(Source: Unaudited Towers Group *Pro forma* Financial information, internal *pro forma* financial information for Towers Group and internal calculation of the Company)

The following tables set out the breakdown of certain *pro forma* key financial indicators of Towers Group for the year ended 31 December 2022 and six months ended 30 June 2023 for the Central Eastern Europe markets (Bulgaria, Croatia, North Macedonia, Serbia and Slovenia).



[(1)] Costs for Towers Group's headquarters not included neither in EBITDAaL nor in Free Cash Flow.

(Source: Unaudited Towers Group *Pro forma* Financial information, internal *pro forma* financial information for Towers Group and internal calculation of the Company)

8.2 Basis of Preparation of Towers Group's Financial Statements

The audited special purpose condensed combined financial statements of the Towers Group as prepared by Telekom Austria in relation to the Towers Business as of and for the financial year ended 31 December 2022, comprising the condensed combined statement of comprehensive income, condensed combined statement of financial position, condensed combined statement of cash flows, condensed combined statement of changes in equity, and selected explanatory notes (the "**Audited Condensed Combined Financial Statements 2022**"), as presented herein, were prepared in accordance with the basis of preparation as outlined in the selected explanatory notes to the Audited Condensed Combined Financial Statements 2022 in section "(1) Basis of Preparation of the Condensed Combined Financial Statements".

The unaudited special purpose condensed combined interim financial statements of the Towers Group as prepared by Telekom Austria in relation to the Towers Business as of and for the six months ended 30 June 2023, comprising the condensed combined interim statement of comprehensive income, condensed combined interim statement of financial position, condensed combined interim statement of cash flows and condensed combined interim statement of changes in equity, and selected explanatory notes (the "**Unaudited Condensed Combined Interim Financial Statements**"), were prepared in accordance with the basis of preparation as outlined in the selected explanatory notes to the Unaudited Condensed Combined Interim Financial Statements in section "(1) Basis of Preparation of the Condensed Combined Interim Financial Statements".

Due to the limited availability of historical financial information related to the Company and the limited comparability of such historical financial information, this Prospectus also includes unaudited *pro forma* financial information of the Towers Group consisting of the unaudited *pro forma* consolidated income statements of the Towers Group for the year ended 31 December 2022 and for the six months ended 30 June 2023 and an unaudited *pro forma* consolidated statement of financial position of EuroTeleSites Group as of 30 June 2023, accompanied by the related unaudited *pro forma* notes thereto (the "**Unaudited Towers Group *Pro Forma* Financial Information**").

The Unaudited Towers Group *Pro Forma* Financial Information is based on factually supportable *pro forma* adjustments described in the accompanying *pro forma* notes, which Telekom Austria considers reasonable. It does not include incremental revenues or costs that are not directly related to the Reorganization, or any related financing arrangements, and does not reflect the results of any future initiatives other than those described in "*Reorganization and Spin-Off*". Future results of operations may differ materially from those presented in the Unaudited Towers Group *Pro Forma* Financial Information. As a result, it may not give a true picture of the Towers Group's financial position or results nor is it indicative of the results that may, or may not, be expected to be achieved in the future. The Unaudited Towers Group *Pro Forma* Financial Information should be read in conjunction with the Audited Condensed Combined Financial Statements 2022 and the Unaudited Condensed Combined Interim Financial Statements, included in the section "*Financial Information*".

8.3 Comparability of the Towers Group's Financial Statements

Prior to the Reorganization, the Towers Business had not historically operated or been managed as a separate legal entity within Telekom Austria Group. The assets of the Towers Business, which were held across a number of Telekom Austria's subsidiaries, were historically used primarily as infrastructure to support the Active Equipment of Telekom Austria Group or, in some cases, other MNOs. The Towers Business was not monitored separately by Telekom Austria's management team, and therefore, the information required to fully reconstruct its historical financial information for periods prior to its separation is not available.

As a result, it is not possible to prepare consolidated financial statements regarding the Towers Business in accordance with IFRS for periods prior to the completion of the Reorganization. With regard to the financial information relating to the activities of the Austrian Towers Business for periods prior to and ended 31 December 2022 or 30 June 2023, the financial statements line items that can be directly identified (on a cost center basis) are:

- revenues from tenants other than A1 Telekom Austria AG, a 100% subsidiary of Telekom Austria Aktiengesellschaft;
- certain costs which are directly attributable to the tower infrastructure assets, such as personnel, energy, maintenance, depreciation of property, plant and equipment, ground leases and, for the twelve months ended 31 December 2022 and the six months ended 30 June 2023, depreciation on lease-related right-of-use assets and interest on leases recognized under IFRS 16 "Leases"; and
- the non-current property, plant and equipment assets and related asset retirement obligations.

Regarding the non-Austrian Towers Business, the financial information is extracted from the financial statements of the local tower companies belonging formerly to Telekom Austria Group established in Bulgaria, Croatia, North Macedonia, Serbia and Slovenia starting with the following dates:

- February 2021 for Bulgaria;
- November 2021 for Croatia;
- July 2022 for North Macedonia;
- November 2022 for Serbia; and
- October 2022 for Slovenia.

Given the lack of available historical financial information, neither the Austrian Towers Business' net working capital nor its net financial debt can be identified.

Towers Group’s unaudited condensed combined interim financial statements and the other historical financial information included in this section do not necessarily indicate Towers Group’s future results of operations, financial position and cash flows. Mainly, the Austrian tower business is included as partial business which does not yet operate a

MLA, consequently the Austrian tower business is accounted for without revenues / contributing negative cash flows. In addition, the results of operations for interim periods included in this Prospectus are not necessarily indicative of the results to be expected for the full year or any future reporting period.

8.4 Rationale for the Establishment of EuroTeleSites Group

The world is more digital than ever. The COVID-19 pandemic accelerated digitalization and exponential mobile traffic growth which is expected to continue. Compelling secular trends are underpinning the telecom market. Mobile subscriber growth is expected to continue along with expected growth in data usage, MNOs will need to continuously invest to upgrade and densify their networks to address the growth in usage.

To meet such demand, telecommunication providers rely on two infrastructure components: the Passive Infrastructure and the active networks. The Passive Infrastructure includes, among other things, a foundation, steel structure, land (usually leased), cable ways and cable ladder, power distribution, external power supply systems, security and safety systems, fence, container and air-conditioning systems. The overall demand for telecommunication services also increases the demand for Passive Infrastructure.

There is a worldwide trend to separate towers into separate companies as the growth in internet data volume has boosted the attractiveness of the independent tower company model. Also, Telekom Austria Group, backed by its core shareholders, has taken the strategic decision to separate its Passive Infrastructure assets (both legally and operationally) into new standalone towers companies in order to create EuroTeleSites Group, consisting of EuroTeleSites AG and its subsidiaries.

The rationale for the Spin-off and the establishment of EuroTeleSites Group is to enable dedicated companies to concentrate on the passive infrastructure for the following reasons:

- Concentrating on the towers business is expected to allow for an optimized capital allocation and efficiency gains for capital expenditure and operating expenditure.
- As an independent company, it is expected to be more efficient to contract with various telecommunications providers as tenants to use Sites in parallel with a minimum of additional investments, thereby optimizing the tenancy ratio.
- With the enhanced flexibility, EuroTeleSites Group is expected to be able to develop additional infrastructure services, such as the passive infrastructure for local networks, to drive commercialization and be able to adapt quickly to changing market requirements.
- Management will have a clear focus on the towers business with a corresponding clear strategy.
- Leaner structures can be developed through greater organizational flexibility.

EuroTeleSites thereby is expected to profit from its strong market position not only in Austria but also across Central and Eastern Europe, which shows, in comparison to the European average, an above average growth potential.

Furthermore, the anchor tenant, A1 Telekom MNO, signed an industry standard master-lease agreement with long-term character of up to 24 years, providing visibility of stable and growing future revenue stream. The Tower Holding Spin-off enables greater focus on the expansion of the core business, namely the current investments in 5G enhancement and fiber roll-out.

8.5 Segment reporting

Towers Group has aligned its management structure and the resulting segment reporting on geographical markets and based on these reports six operating segments are reported: Austria, Bulgaria, Croatia, Slovenia, Serbia and other. Other includes Towers Holding Companies and elimination between ETS TowerCos and Towers Holding Companies.

8.6 Description of Income Statement Line Items

Total revenues (incl. other operating income)

Towers Group's primary revenues consists of the rent which tenants pay to use Towers Group's passive infrastructure. Towers Group derives most of its revenues from the mobile telecommunications Site services it provides. Towers Group has an operating model that delivers committed, long-term revenues with regular adjustments that are typically linked to inflation.

The revenues that Towers Group generates from A1 Telekom MNOs on a *pro forma* basis accounts for approximately 95% of Towers Group's total revenues (incl. other operating income) for the financial year 2022.

In addition to its MNO customer base, Towers Group also has a diversified non-MNO customer base that includes local governmental and emergency services networks as well as IoT operators, local radio stations and broadcasting (services) companies in most markets as well as local radio services for fire brigades and similar services.

Total cost and expenses

Towers Group's primary costs include operating expenses, other operating expenses and ground lease costs.

Operating Expenses

Operating expenses include total workforce costs and contracted services for Sites maintenance.

Total workforce costs comprise about 50% of operating expenses. They include costs related to the personnel and related costs of the spun-off organization as well as shared services received from Telekom Austria Group.

Other operating expenses

Other operating expenses include insurance, audit, HR and financial services, among others as well as electricity costs.

Electricity costs, which qualify as non-pass-through costs paid by Towers Group according to the MLAs, are limited to electricity consumed by aviation lights and surveillance cameras and transmission.

Insurance coverage of Towers Group includes, *inter alia*, all-risks property insurance, business interruption insurance and property third-party liability insurance. The Company believes that Towers Group has insurance protection to the extent customary in the industry.

Ground Lease Costs

Towers Group leases Sites from landlords to build and maintain telecommunications infrastructure on the landlords' property. Ground lease costs are Towers Group's single largest cost.

8.7 Key Factors Affecting Results of Operations

EuroTeleSites Group believes that the factors discussed below have either significantly impacted EuroTeleSites Group business in the past and/or have had or will have a material impact on EuroTeleSites Group's results of operations, financial position and cash flow in future periods.

Demand in telecommunication and market position

In general, towers as wireless infrastructure are an important element for the operations of wireless network services, including mobile networks, fixed wireless access broadband, emergency services, TV and radio broadcast, internet of things (IoT), and private mobile radio (PMR) networks. The value chain for wireless network services consists of the following three key segments: passive infrastructure, active networks and retail services. Towers, in the context of mobile communications, are part of the passive infrastructure and the demand for passive infrastructure is derived from the demand for mobile services and thus active networks and their demand and technical developments.

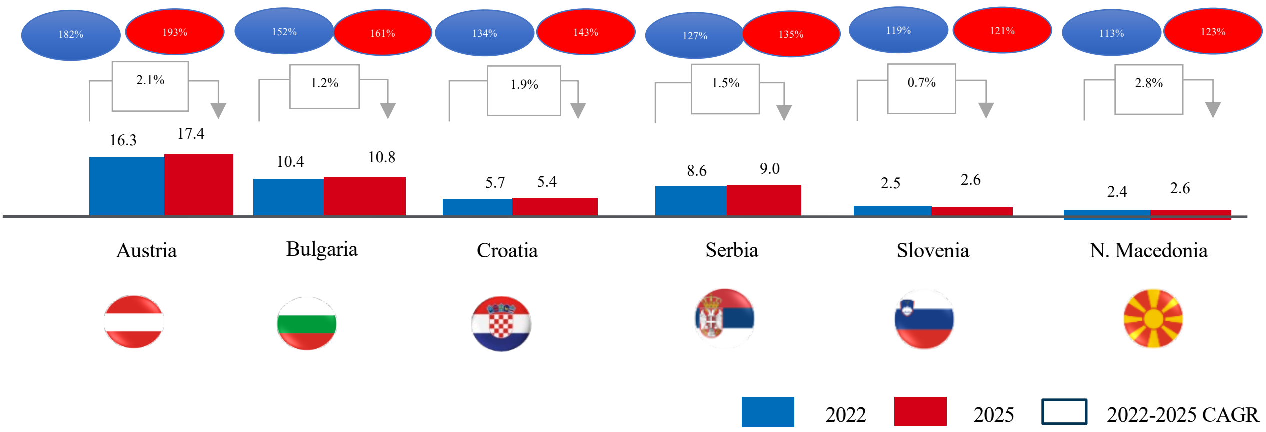
There are several features that make a market particularly suited for the success of an independent tower company:

- Growing mobile data volumes;
- Acceleration of 5G rollout;
- Change in user profiles;

- Regulatory requirements;
- Investments in fiber; and
- Market position.

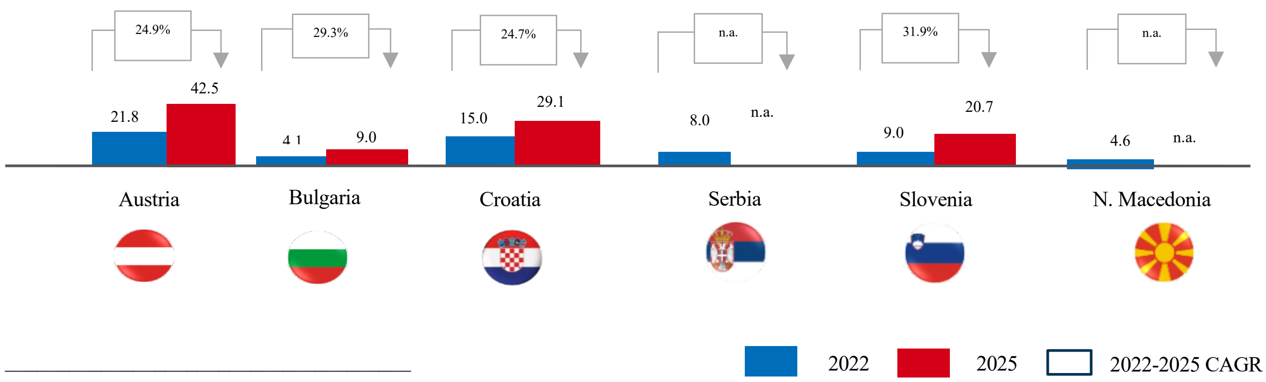
The increasing use of mobile devices such as smartphones and tablets and ever-growing adoption of internet-based applications are expected to drive significant growth in data usage, supporting strong demand for mobile bandwidth. By the end of 2022, over 5.4 billion people globally subscribed to a mobile service, including 4.4 billion people who also used the mobile internet. (Source: GSMA – The Mobile Economy 2023). Around 8.4 billion mobile subscriptions were estimated by the end of 2022, and the mobile subscription is projected to increase to around 9.2 billion by the end of 2028. During this time, the share of mobile broadband subscriptions is expected to increase from 85% to 93%, while the number of unique mobile subscribers is projected to grow from 6.1 to 6.8 billion. Subscriptions associated with smartphones continue to rise. At the end of 2022, 6.6 billion smartphone subscriptions are estimated, accounting for about 79% of all mobile phone subscriptions. This is projected to reach 7.8 billion in 2028, accounting for around 84% of all mobile subscriptions (Source: Ericsson Mobility Report November 2022).

The following charts illustrate the expected growth in numbers of subscribers (by subscription in million and penetration as a percentage of population) in the period 2022 to 2025 in the countries, in which EuroTeleSites Group operates:



(Source: OMDIA)

The following chart provides an overview about the expected increase in data usage (GB / SIM / month) in the period 2022 to 2025 in the countries, in which EuroTeleSites Group operates:



(Source: GlobalData)

Growing mobile data volumes require densification of mobile broadband networks. Therefore, MNOs need to upgrade and densify their networks to address the growth in data usage. EuroTeleSites Group believes that it is well-positioned to leverage the need for network densification, which is expected to have a positive impact on EuroTeleSites

Group's results of operations.

EuroTeleSites Group operates in six different countries with approximately 13,225 Macro Sites, of which 46.11% of the Macro Sites in Austria, 20.64% in Bulgaria, 11.64% in Serbia, 12.25% in Croatia, 5.70% in Slovenia and 3.66% in North Macedonia. EuroTeleSites Group currently ranks either first or second by number of Sites in five out of six of the markets in which it operates.

Number of Sites

EuroTeleSites Group's results of operations are driven by the number of Sites in its portfolio, its additions of colocations, and its investment and cost regime. In addition to generating revenues from providing space on its Sites and related services, EuroTeleSites Group receives revenues from constructing and operating additional new Sites. New Sites constructed during the course of a financial year earn revenues from the point of commissioning, meaning that a site typically does not generate full run-rate revenues until the financial year after it is commissioned. EuroTeleSites Group is also exploring growth through incremental organic investments on the basis of an ambitious business plan to increase the number of the Sites to approximately 16,000 Sites in 2032.

Furthermore, EuroTeleSites Group's future revenues and cash flows are expected to be supported by commitments from its customers to enter into agreements for the construction of new BTS Sites which are Sites characterized by the construction of a new tower for an anchor tenant for which there is a "built-to-suit" commitment. The "built-to-suit" commitment is an obligation of an MNO to order new Sites from EuroTeleSites Group. Under the MLAs concluded with the A1 Telekom MNOs, there will be no initial BTS Commitment of the A1 Telekom MNOs towards EuroTeleSites Group. If mandated with the construction of new BTS Sites by customers in the future, EuroTeleSites Group's ability to construct new BTS Sites as part of its future BTS Commitments on time and within budget, and its ability to realize the anticipated increase in revenues or otherwise realize acceptable returns on these new BTS Sites, is subject to a number of risks. See "*Risk Factors – Risks related to EuroTeleSites Group's business activities and industry – The development of EuroTeleSites Group's business, including through organic growth or strategic acquisitions, involves a number of risks and uncertainties that could adversely affect its operating results or disrupt its operations*".

Revenues from EuroTeleSites Group's Relationship with Telekom Austria Group

EuroTeleSites Group derives the majority of its revenues from Telekom Austria Group. On a *pro forma* basis, Telekom Austria Group accounts for approximately 95% of Towers Group's total revenues (incl. other operating income) for the financial year 2022. On a Condensed Combined Interim Statement of Comprehensive Income basis, for the six months ended 30 June 2023, Towers Group's revenues from site rentals to related parties amounted to EUR 42.5 million, or 87% of Towers Group's total revenues (incl. other operating income) were derived from the Telekom Austria Group.

Since the majority of EuroTeleSites Group's total revenues are generated by companies of the Telekom Austria Group, EuroTeleSites Group is exposed to credit and business risks affecting such companies and the Telekom Austria Group as a whole. Companies of the Telekom Austria Group that are customers of EuroTeleSites Group may experience a decline in the demand for their services so that their demand for EuroTeleSites Group's services may in turn be reduced or they may otherwise be unable to meet, or be prevented from meeting, their financial or other obligations towards EuroTeleSites Group.

If the Telekom Austria Group experiences financial difficulties, or companies of the Telekom Austria Group (such as the A1 Telekom MNOs) are unable to meet their obligations to make payments under the MLAs, this could result in a loss of business and/or revenues for EuroTeleSites Group. Furthermore, if Telekom Austria Group sold one or more A1 Telekom MNOs to a third-party, EuroTeleSites Group may be exposed to increased credit or business risks depending on the financial condition of such third-party purchaser, which could have a material adverse effect on EuroTeleSites Group's business, financial condition and results of operations.

Tenancy ratio

EuroTeleSites Group's operating leverage is supported by the addition of new tenancies. EuroTeleSites Group is actively seeking to generate additional revenues and improve its margins by attracting new customers. Due to the relatively fixed nature of EuroTeleSites Group's costs, if EuroTeleSites Group attracts additional tenants or adds additional equipment to its Sites, it can generate higher value and create significant value for its business. Tenancy ratio means the total number of MNO tenancies (including physical tenancies) on EuroTeleSites Group’s Sites divided by the total number of Macro Sites (including ARGE Sites and Shared Sites).

EuroTeleSites Group hosted 16,136 MNO tenancies across its markets as of 30 June 2023, compared to 15,957 MNO tenancies as of 31 December 2022. Of EuroTeleSites Group's tenancies across its markets as of 30 June 2023, 13,225 were Telekom Austria Group tenancies (13,162 as of 31 December 2022) and 2,911 were tenancies with other customers. In addition to the MNO-tenants, EuroTeleSites hosted 678 non-MNO tenants, including among others, governmental tenants and microwave transmission systems of other tenants.

EuroTeleSites Group's tenancies and tenancy ratios include physical tenancies only. The following table sets out a breakdown of EuroTeleSites Group's tenancies by markets as of 31 December 2021, 31 December 2022 and 30 June 2023.

Markets	TAG[(1)]	Other MNOs	Non-MNO	Total (incl. non MNO)	TAG[(1)]	Other MNOs	Total	TAG[(1)]	Other MNOs	Total
	30 June 2023				31 December 2022			31 December 2021		
Austria	6,098	1,627	477	8,202	6,104	1,576	7,680	6,060	1,514	7,574
Bulgaria	2,729	470	20	3,219	2,701	452	3,153	2,683	401	3,084
Croatia	1,540	221	89	1,850	1,540	215	1,755	1,538	188	1,726
North Macedonia	484	26	12	522	484	26	510	484	24	508
Serbia	1,620	364	47	2,031	1,581	357	1,938	1,474	315	1,789
Slovenia	754	203	33	990	752	169	921	747	164	911
Total	**13,225**	**2,911**	**678**	**16,814**	**13,162**	**2,795**	**15,957**	**12,986**	**2,606**	**15,592**

(1) Telekom Austria Group

(Source: Internal information of the Company)

EuroTeleSites Group is targeting a tenancy ratio of approximately 1.44x in 2031, compared to an average tenancy ratio of 1.22x as of 30 June 2023. To achieve its target, EuroTeleSites Group will need to add further tenancies in addition to those for which it already has commitments.

The key drivers for future tenancy growth is expected to be the growth of data volumes, the rollout of 5G and potential succession technologies and additional frequencies like millimeter wave ("**mmWave**") as well as any factor derived from those, such us additional 5G licenses to new players the local regulators and/or coverage obligations that MNOs might face with the granting of 5G licenses or certain frequency bands as assigned by the national regulation authorities.

Capital Expenditure and Investments

EuroTeleSites Group’s capacity to maintain a high level of service depends on its ability to develop, expand and maintain its infrastructure.

EuroTeleSites classifies its capital expenditure into three main categories, (i) capital expenditure for new Sites; (ii) capital expenditure for Sites upgrades and (iii) other capital expenditure.

Capital expenditure for new Sites includes capital expenditure for rollout, acquisition costs, and site reinforcements. The cost of constructing new Sites may vary depending on a number of factors, including, but not limited to, Site type, location, terrain and regulatory approvals.

Capital expenditure for Sites upgrades includes capital expenditures for 5G and other upgrades.

Other capital expenditure includes capital expenditures for relocation of existing Sites and maintenance that is required to maintain and continue the operation of the existing tower network and other Passive Infrastructure.

Inflation

Low levels of inflation could adversely affect EuroTeleSites Group's revenues growth because, under the terms of the MLAs concluded with A1 Telekom MNOs, annual revenues are subject to inflation indexation. However, if the rate of inflation in EuroTeleSites Group's markets exceeds the limits of the inflation-indexed fee escalators under the MLAs (which allow for an increase of up to 3% per year) and certain of EuroTeleSites Group's other customer contracts, this could also have a negative impact on EuroTeleSites Group's margins.

In addition, a significant portion of EuroTeleSites Group's ground leases are linked to an inflation index. Some of the ground leases include adjustment provisions if certain inflation thresholds are crossed. EuroTeleSites Group is focused on managing current Site costs related to inflation, and securing new Sites at the lowest possible cost, however, it anticipates that ground lease costs may increase above historical averages.

High levels of inflation could also adversely impact EuroTeleSites Group's business and demand for services.

8.8 Results of Operations

The following discussion relates to the unaudited condensed combined interim statement of comprehensive income of Towers Group for the six months ended 30 June 2023. The condensed combined interim statement of comprehensive income for the six months ended 30 June 2023, only includes the actual revenues and expenses Towers Group has incurred before the Reorganization. For information that is more comparable to the future operations of EuroTeleSites Group, this Prospectus includes the Unaudited Towers Group *Pro Forma* Financial Information. The purpose of the Unaudited Towers Group *Pro Forma* Financial Information is to illustrate the material effects that EuroTeleSites Group structure would have had on the Audited Condensed Combined Financial Statements 2022 and the Unaudited Condensed Combined Interim Financial Statements if the Towers Group structure had existed since 1 January 2022 with respect to the unaudited pro forma consolidated income statements of Towers Group for the year ended 31 December 2022 and for the six months ended 30 June 2023 or on 30 June 2023 with respect to the unaudited pro forma consolidated statement of financial position of Towers Group as of 30 June 2023.

Discussion of the Condensed Combined Interim Statement of Comprehensive Income of the Towers Group for six months ended 30 June 2023

The table below sets forth an overview of the Towers Group's condensed combined interim statement of comprehensive income for the six months ended 30 June 2023:

in TEUR	1-6/2023 (unaudited)
Revenues from leases	47,265
Other operating income	1,326
Total revenues (incl. other operating income)	48,591
Total cost and expenses	–14,660
Earnings before interest, tax, depreciation and amortization - EBITDA	33,931
Depreciation and amortization	–11,454
Depreciation of right-of-use assets	–29,326
Operating income - EBIT	–6,849
Interest income	129
Interest expense	–4,835
Foreign currency exchange differences, net	5
Financial result	–4,701
Earnings before income tax - EBT	–11,549
Income tax	–3,995
Net result	–15,544

(Source: Unaudited Condensed Combined Interim Financial Statements)

Total Revenues (including other operating income)

Towers Group's total revenues (including other operating income) for the six months ended 30 June 2023 was EUR 48.6 million and consisted of EUR 47.3 million of revenues from leases and EUR 1.3 million of other operating income. Other operating income for the six months ended 30 June 2023 included the reversal of the provision for asset retirement obligations due to changes in parameters and the reversal of lease liabilities due to changes in contracts.

Revenues by Segment

The table below sets forth Towers Group's revenues by segment for the six months ended 30 June 2023:

in TEUR (unaudited)	Austria	Bulgaria	Croatia	Slovenia	Serbia	North Macedonia	Total
1-6/2023							
Revenues from leases	1,784	13,261	12,638	5,461	11,525	2,595	47,265
Other operating income	741	241	162	88	62	32	1,326
Total revenues (incl. other operating income)	2,525	13,502	12,800	5,550	11,586	2,627	48,591

(Source: Unaudited Condensed Combined Interim Financial Statements)

Total Cost and Expenses

Towers Group's total cost and expenses for the six months ended 30 June 2023 was EUR 14.7 million. Total cost and expenses include personnel costs, electricity cost, network maintenance and other expenses.

Total cost and expenses consist of the following:

in TEUR	1-6/2023 (unaudited)
Employee expenses, including benefits and taxes	3,449
Electricity	3,375
Network maintenance	2,687
Other expenses	5,150
Total cost and expenses	14,660

(Source: Unaudited Condensed Combined Interim Financial Statements)

Towers Group's employee expenses, including benefits and taxes for the six months ended 30 June 2023 was EUR 3.4 million and consisted primarily of salaries, related employers' contributions as well as training, voluntary social expenditure and taxes.

Towers Group's electricity cost and expenses – qualifying as non-pass-through cost and expenses – for the six months ended 30 June 2023 consisted of costs (which were recharged in the revenues from leases) of EUR 3.4 million.

Towers Group's network maintenance cost and expenses for passive infrastructure for the six months ended 30 June 2023 was EUR 2.7 million.

Towers Group's other expenses for six months ended 30 June 2023 include costs for shared IT services, external services such as audit or tax and legal support, cover insurance costs (for network insurance), office space and amount to EUR 5.2 million.

Earnings before interest, tax, depreciation and amortization – EBITDA

Towers Group's earnings before interest, tax, depreciation and amortization – EBITDA for the six months ended 30 June 2023 was EUR 33.9 million.

Depreciation and amortization

Depreciation and amortization for the six months ended 30 June 2023 was EUR 11.5 million. This includes tower assets transferred to Towers Group in the course of the Reorganization as well as in the partial business of A1 Austria.

Depreciation of right-of-use assets

Towers Group's depreciation of right-of-use assets for the six months ended 30 June 2023 was EUR 29.3 million.

Operating income – EBIT

Towers Group's operating income - EBIT for the six months ended 30 June 2023 was negative EUR 6.8 million.

Interest income

Towers Group's interest income for the six months ended 30 June 2023 was EUR 0.1 million.

Interest expense

Towers Group's interest expense for the six months ended 30 June 2023 was EUR 4.8 million.

Foreign currency exchange differences, net

Towers Group's foreign currency exchange differences, net for the six months ended 30 June 2023 were EUR 0.01 million.

Financial Result

Towers Group's financial result for the six months ended 30 June 2023 was negative EUR 4.7 million.

Earnings before income tax - EBT

Towers Group's earnings before income tax – EBT for the six months ended 30 June 2023 were negative EUR 11.5 million.

Income tax

Towers Group's income tax expense for the six months ended 30 June 2023 was EUR 4.0 million. Towers Group's effective tax rate is calculated by dividing income tax expense by earnings before income tax - EBT. Towers Group's effective tax rate (ratio of income tax to earnings before income tax – EBT) for the six months ended 30 June 2023 was 34.6%.

Net result

The net result for the six months ended 30 June 2023 was negative EUR 15.5 million.

Condensed Combined Interim Segment Reporting

Towers Group has aligned its management structure and the resulting segment reporting on geographical markets and based on these segmentation six operating segments are reported: Austria, Bulgaria, Croatia, Slovenia, Serbia and North Macedonia.

The table below sets forth Towers condensed combined interim segment reporting for the six months ended 30 June 2023:

in TEUR	Austria	Bulgaria	Croatia	Slovenia	Serbia	North Macedonia	Other[1]	Total
1-6/2023								
(unaudited)								
External revenues	2,525	13,502	12,800	5,550	11,586	2,628	-	48,591
Total revenues (incl. other operating income)	2,525	13,502	12,800	5,550	11,586	2,628	-	48,591
Segment expenses [2]	−8,697	−1,477	−1,715	−1,302	−870	−557	−42	−14,660
EBITDA	−6,172	12,025	11,085	4,248	10,716	2,071	−42	33,931
Depreciation and amortization	−23,300	−5,954	−4,600	−1,904	−4,499	−522	-	−40,779
Operating income - EBIT	−29,473	6,071	6,485	2,344	6,218	1,550	−42	−6,848
Interest income	-	119	-	-	-	-	10	129
Interest expense	−2,136	−743	−363	−175	−550	−135	−733	−4,835
Foreign currency exchange differences, net	-	2	−0	-	17	−13	-	5
Earnings before income tax - EBT	−31,609	5,449	6,122	2,168	5,685	1,401	−765	−11,549
Income taxes	−835	−548	−1,103	−434	−1,039	−210	175	−3,995
Net result	−32,444	4,901	5,019	1,734	4,647	1,191	−590	−15,543
EBITDA aL[3]	−23,602	7,345	7,155	3,051	6,519	1,565	−42	1,991
Capital expenditures[4]	15,300	2,446	972	1,011	2,634	79	-	22,443

(1) Other includes Towers Holding Companies and A1 Towers Holding GmbH as well as eliminations within Towers Group.
(2) Segment expenses includes employee expenses, including benefits and taxes, electricity, Network maintenance and other expenses
(3) EBITDA aL is defined as EBITDA reduced by depreciation of right-of-use assets and interest expense on lease liabilities.
(4) CAPEX include additions to property plant and equipment, but do neither include additions to asset retirement obligation nor additions to right-of-use assets according to IFRS 16.

(Source: Unaudited Condensed Combined Interim Financial Statements)

Discussion of the Condensed Combined Interim Statement of Financial Position of the Towers Group as of 30 June 2023

The table below sets forth Towers Group's condensed combined statement of financial position as of 30 June 2023:

in TEUR	June 30, 2023 (unaudited)
ASSETS	
Current assets	
Cash	20,482
Accounts receivable trade, net	2,203
Receivables due from related parties	31,774
Income tax receivable	61
Other current assets, net	3,144
Total current assets	57,664
Non-current assets	
Property, plant and equipment, net	228,754
Right-of-use assets, net	185,908
Intangible assets, net	190
Goodwill	239,964
Deferred income tax assets	3,668
Other non-current assets, net	70
Total non-current assets	658,555
TOTAL ASSETS	716,219
LIABILITIES AND EQUITY	
Current liabilities	
Lease liabilities short-term	57,631
Accounts payable	24,872
Accrued liabilities and current provisions	257
Income tax payable	1,904
Payables due to related parties	4,767
Total current liabilities	89,430
Non-current liabilities	
Lease liabilities long-term	121,433
Deferred income tax liabilities	2,151
Asset retirement obligation	100,020
Employee benefits	906
Total non-current liabilities	224,510
Equity	
Net investment of parent	402,279
Total equity	402,279
TOTAL LIABILITIES AND EQUITY	716,219

(Source: Unaudited Condensed Combined Interim Financial Statements)

Current assets

Towers Group's current assets primarily consist of cash and accounts receivable trade, net. Cash as of 30 June 2023 was EUR 20.5 million. Accounts receivable trade, net as of 30 June 2023 was EUR 2.2 million.

Current assets also include receivables due from related parties, which were EUR 31.8 million as of 30 June 2023.

Non-Current Assets

Non-current assets primarily consist of the tower assets recorded in property, plant and equipment, net, right-of-use assets, net and goodwill. Property, plant and equipment net, as of 30 June 2023 was EUR 228.8 million. Right-of-use assets, net, as of 30 June 2023 was EUR 185.9 million. Goodwill as of 30 June 2023 was EUR 240.0 million.

Current Liabilities

As of 30 June 2023, Towers Group's current liabilities consisted of short-term lease liabilities of EUR 57.6 million, accounts payables of EUR 24.9 million and accrued liabilities and current provisions of EUR 0.3 million, as well as income tax payables of EUR 1.9 million, and payables due to related parties of EUR 4.8 million. Payables due to related parties as of 30 June 2023, included EUR 1.7 million in payables operating and EUR 3.1 million in payables financing.

Non-Current Liabilities

As of 30 June 2023, Towers Group's non-current liabilities consisted of lease liabilities long-term of EUR 121.4 million, deferred income tax liabilities of EUR 2.2 million, asset retirement obligation of EUR 100 million, and employee benefits of EUR 0.9 million.

8.9 Liquidity and Capital Resources

Towers Group's primary sources of liquidity are cash flows from operating activities. The main focus of Towers Group is on deleveraging through strict cash management as well as lean management of its operations, combined with operating expenditure, capital expenditure and lease reducing initiatives. For the purpose of cash management, Towers Group has established a group cash pooling to optimize the cash supply available in organizations and has established a rolling liquidity planning to optimize the cash supply versus use excessive cash to pay back debt.

Towers Group (via the Austrian ETS TowerCo as its wholly-owned subsidiary) issued notes in the amount of EUR 500,000,000 in July 2023 and has entered into a term loan facility in the amount of EUR 500,000,000 in June 2023. The proceeds of the notes and the term loan are intended to be predominantly used to repay approximately EUR 1.0 billion in debt incurred by Austrian ETS TowerCo as a result and to be arranged following of the Towers Business Spin-off.

In addition to the term loan, Towers Group (via the Austrian ETS TowerCo, as its wholly-owned subsidiary) entered into a revolving credit facility agreement on 27 June 2023 with Erste Group Bank AG. The agreement provides for a EUR 75 million revolving credit loan facility, which will be available after the registration of the Towers Holding Spin-off in the Austrian companies register.

8.10 Discussion of Condensed Combined Interim Statement of Cash Flows of Towers Group for the six months ended 30 June 2023

The table below sets forth Towers Group's condensed combined interim statement of cash flows for the six months ended 30 June 2023:

in TEUR	1-6/2023 (unaudited)
Earnings before income tax - EBT	–11,549
Depreciation	11,448
Amortization of intangible assets	5
Depreciation of right-of-use assets	29,326
Other reconciliation items	6,630
Working capital changes	1,464
Income taxes paid	–1,934
Net cash flow from operating activities	35,390
Capital expenditures paid	–22,014
Proceeds from sale of property, plant and equipment	714
Net cash flow from investing activities	–21,299
Interest paid	–5,559
Financing with related parties	-
Lease principal paid	–38,865
Net cash flow from financing activities	–44,423
Adjustment to cash flows due to exchange rate fluctuations, net	–9
Net change in cash and cash equivalents	–30,342
Cash and cash equivalents beginning of period	19,745
Payments of A1 Group	48,556
Cash and cash equivalents end of period	37,960

(Source: Unaudited Condensed Combined Interim Financial Statements)

Net cash flow from operating activities

Towers Group's net cash flow from operating activities was EUR 35.4 million for the six months ended 30 June 2023. This consisted of earnings before income tax (EBT) that was primarily adjusted for depreciation of property, plant and equipment (EUR 11.4 million), depreciation of right-of-use assets (EUR 29.3 million), other reconciliation items (EUR 6.6 million), working capital changes (EUR 1.5 million) and income taxes paid (EUR 1.9 million).

Net cash flow from investing activities

Towers Group's net cash flow from investing activities was a cash outflow of EUR 21.3 million for the six months ended 30 June 2023. This consisted of purchases of property, plant and equipment and proceeds from the sale of property, plant and equipment.

Net cash flow from financing activities

Towers Group's net cash flow from financing activities was a cash outflow of EUR 44.4 million for the six months ended 30 June 2023. This consisted of interest paid and lease principal paid.

8.11 Working Capital

Towers Group's working capital is defined by the monthly inflows of charges for the Master Lease Agreement with local A1 Telekom MNOs as well as charges to colocation partners. The Austrian A1 Telekom MNO has legacy rental prepayments in the first quarter of each year. Depending on demand of build-to-suit Sites and the pace of expanding existing Sites with 5G, the cash flows can also add some variation to the working capital development. Particularly with higher investment during 5G densification activities, working capital management gains importance in planning and monitoring.

8.12 Capital Expenditures

Capital Expenditures

Towers Group's capital expenditures for the six months ended 30 June 2023, amounted to EUR 22 million, which consisted primarily of capital expenditure for new Sites, Site modifications and 5G upgrades. *Pro Forma* capital expenditures for the year ended 31 December 2022, amounted to EUR 42.7 million, which consisted primarily of capital expenditure for new Sites, capital expenditures for Site modifications and 5G upgrades.

Ongoing and Planned Capital Expenditures

Under the MLAs, the local A1 Telekom MNOs have committed to upgrading existing Sites designated to be upgraded in line with a mandatory upgrade modification, which may either be Greenfield Sites or Rooftop Sites, in accordance with the process and number of Sites per year set forth in the relevant rollout plan. EuroTeleSites Group has committed to implementing mandatory upgrade modifications in the first eight years. The purpose of such mandatory upgrades is for these Sites to provide for sufficient space for the standard configuration of antennas.

Capital expenditures are expected to vary around 20% of the revenues with higher capital expenditures in the first years to cover capital expenditures of the upgrades and reinforcements, and lower capital expenditures in the short to medium-term.

8.13 Pension and Similar Liabilities (Employee Benefits)

The following table sets out the amounts recognized in the condensed combined financial statements of Towers Group for pension and similar obligations (employee benefits) as of 30 June 2023:

in TEUR	30 June 2023 (unaudited)
Employee benefits	906

(Source: Unaudited Condensed Combined Interim Financial Statements, Audited Condensed Combined Financial Statements 2022)

8.14 Financial Liabilities

The following table sets out Towers Group's financial liabilities as of 30 June 2023:

in TEUR	30 June 2023 (unaudited)
Long-term debt	-

Lease liabilities short-term	57,631
Lease liabilities long-term	121,433
Total financial liabilities	**179,064**

(Source: Unaudited Condensed Combined Interim Financial Statements)

Term Loan

On 9 June 2023, Austrian ETS TowerCo entered into a term loan facility agreement with Banco Bilbao Vizcaya Argentaria, S.A., Niederlassung Deutschland, Banco Santander, S.A. Citibank Europe plc, Erste Group Bank AG, Intesa Sanpaolo S.p.A., Frankfurt Branch, and UniCredit Bank Austria AG acting as original lenders, mandated lead arrangers and bookrunners (the "**Term Loan**"). The term loan facility agreement provides for a EUR 500,000,000 bullet loan facility (no obligatory amortizations until maturity). The Term Loan was drawn on 21 July 2023 for the full amount.

The annual interest rate on the Term Loan made under the facility is calculated based on EURIBOR plus an applicable margin.

The term loan facility contains customary fees, change of control events, restrictions and events of default. The occurrence of an event of default could result in the acceleration of payment obligations and other consequences under the term loan facility.

The proceeds of the Term Loan and the Notes (as described below) are predominantly to be used to repay debt transferred to Austrian ETS TowerCo in the course of the Towers Business Spin-off to Austrian ETS TowerCo (concerning intercompany loans originally entered into between Telekom Austria and TFG in an aggregate amount of EUR 1,031,000,000).

Revolving Credit Facility

In addition to the Term Loan, the Austrian ETS TowerCo entered into a revolving credit facility agreement on 27 June 2023 with Erste Group Bank AG (the "**Revolving Credit Facility**"). The agreement provides for a EUR 75 million Revolving Credit Facility. The Revolving Credit Facility is available after the consummation of the Towers Business Spin-off, the Towers Holding Spin-off and certain conditions under the Term Loan and therefore as of the date of this Prospectus has not been drawn.

The interest rate on loans made under the Revolving Credit Facility is calculated based on EURIBOR plus an applicable margin.

The Revolving Credit Facility contains customary fees, change of control events, restrictions and events of default. The occurrence of an event of default could result in the acceleration of payment obligations and other consequences under the Revolving Credit Facility.

Bond Issue

The Austrian ETS TowerCo issued on 13 July 2023 EUR 500,000,000 5.250 per cent. Notes due 2028 (the "**Notes**") in an aggregate principal amount of EUR 500,000,000.

The proceeds of the Notes and the Term Loan (as described above) are predominantly to be used to repay debt transferred to Austrian ETS TowerCo in the course of the Towers Business Spin-off of the Towers Business to the Austrian ETS TowerCo (concerning intercompany loans originally entered into between Telekom Austria and TFG in an aggregated amount of EUR 1,031,000,000).

Covenants under the financing agreements

EuroTeleSites Group is subject to certain covenants and financial ratios applicable under external group financing agreements, which concern (i) the Term Loan, (ii) the Notes and (iii) a Revolving Credit Facility. These financing agreements include specific market standard covenants, representations and undertakings such as negative pledges. Further, the Term Loan and the Revolving Credit Facility foresees the obligation of Telekom Austria that the ratio between the Net Debt to EBITDAaL (leverage) shall not exceed a certain number on each last day of each calendar half year.

8.15 ETS TowerCo Contingent Liabilities and Other Commitments

As of 30 June 2023, EuroTeleSites Group has no contingent liabilities and other commitments.

8.16 Quantitative and Qualitative Disclosures about Financial Risk Management

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

For a detailed description of quantitative and qualitative disclosure on selected risks, see the Unaudited Condensed Combined Interim Financial Statements.

8.17 Critical Accounting Policies

IFRS requires the Management Board to adopt accounting policies that are the most appropriate to EuroTeleSites Group's circumstances. The preparation of the Audited Condensed Combined Financial Statements 2022 and the Unaudited Condensed Combined Interim Financial Statements requires the Management Board to make estimates and assumptions in the course of applying Towers Group's accounting policies as described in the Audited Condensed Combined Financial Statements 2022 and the Unaudited Condensed Combined Interim Financial Statements that affect assets and liabilities recognized 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.

Towers Group's critical accounting judgements and key sources of estimation uncertainty are detailed below. Actual outcomes could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period; they are recognized in the period of the revision and future periods if the revision affects both current and future periods.

(a) 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.

(b) 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.

(c) 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 EuroTeleSites Group does not generate sufficient taxable income, deferred tax assets cannot be recognized.

(d) 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.

(e) 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.

(f) 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.

For a detailed description of Towers Group's critical accounting judgments and key sources of estimation uncertainty, see the selected explanatory notes to the Audited Condensed Combined Financial Statements 2022 and the Unaudited Condensed Combined Interim Financial Statements.

9. INDUSTRY OVERVIEW

The market and industry data and forecasts and statements in this section are based on various market research and other publicly available information, as well as reports by independent industry sources (see "General Information – Industry and Market Data"). Certain statements below are based on EuroTeleSites Group's own proprietary information, insights, opinions or estimates, and not on any third-party or independent source; these statements contain words such as EuroTeleSites Group "believes", "expects", "considers" or "estimates", and as such do not purport to cite or summarize any third party or independent source and should not be read this way. The forward-looking statements in this section are subject to risks and uncertainties, as they relate to future events, and are based on estimates and assessments that may be inaccurate (see "Risk Factors").

9.1 Services

In general, towers as wireless infrastructure are an important element for the operations of wireless network services, including mobile networks, fixed wireless access broadband, emergency services, TV and radio broadcast, internet of things (IoT), and private mobile radio networks. The value chain for wireless network services consists of the following three key segments: passive infrastructure, active networks and retail services. Towers, in the context of mobile communications, are part of the passive infrastructure. The Sites of the towers are usually distinguished between macro and micro, and there are two principal types of towers – ground-based towers and rooftop towers. Macro Sites are greenfield towers (typically built in sub-urban and rural areas) or rooftop towers (typically built in urban areas). Micro Sites are Sites usually installed on (pre-existing) buildings and are typically located on the roof, roofing pavement or high windows or structures such as underground stations and tunnels ("**Micro Sites**"), and they are often shared with other providers (Source: Ernst & Young LLP – European wireless infrastructure report 2022).

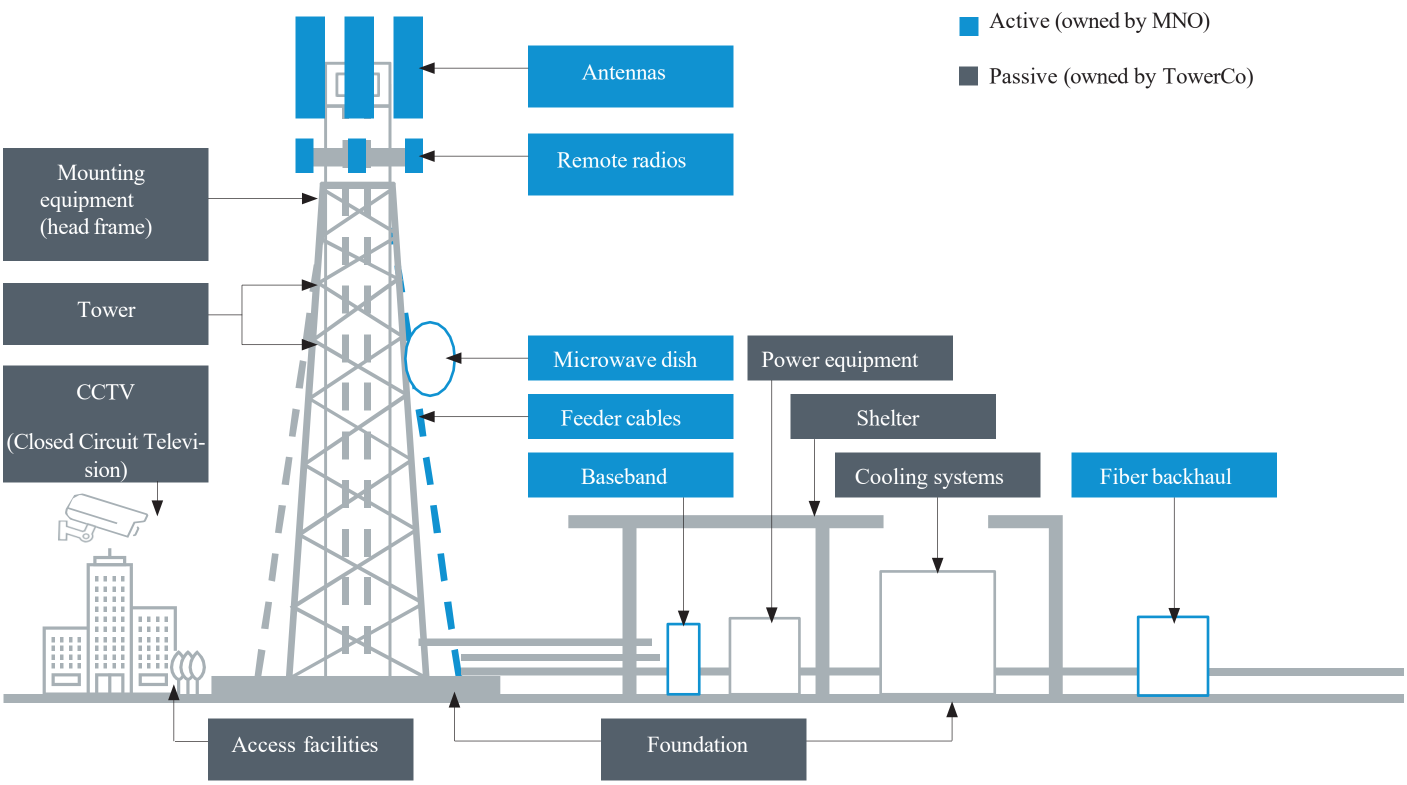
Passive infrastructure is characterized by the fact that it does not carry communication signals. Therefore, passive infrastructure includes among other things, a foundation, steel structure, land (usually leased), cable ways and cable ladder, power distribution, external power supply systems, security and safety systems, fence, container, air-conditioning systems. MNOs and tower companies construct and manage passive infrastructure, such as towers/sites for mobile and other wireless networks. These include a large variety of other existing infrastructure such as electricity pylons, water towers or motorway gantries.

Tower companies develop, acquire and operate mobile network towers. They invest in mobile network towers, small cell networks and associated utility and real estate rights for the purpose of providing wholesale access to MNOs and other network operators on a shared basis. In addition to towers, tower companies also develop wholesale small cell platforms for high-density urban and indoor locations such as indoor distributed antenna solutions (DAS). In such cases, the wholesaler retains ownership and responsibility for the operation of the active infrastructure and can facilitate multiple operators collocating on a single active infrastructure Site. The tower company provides the design of the solution, develops and maintains the network, and manages the relationship with the real estate owner and with any further Site users.

When offering passive infrastructure services to MNOs, tower companies' responsibilities typically include:

- Provision of the physical Site / rooftop and maintenance of related real estate contracts;
- Installation and management of the passive infrastructure, including tower structure, civil works, fences, shelters, and possibly power supply and cooling systems;
- Health and Safety compliance at the Site; and
- Access to infrastructure space and provision of services to MNOs and other network operators.

The following chart provides an illustration of active and passive equipment on a typical tower Site:



(Source: Ernst & Young LLP – European wireless infrastructure report 2022)

The business of tower companies includes a wide range of hosting service on their Sites. The core business of tower companies is the rental of space on a tower to one or more tenants. Additional services include backhauling connections, maintenance and monitoring as well as safety activities. Different types of customer profiles are attracted by services offered by tower companies. In most of the cases, they are

- MNOs as the largest users of towers, and
- non-MNOs, including public protection disaster relief networks, utility and other private customers or enterprises with a need for a mobile private network, low power wide area and internet of things networks and Fixed Wireless Access operators.

9.2 Tower Landscape

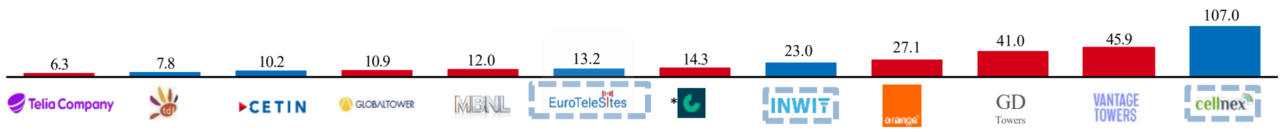
Despite a recent wave of MNOs divesting their towers to existing tower companies or carving-out their assets into newly created tower companies, the European tower market remains highly fragmented. At the same time, the era of independent tower companies consolidating the MNO tower estates appears to have ended. The share of towers directly owned by MNOs has declined, while the share of towers controlled by independent tower companies has grown significantly from 13% in 2014 to 35% in 2021. Despite the increase in market share, there still is a substantial gap in independent tower company ownership between Europe and other parts of the world. Countries such as the United States have a substantially higher share of towers owned by independent tower companies. That has emphasized the importance, impact as well as the value of programs related to BTS Sites, a process whereby tower companies agree to build towers for a mobile network operator and then look to increase tenancies by up-selling to other mobile operators (Source: Ernst & Young LLP – European wireless infrastructure report 2022).

There were approximately 440,000 tower Sites in 2021 in Europe (including both ground-based and rooftop towers, December 2021, excluding any already agreed-to future build plans by TowerCos and MNOs), including rooftops and other larger structures (but excluding small cells and DAS) that were used for wireless communication (Source: Ernst & Young LLP – European wireless infrastructure report 2022).

As of the date of this Prospectus, the largest tower companies that operate in Europe are (i) Cellnex, which operates approximately 107,000 towers in Austria, Denmark, France, Ireland, Italy, Poland, Portugal, Spain, Sweden, Switzerland, The Netherlands, United Kingdom, (ii) Vantage Towers, which operates approximately 45,900 towers in the Czech Republic, Germany, Greece, Hungary, Ireland, Portugal, Romania, Spain, and being as well in Italy as a 33.2% shareholder in INWIT and in United Kingdom as a shareholder in Cornerstone, (iii) GD Towers, which operates approximately 41,000 towers in Germany and in Austria, (iv) Totem, which operates approximately 27,100 towers in France and Spain, (v) INWIT, which operates approximately 23,000 towers in Italy, (vi) Cornerstone, which operates approximately 14,300 towers in the United Kingdom, (vii) EuroTeleSites Group, which operates more than 13,200 towers in Austria, Bulgaria, Croatia, Serbia, Slovenia and North Macedonia, (viii) MBNL, which operates approximately 12,000 towers in the United Kingdom, (ix) Global Tower, which operates approximately 10,900 towers in Turkey, (x) Cetin, which operates approximately 10,200 towers in Czech Republic, Bulgaria, Hungary and Serbia, (xi) TDF infrastructure, which operates approximately 7,800 towers in France and (xii) Telia Towers, which operates approximately 6,300 towers in Norway, Sweden and Finland.

Following the Towers Holding Spin-off, EuroTeleSites Group will be among the 8 largest tower companies in Europe (excluding Russia). The following chart illustrates the European landscape of towers as of the date of this Prospectus:

European Landscape
Number of Towers (000's)



* Following the Listing of the Shares on the official Market (*Amtlicher Handel*) of Vienna Stock Exchange (*Wiener Börse*)

Independent TowerCo **Non independent TowerCo** **Publicly traded TowerCo**

(Source: Company's Internal Assessment)

9.3 Key Drivers of Growth

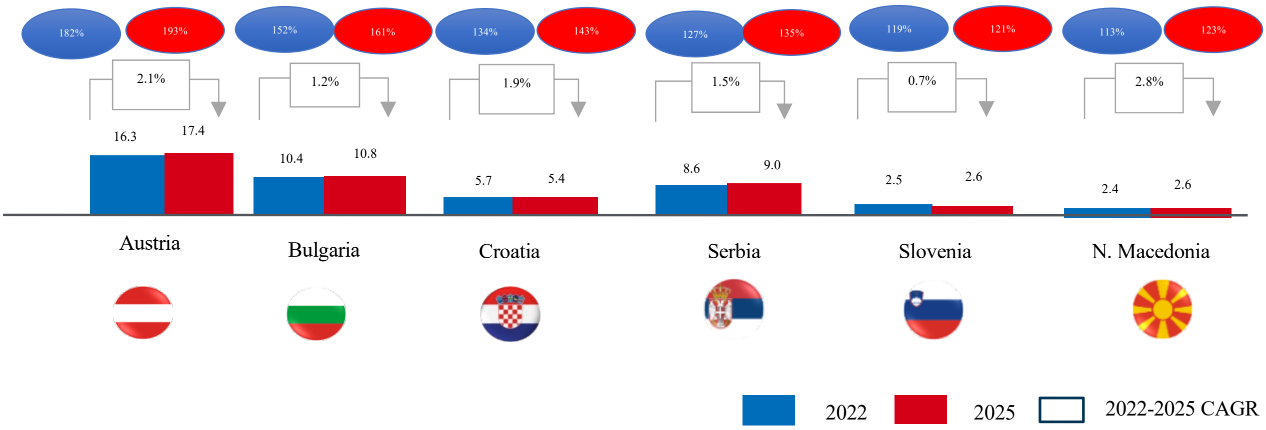
There are several features that make a market particularly suited for the success of an independent tower company:

- Growing mobile data volumes;
- Acceleration of 5G rollout;
- Change in user profiles;
- Regulatory Requirements; and
- Investments in fiber.

Growing Mobile Data Volumes

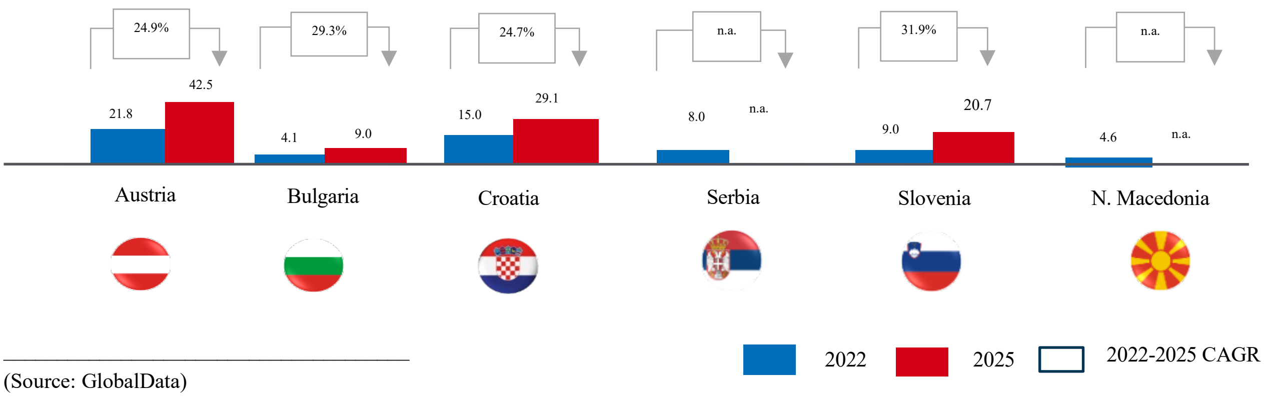
The increasing use of mobile devices such as smartphones and tablets and ever-growing adoption of internet-based applications are expected to drive significant growth in data usage, supporting strong demand for mobile bandwidth. By the end of 2022, over 5.4 billion people globally subscribed to a mobile service, including 4.4 billion people who also used the mobile internet. (Source: GSMA – The Mobile Economy 2023). Around 8.4 billion mobile subscriptions were estimated by the end of 2022, and mobile subscriptions were projected to increase to around 9.2 billion by the end of 2028. During this time, the share of mobile broadband subscriptions will increase from 85% to 93%, while the number of unique mobile subscribers is projected to grow from 6.1 to 6.8 billion. Subscriptions associated with smartphones continue to rise. At the end of 2022, 6.6 billion smartphone subscriptions are estimated, accounting for about 79% of all mobile phone subscriptions. This is forecast to reach 7.8 billion in 2028, accounting for around 84% of all mobile subscriptions (Source: Ericsson Mobility Report November 2022).

The following charts illustrate the expected growth in numbers of subscribers (by subscription in million and penetration as % of population) in the period 2022 to 2025 in the countries, in which EuroTeleSites Group operates:



(Source: OMDIA)

The following chart provides an overview about the expected increase in data usage (GB / SIM / month) in the period 2022 to 2025 in the countries, in which EuroTeleSites Group operates:



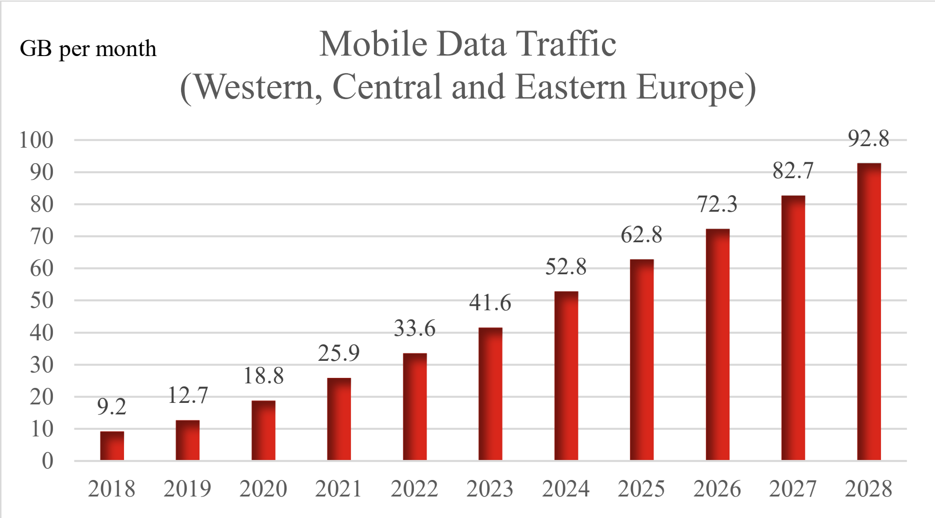
(Source: GlobalData)

Growing mobile data volumes require densification of mobile broadband networks. Therefore, MNOs need to upgrade and densify their networks to address the growth in data usage. EuroTeleSites Group believes that it is well-positioned to leverage the need for network densification.

The FWA connection forecast has been increased in anticipation of strong growth of 19% annually through 2028. Subscriptions for mobile PCs, tablets and routers are expected to show moderate growth, reaching around 680 million in 2028. Subscriptions for fixed broadband are expected to grow by around 4% annually through to 2028 (Source: Ericsson Mobility Report November 2022).

The growth of Massive IoT technologies is enhanced by added capabilities in the networks, enabling Massive IoT to co-exist with 4G and 5G in frequency division duplex (FDD) bands, via spectrum sharing. IoT devices connected via 2G and 3G are in slow decline, and are predicted to have a negative annual growth rate of around 20 percent up to 2028, as the rate of switch-off for both technologies will continue to increase in the coming years. In 2022, broadband IoT (4G/5G) reached 1.3 billion connections, and is the technology that connects the largest share of all cellular IoT devices. By the end of 2028, almost 60 percent of cellular IoT connections are forecast to be broadband IoT, with 4G connecting the majority. As 5G New Radio (NR) is being introduced in old and new spectrum, throughput data rates will increase substantially for this segment (Source: Ericsson Mobility Report June 2023).

The following table provides an overview of the expected growth of mobile data traffic in western, central and eastern Europe for the period 2018 to 2028:



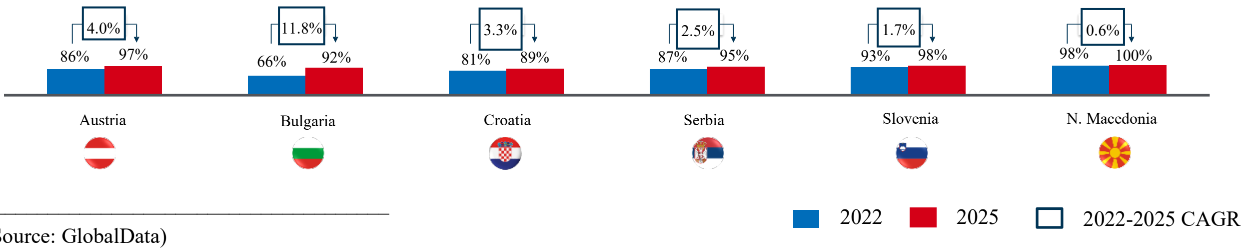
(Source: Ericsson Mobile data traffic outlook)

Mobile data traffic is expected to grow at a CAGR of 19% in Western Europe and of 18% in Central and Eastern Europe respectively from 2022 through 2028 (Source: Ericsson Mobility Report June 2023). The data usage per subscriber in the markets EuroTeleSites Group operates is expected to grow at a CAGR of 23.7% (Austria), 28.0% (Bulgaria), 24.6% (Croatia) and 25.8% (Slovenia) from 2022 through 2028 (Source: Company's Internal Assessment).

Acceleration of 5G Rollouts

One of the main reasons of the acceleration of 5G rollouts is the coverage obligation imposed on MNOs and their resorting to ensure adequate network coverage and capacity via launch and acceleration of 5G rollout, respectively. Technological developments in the field of mobile networks have driven mobile usage and data consumption. The rollout of 5G is expected to accelerate this growth by providing completely new use cases for mobile services. It is the direct successor to Long Term Evolution – 4G ("**LTE**") or Advanced LTE and Universal Mobile Telecommunications System - 3G ("**UMTS**"). The main benefits of 5G include faster speeds, lower latency and higher network capacity. Compared to the current mobile networks such as 3G or 4G offered in the market, 5G requires to be deployed in higher frequency bands such as 3.5GHz in order to deliver ultra-high speed data beyond 1 gigabyte per second. Due to the high frequencies used for transmission in the 5G network, the number of transmission masts has to increase significantly (Source: BSI – Federal Office for Information Security). Furthermore, as part of the European budget for 2021-2027, the EU budgeted 20% of EU funds for digital expenditures. Meanwhile, national governments in Europe are providing funding to accelerate 5G network rollout.

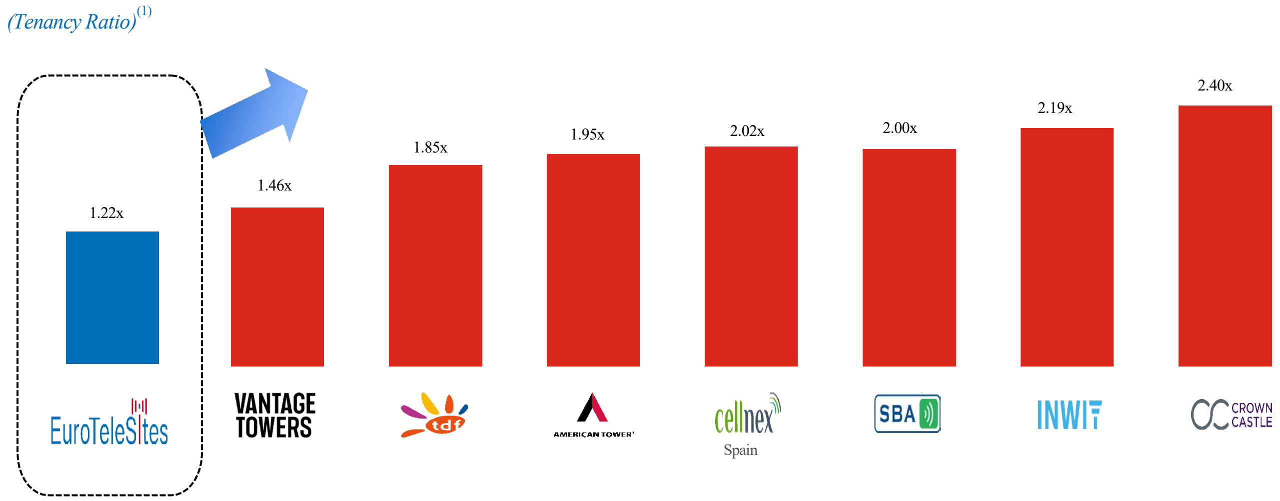
The chart below illustrates the expected growth in 4G/5G high speed enabled subscribers (4G and 5G connections as a percentage of total connections by country) in the period 2022 to 2025 in the countries, in which EuroTeleSites Group operates:



(Source: GlobalData)

As of January 2023, 229 operators in 87 markets had launched mobile 5G services. It is expected that 5G mobile services will be launched in 30 additional new markets by the end of 2023, which is expected to result in 1.5 billion connections by the end of 2023. These additional markets are expected to be in Africa and Asia. Mobile devices, 5G services and digital services present a lot of opportunities for operators. Research shows that 5G users are more interested in adding digital services and entertainment content to their mobile contracts compared to 4G users (50% for 5G users across the nine categories of add-ons compared to 38% for 4G users). (Source: GSMA – The Mobile Economy 2023).

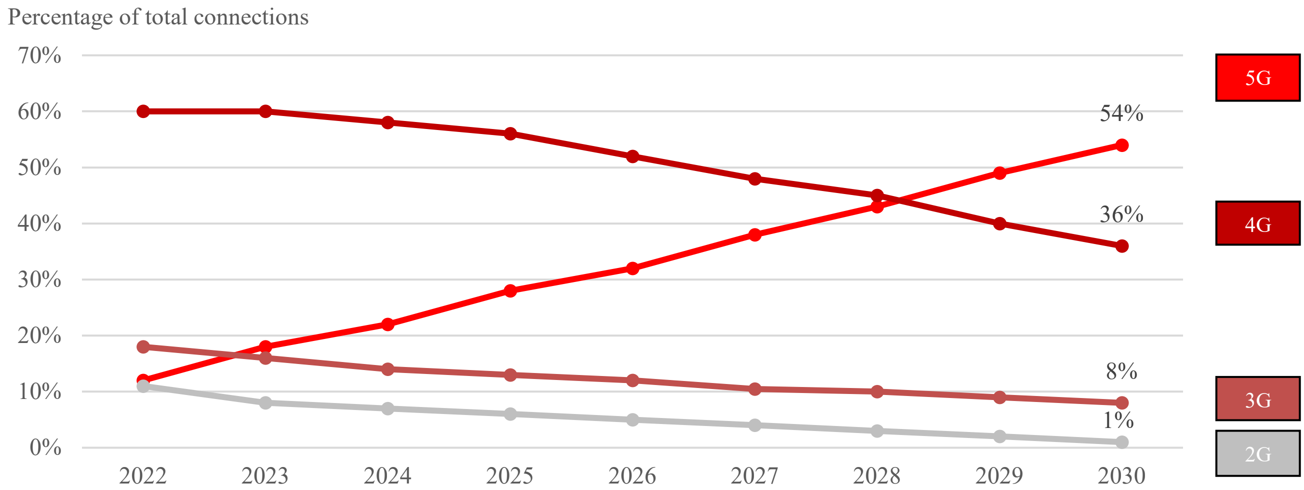
In comparison to other tower companies, EuroTeleSites Group with an average tenancy ratio of 1.22x is encouraged to increase the utilization rate of its towers. The chart below illustrates the potential for significant growth resulting from headroom in towers utilization rate as of June 2022:



(1) Number of tenants divided by number of towers, as of 30 June 2023 or the latest data points available.

(Source: Company's Internal Assessment)

By the end of 2022, 5G subscriptions were expected to reach 1 billion, and smarter 5G devices with additional capabilities are expected in the market during 2023. The outlook for 2028 is that 5G subscriptions are expected to pass 5 billion and FWA connections are expected to reach 300 million, whereby 5G is expected to account for almost 80% of FWA connections (Source: Ericsson Mobility Report June 2023). Taking a global view, 5G is live in all regions, but how service providers are choosing to perform rollout varies, depending on many local factors. 5G mid-band population coverage for example, which is essential for an optimal 5G service offering and user experience, is deployed at different paces in different markets. The build-out of 5G continues, with around 240 networks launched worldwide. Global 5G population coverage reached around 35% at the end of 2022 and is projected to increase to about 85% in 2028. (Source: Ericsson 5G network coverage outlook). The following chart demonstrates the mobile adoption by technology:



(Source: GSMA – The Mobile Economy 2023)

Change in User Profiles

Change in user profiles which is reflected in higher expectations when it comes to the quality of mobile network as whole. During the national lockdowns that have resulted from the COVID-19 pandemic, mobile networks have been fundamental to the ability of people to work from home, with voice and data traffic spiking 50% in the first half of 2020 (Source: GSMA 2020). As a result of the higher use of data during the COVID-19 pandemic, governments have proposed new funding to meet customer demand. In Europe, the European Commission has proposed the creation of a EUR 750 billion NextGenerationEU recovery instrument to invest in the EU's digital transition. The principal component of NextGenerationEU is the EUR 672.5 billion Recovery and Resilience Facility, the purpose of which is to mitigate the economic and social impact of the COVID-19 pandemic and make European economies and societies more sustainable, resilient and better prepared for the challenges and opportunities of the green and digital transitions.

Regulatory Requirements

The European legislator is striving to create the legal framework in order to support the European markets with the required regulatory backdrop. In this regard, the European legislator has published the European electronic communications code and the 5G action plan. These initiatives aim to foster the competitiveness of European industry. Their main focus lies in the support of the deployment and take-up of 5G networks, notably in relation to the timely assignment and availability of radio spectrum, more favorable conditions for small cell deployment or sectorial issues preventing the deployment of particular services, investment incentives and favorable framework conditions. In addition, the recently adopted rules on open Internet provide legal certainty in relation to the deployment of 5G applications (Source: Action Plan of the European Commission).

To achieve its purpose, the Commission proposed the following measures:

- align roadmaps and priorities for a coordinated 5G deployment across all EU Member states;
- promote early deployment in major urban areas and along major transport paths;
- promote pan-European multi-stakeholder trials as catalysts to turn technological innovation into full business solutions;
- facilitate the implementation of an industry-led venture fund in support of 5G-based innovation;
- unite leading actors in working towards the promotion of global standards.

On the national level, Austria adopted its broadband strategy 2030. It aims at full coverage of symmetric Gigabit connections throughout the country by 2030. In addition to the long-term objective, the 2030 strategy also includes five concrete interim goals:

- Phase 1: Full-coverage of ultra-fast broadband connections (100 Mbit/s) by the end of 2020
- Phase 2: Market launch of 5G in all capital cities by the end of 2020
- Phase 3: Austria as 5G pilot country until the beginning of 2021
- Phase 4: 5G services on major traffic connections by the end of 2023
- Phase 5: Nationwide Gigabit connections, including nationwide coverage of 5G, by the end of 2025

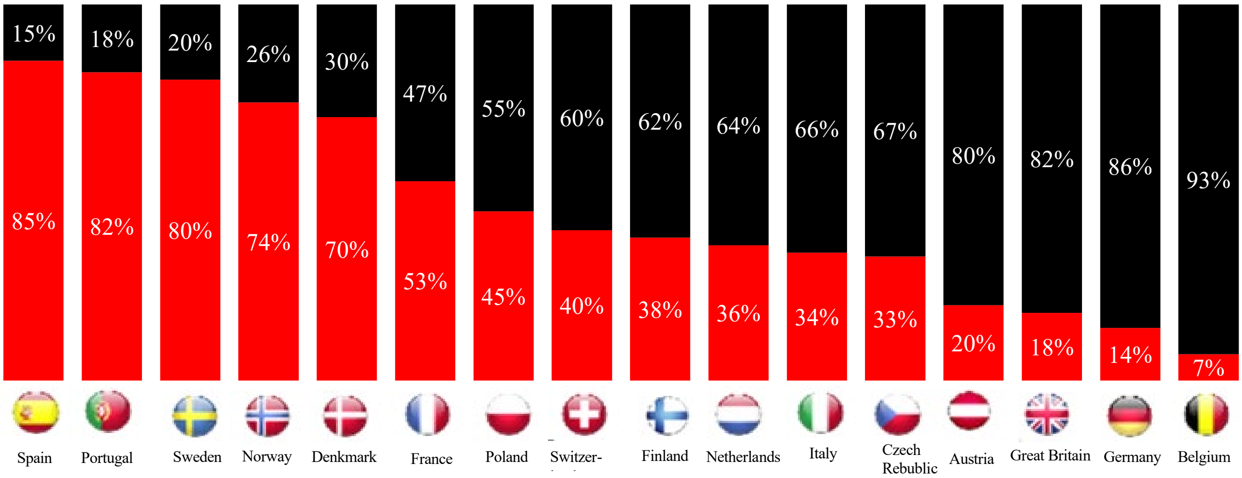
Austria's 5G strategy aims at achieving the rollout of the 5G mobile communications standard with optimized framework conditions, and aims at harnessing the associated opportunities for citizens, the economy, industry and science. In the first phase, first pre-commercial 5G trial installations were implemented by mid-2018. In the second phase, the rollout of 5G in all provincial capitals is planned. A third phase will bring 5G service availability to main traffic routes by the end of 2023 and a nationwide 5G availability by the end of 2025 (Source: European Commission – National 5G Strategies).

Investments in Fiber and expansion in rural areas

For the implementation of 5G millimeter wave technologies mobile operators either use wireless or fiber as backhaul connections. Millimeter waves transmit at short distances (typically around 250 feet). This spectrum provides much higher bandwidth without latency. Therefore, tower companies will have to shift their focus from large cell towers to small-cell Sites to transmit and receive signals from within their small coverage area. Small cells rely on fiber-cabled connections for the backhaul element of the network, which enables the use of higher frequency waves while improving the end-user experience on wireless devices. Hence, this will position tower companies to explore investments in fiber around their Sites and offer spare fiber capacities to MNOs.

Fiber to the home ("**FTTH**"), is the installation and use of optical fiber from a central point directly to individual buildings such as residences, apartment buildings and businesses to provide high-speed internet access for a single subscriber. Fiber to the building ("**FTTB**") is defined as an access network architecture in which the fiber optic communications path is terminated within the building for the purpose of carrying communication services for a single building with potentially multiple subscribers. There is a significant potential for fixed broadband uptake and penetration growth, as many FTTH/B deployments have started to connect households and rollouts are accelerating FTTH/B buildout speeds will increase over coming years, with: (i) multiple key players announcing buildout plans and (ii) a focus on attractive underserved and rural areas. Austria has relatively low levels of FTTH/B infrastructure coverage (approximately 20% in 2020) compared to its European peers.

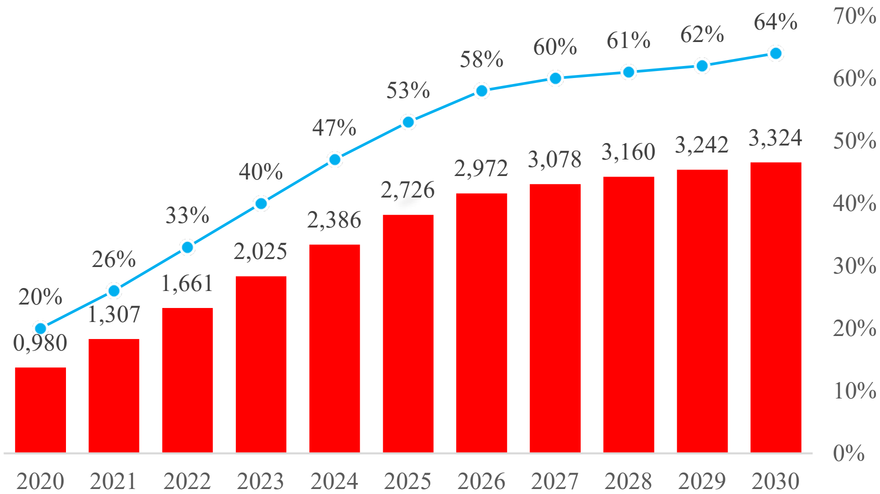
FTTH/B coverage in Europe 2020



(Source: Company's Internal Assessment)

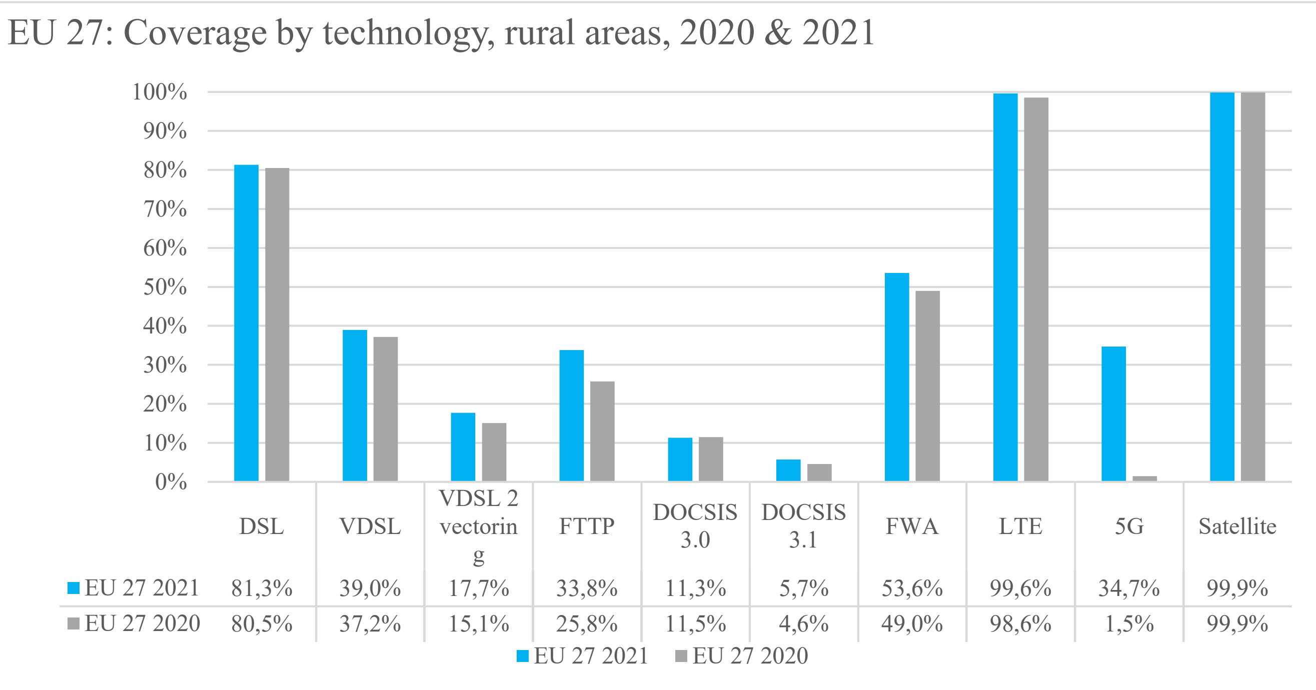
The Austrian market offers an attractive greenfield potential. As of 31 December 2022, of the approximately 4.9 million households in the country, an estimated approximately 2.5 million are considered as "greenfield" for fiber development. By 2030, a total of approximately 3.3 million residential households are forecasted to have access to FTTH/B, implying approximately 64% national FTTH/B coverage.

Austrian FTTH/B homes passed development from 2020 to 2030 (million)



(Source: Company's Internal Assessment)

As a result of the low population density in rural areas, investments can be viewed as economically less profitable. Therefore, broadband coverage levels in rural regions remain notably lower than total national coverage, with fixed broadband networks passing 91.5% of rural EU households compared to 97.9% of total households.



DLS = Digital Subscriber Line; VDLS = Very High Speed Digital Subscriber Line; DOCSIS = Data Over Cable Service Interface Specification; FTTP = Fiber to the Premises

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(Source: European Broadband Coverage Report 2021)

In the twelve months to the end of June 2021, Fiber to the premises ("**FTTP**") coverage expanded faster than other fixed broadband technologies in rural areas. Rural FTTP availability increased by 8.0 percentage points, reaching more than a third (33.8%) of rural EU households over this time period. This significant growth indicates the increased focus of many European operators on deploying FTTP networks even in traditionally less profitable rural areas (Source: European Broadband Coverage Report 2021).

In this context, independent tower companies play an important role in enabling a more efficient use of infrastructure. There are high fixed costs associated with building towers, with the cost structure differing in rural areas compared to urban areas. The higher utilization rates of independent tower companies reduce the cost per user, lowering the threshold at which it becomes profitable to improve service coverage. Therefore, sharing allows for faster 5G network expansion in rural areas, where otherwise it would not be feasible for individual MNOs (Source: Ernst & Young LLP – European wireless infrastructure report 2022).

9.4 Industry Data for market in which EuroTeleSites Group operates

Austria

The Austrian tower market features three independent tower companies, estimated to be managing in total of around 16,000 Sites, formed by various business combination strategies:

- Cellnex towers Austria was established in 2021 by spin-off and sale of 4,500 Sites and 400 BTS Sites from Hutchinson Austria to Cellnex Group.
- GD Towers (Deutsche Funkturm) was divested in February 2023 by selling a 51% stake held by Deutsche Telekom in GD Towers, and operates more than 40,000 Sites in Austria and Germany, to DigitalBridge and Brookfield.
- EuroTeleSites Group, which manages around 6,100 Sites.

Increased network densification in Austria will be simultaneously driven by certain government-imposed coverage obligation on mobile network operators as well as the rapid growth of data traffic and high customer expectation when it comes to the quality of mobile network. The growth in mobile cellular data will be mainly driven by new, adjacent services provided over low-latency 5G networks and increased use of FWA services. From 2026 onward, the Company expects an additional wave of macro grid densification to be latter followed by the rollout of small cells that use mmWave (millimeter wave) spectrum.

Bulgaria

As of the date of this Prospectus, Bulgaria has three mobile network operators where the local A1 Telekom MNO, holds the number one position in the market and exercises strong brand power. SIM penetration in the market accounts for about 154% with total population of around 6.5 million, as of the date of this Prospectus. 5G is available in the country since 2022 and densification in the country is expected to be driven by mobile data growth as well as improvements of indoor coverage. Additionally, FWA services and increase in demand for video traffic is expected to foster network densification requirements. In the Bulgarian market, there are currently three independent tower companies, United Towers (running the former assets of United Group/Vivacom/NURTS and Bulsatcom), Cetin Group (running formerly owned Telenor tower assets) and the Bulgarian ETS TowerCo.

Croatia

Croatia is a three-market player environment, dynamic and characterized with an increased level of competitive intensity over the last few years. The local A1 Telekom MNO holds the number two position in the market. Total population of the country is slightly below 4 million and mobile SIM penetration rate is 137%. 5G offers, available in the country for already two years, dominate mobile portfolios with roaming business featuring typical seasonal dynamics. Following spectrum auctions in 2022, coverage obligations will dictate the need for network densification, both in rural and suburban areas while the use of small cells is envisaged for urban environments. There are three tower companies present in the Croatian market, one being the Croatian ETS TowerCo, another owned by United Towers / United Group (parent company of Telemach), and Hrvatski Telekom (Deutsche Telekom Group) as integrated MNO with tower assets.

North Macedonia

The North Macedonian market is characterized by two large convergent mobile network operators (and smaller mobile virtual network operator players), in which the local A1 Telekom MNO positions itself as a market leader and leverages strongly on its convergent strategy and the power of the A1 brand. The mobile market is transitioning towards high value postpaid tariffs with higher data allowances and growing average revenues per user. Rapid growth of data usage and necessity for the indoor coverage are expected to foster mobile network infrastructure development in the years to come. There are two tower companies in the market: the North Macedonian ETS TowerCo and Makedonski Telekom (Deutsche Telekom Group) as integrated MNO with tower assets.

Serbia

Serbia is a maturing mobile market in the country with population of about 6.5 million, consisting of three mobile network operator where the local A1 Telekom MNO grew from the greenfield project as a third market player (mobile only) and since then has been gaining a market share. The country has not yet run the auction for a new mobile technology (5G), but it is expected in the course of the year 2023. The regular rollout activities are expected to coincide with the network densification post-auction and is seen as an opportunity for tower companies to increase tenancy ratios. Additionally, FWA is expected to weigh heavily on the increased data traffic and consequently on densification requirements. Mobile tower market features three major players at the moment, the Serbian ETS TowerCo, Cetin and the integrated tower/telco company Telekom Srbija.

Slovenia

The market in Slovenia resembles a highly competitive mobile market with four market players. Intense competition in such market structure did not allow for realization of upselling potential early with the birth of 5G tariffs and features an interesting customer profile, sensitive to the quality of mobile networks and constant demand for higher internet speeds. Strong customer demand for higher data allowances together with the government ambition to put a floor on available internet speed available across the country is believed to be a main growth driver when it comes mobile network infrastructure. In the market, apart from the Slovenian ETS TowerCo, United Towers (Tower Spin off of United Group / Telemach) and the integrated tower/telco company Telekom Slovenije operate a tower asset portfolio.

10. BUSINESS

10.1 Overview

Following the completion of the Reorganization, EuroTeleSites Group is a leading mobile telecommunications tower infrastructure operator in Austria and Central Eastern Europe in terms of scale, with more than 13,200 Macro Sites and approximately 1,500 Micro & Indoor Sites across six markets, in five of which it ranks either first or second by number of Sites (Source: Company's Internal Assessment). The Company will operate via its subsidiaries in Austria, Bulgaria, Serbia, Croatia, Slovenia and North Macedonia. EuroTeleSites Group's principal business will be to build and operate telecommunications Sites in order to provide space, energy management and related services to customers, which in turn provide mobile, voice, data and other services to end-users.

EuroTeleSites Group's portfolio of assets is supported by long-term contractual commitments with A1 Telekom MNOs as anchor tenants, and other leading MNOs within the markets of EuroTeleSites Group.

The Towers Business will be transferred from Telekom Austria Group's Austrian and Central Eastern European operating companies to the Company. In Austria most of EuroTeleSites Group's international markets, the majority of its tower assets have been developed organically since starting Telekom Austria's mobile businesses in the 1990s and 2000s, respectively. Consequently, the Company believes that EuroTeleSites Group's Site portfolio is well-integrated, benefits from the strategic locations of its Sites, and is an attractive potential host for MNOs as customers looking to expand or densify their networks.

The Company benefits from the following key factors: (i) owning fully integrated nationwide networks that are underpinned by secure, long-term contractual arrangements with a high-quality customer base, including A1 Telekom MNOs as one of the leading MNOs in each market, (ii) expanding the services offered by a tower company beyond the traditional role of an infrastructure landlord to MNOs to the role of an innovative network enabler for a range of existing and new customers, and (iii) being at the forefront of enabling a resilient, inclusive digital society with a clear focus on sustainable infrastructure to minimize environmental impact.

EuroTeleSites Group believes it is well-positioned to benefit from long-term trends in the European mobile telecommunications market, delivering growth and value opportunities across each of its markets by (i) building BTS Sites to satisfy the coverage obligations and densification requirements of its customers resulting from strong data usage growth and the rollout of 5G, (ii) improving asset utilization by adding new customers beyond MNOs, (iii) driving efficiencies, (iv) expanding into adjacent services and (v) targeting organic growth opportunities. With its extensive footprint in Austria and Central Eastern Europe, strong relationships with A1 Telekom MNOs as its anchor tenants as well as other leading MNOs and experienced and empowered management team, EuroTeleSites Group believes it is well-placed to capitalize on prevailing market trends by attracting new customers onto its existing Sites and deploying new Sites.

EuroTeleSites Group has an operating model that delivers committed, long-term revenues with regular adjustments that are typically linked to inflation.

Key operational information

The following tables set out certain key operational information about EuroTeleSites Group portfolio as of 30 June 2023 and as of 31 December 2022 (only Macro Sites and excluding Sites under construction).

Markets	Total Macro Sites[(1)]	Greenfield Sites[(2)]	Rooftop Sites[(3)]	Tenancy Ratio[(4)]
		as of 30 June 2023 / 31 December 2022		
Austria	6,098 / 6,104	3,050 / 3,045	3,048 / 3,059	1.27x / 1.26x
Bulgaria	2,729 / 2,701	935 / 930	1,794 / 1,771	1.17x / 1.17x
Croatia	1,540 / 1,540	811 / 811	729 / 729	1.14x / 1.14x
North Macedonia	484 / 484	242 / 243	242 / 241	1.05x / 1.05x
Serbia	1,620 / 1,581	601 / 594	1,019 / 987	1.22x / 1.23x
Slovenia	754 / 752	323 / 322	431 / 430	1.27x / 1.22x
Total	**13,225 / 13,162**	**5,962 / 5,945**	**7,263 / 7,217**	**1.22x / 1.21x**

(1) Macro Sites include Greenfield and Rooftop Sites (including ARGE Sites and Shared Sites)

(2) Including smaller type of Sites (cells on wheels, ballast Sites and transmission hubs) as well as ARGE Sites and Shared Sites

(3) Including ARGE Sites and Shared Sites

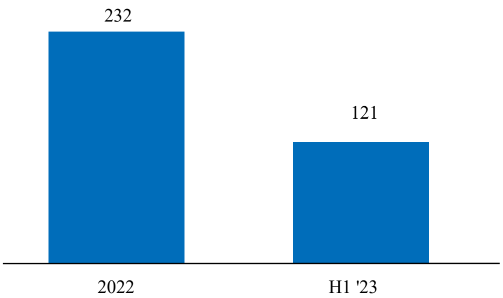
(4) Tenancy ratio means the total number of MNO tenancies (including physical tenancies) on EuroTeleSites Group's Sites divided by the total number of Macro Sites (including ARGE and Shared Sites)

(Source: Internal information of the Company)

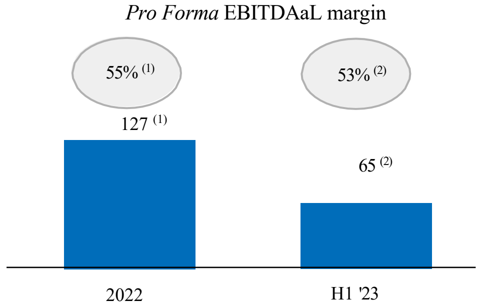
Key financial indicators

The following tables set out certain *pro forma* key financial indicators of Towers Group for the year ended 31 December 2022 and of the six months ended 30 June 2023.

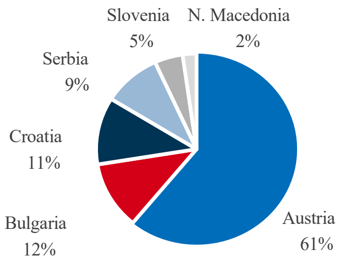
Pro Forma **Total Revenues (incl. other operating income)**
(€mn)



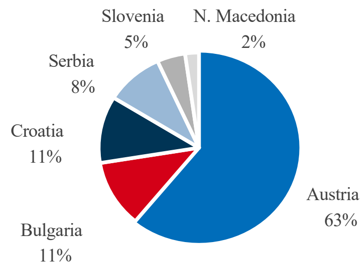
Pro Forma **EBITDAaL**
(€mn)



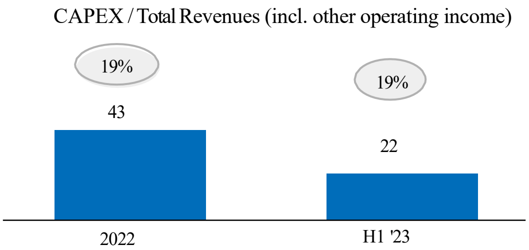
Pro Forma **Revenues Split**
(2022)



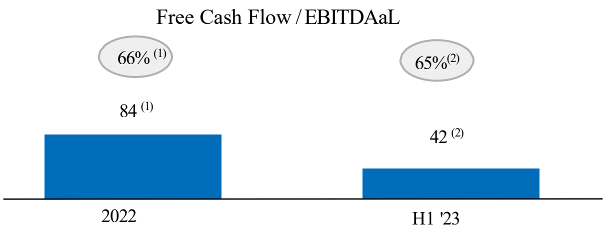
Pro Forma **EBITDAaL Split**
(2022)



Pro Forma **CAPEX**
(€mn)



Pro Forma **Free Cash Flow**
(€mn)



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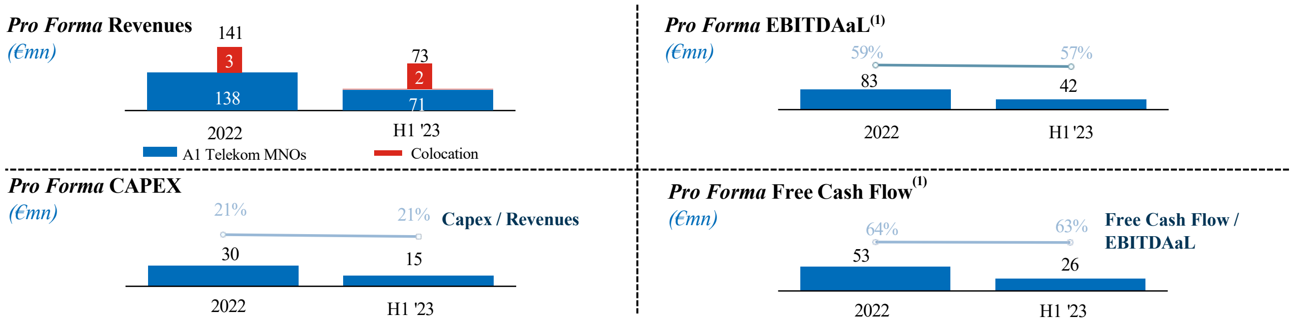
(1) Includes costs for Towers Group's headquarters.
(2) H1 2023 EBITDAaL and Free Cash Flow impacted by approximately EUR 4 million one-off for IT-implementation. Includes costs for Towers Group's headquarters.

(Source: Unaudited Towers Group *Pro Forma* Financial Information, internal *pro forma* financial information for Towers Group and internal calculation of the Company)

Breakdown of key financial indicators

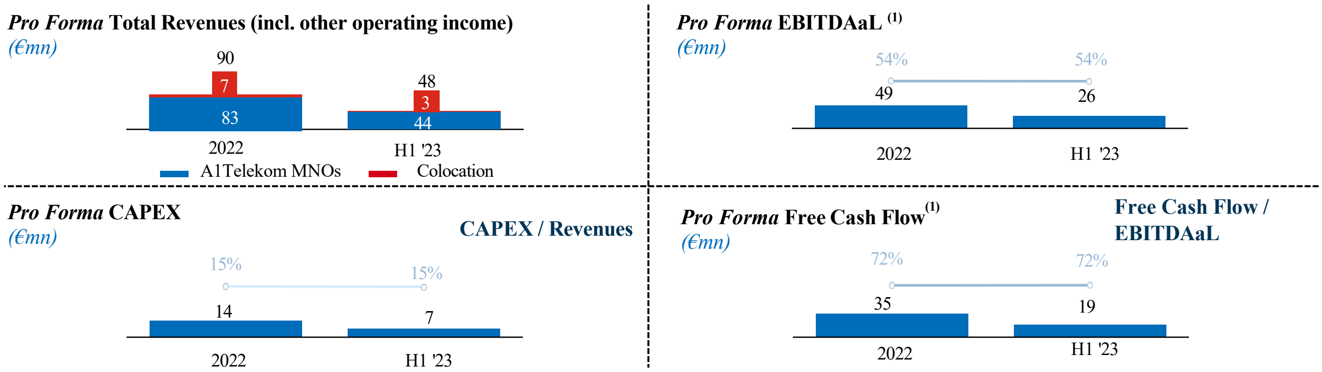
The following tables set out the breakdown of certain *pro forma* key financial indicators of Towers Group for the year ended 31 December 2022 and of the six months ended 30 June 2023 for Austria.



(1) Towers Group's headquarters costs not included neither in EBITDAaL nor in Free Cash Flow.

(Source: Unaudited Towers Group *Pro forma* Financial information, internal *pro forma* financial information for Towers Group and internal calculation of the Company)

The following tables set out the breakdown of certain *pro forma* key financial indicators of Towers Group for the year ended 31 December 2022 and six months ended 30 June 2023 for the Central Eastern Europe markets (Bulgaria, Croatia, North Macedonia, Serbia and Slovenia).



(1) Towers Group's headquarters costs not included neither in EBITDAaL nor in Free Cash Flow.

(Source: Unaudited Towers Group *Pro forma* Financial information, internal *pro forma* financial information for Towers Group and internal calculation of the Company)

10.2 Key Strengths

A Leading Mobile Telecommunications Tower Infrastructure Operator in Austria and Central Eastern Europe, Supported by Strong Core Shareholders

The Company will be a leading mobile telecommunications tower infrastructure operator in Austria and Central Eastern Europe in terms of scale, diversification, asset quality and market position (Source: Company's Internal Assessment), offering a high-quality tower portfolio that is attractive to existing and new tenants.

EuroTeleSites Group derives most of its revenues from the mobile telecommunications Site services it provides, with minor exposure to broadcasting in North Macedonia and other activities such as IoT operators. As of 30 June 2023, EuroTeleSites Group had controlling interests in operations that owned and operated 13,225 Macro Sites across 6 European markets. This presents an opportunity for growth in EuroTeleSites' countries compared to the European Union average. In five of these six markets, EuroTeleSites Group ranks either first or second by number of Sites (Source: Company's Internal Assessment).

The following table sets out a breakdown of EuroTeleSites Group's Site portfolio by market, showing the number of Macro Sites as of 30 June 2023 and the market position.

Markets	Total Sites	Percentage of Greenfield Sites	Percentage of Rooftop Sites	Market Position [1]
Austria	6,098	50.0	50.0	1
Bulgaria	2,729	34.3	65.7	2
Croatia	1,540	52.7	47.3	2
North Macedonia	484	50.0	50.0	2
Serbia	1,620	37.1	62.9	3
Slovenia	754	42.8	57.2	2

(1) Based on the number of Sites EuroTeleSites Group owns or operates in each of its markets and on what it believes to be comparable data for the other tower companies it has analyzed.

(Source: Internal information of the Company)

The Company believes that its size is complemented by the high-quality and strategic location of its Sites, which provide national coverage and a full Passive Infrastructure offering to its customers. EuroTeleSites Group's Site portfolio across its markets is diverse, with 5,962 Greenfield Sites and 7,263 Rooftop Sites and approximately 1,500 Micro Sites as of 30 June 2023. The Company believes that its Sites are well-positioned to capture the demand from network densification within its markets. As of 30 June 2023, approximately 30.8% of EuroTeleSites Group's Sites are located in high population urban areas, around 23% are located in suburban areas and the remaining approximately 46.2% are located in rural areas in which demand is supported by coverage obligations imposed by national regulators require MNOs to provide network coverage of certain quality over certain areas. The Company believes that the high quality and strategic positioning of these Sites makes them attractive to MNOs and new market entrants looking to expand their networks and respond to densification needs and coverage obligations. Furthermore, EuroTeleSites Group's average tenancy ratio of 1.22x across its Site portfolio in its markets as of 30 June 2023 underpins substantial colocation and upgrade potential for the utilization rate of the Sites. EuroTeleSites Group believes that this provides significant capacity for growth of EuroTeleSites Group's customer base and tenancies.

EuroTeleSites Group's Sites are strategically located across its markets with a strong presence in urban areas. The following table sets out a breakdown of EuroTeleSites Group's Macro Site portfolio by location as of 30 June 2023:

	Austria	Bulgaria[1]	Croatia	North Macedonia	Serbia	Slovenia	Total
Greenfield							
Urban	298	131	65	60	101	21	676
Sub-urban	876	0	106	85	308	87	1,462
Rural	1,876	804	640	97	192	215	3,824
Total	3,050	935	811	242	601	323	**5,962**

	Austria	Bulgaria[1]	Croatia	North Macedonia	Serbia	Slovenia	Total
Rooftop							
Urban	1,037	1,296	290	208	434	132	3,397
Sub-urban	837	0	174	22	400	147	1,580
Rural	1,174	498	265	12	185	152	2,286
Total	3,048	1,794	729	242	1,019	431	**7,263**

(1) For Bulgaria Macro Sites are categorized in "Urban" and "Rural" only.
(Source: Internal information of the Company)

Further, EuroTeleSites's core shareholders ÖBAG and América Móvil agreed on 6 February 2023 to enter into a shareholders' agreement for a ten year term with respect to the Company which became effective upon the registration of EuroTeleSites in the Austrian companies register on 22 September 2023 and which evidences the strategic importance of the Company to ÖBAG and América Móvil.

Benefitting from Strong and Resilient Underlying Mobile Data Growth and Government-mandated Coverage Obligations

With the rollout of each new generation of mobile technology, users have consumed more data. Data usage in Europe continues to grow rapidly in response to the increasing adoption of smartphones and internet- based applications.

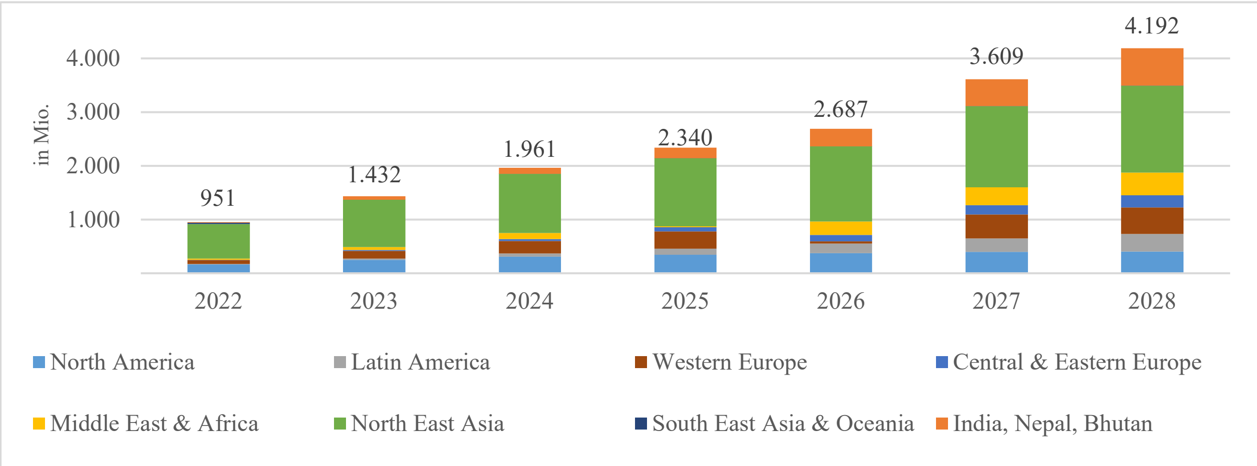
Total global mobile data traffic, excluding traffic generated by Fixed-Wireless-Access ("**FWA**"), was expected to reach around 90 exabytes per month by the end of 2022 and is projected to grow by a factor of nearly 4 to reach 325 exabytes per month in 2028. Including FWA, total mobile network traffic was expected to be around 115 exabytes per month by the end of 2022, and to 453 exabytes per month by the end of 2028. (Source: Ericsson Mobility Report November 2022). In order for MNOs to expand their networks and improve quality as the number of subscribers and data usage increase, they must maintain effective to ensure network stability and eliminate congestion (i.e., coverage and speed). This in turn requires that MNOs densify their networks by increasing their tenancies, because existing network cells have capacity limits and their effective size typically decreases as data usage increases. EuroTeleSites Group expects that the need of MNOs to densify networks in order to meet the range and capacity requirements will provide growth in demand for its Sites.

Network densification is further required to support the range and capacity requirements of the high frequency spectrum used by the 5G networks that MNOs are rolling out across Europe following national 5G spectrum auctions. The higher use of data during the COVID-19 pandemic has also led the EU and its individual member states to take actions to support data demand, including the EU's EUR 750 billion Next Generation recovery fund, which is aimed at investing in better connectivity through the rapid deployment of 5G networks.

EuroTeleSites Group benefits from having leading positions in markets where densification needs are driven by mobile data growth and 5G rollout, as well as government-mandated coverage obligations.

Demand for mobile telecommunication services drives the need for increased network capacities, which results in an increased demand for new Sites. These new Sites and additional tenancies on the Sites are expected to contribute to increasing rental revenues for EuroTeleSites Group. Demand for these Sites is driven by radio network planning requirements, growing traffic demand, and the need to upgrade and replace technologies and spectrum in use. This demand is then translated into requirements for Macro Sites as well as Micro Sites, which EuroTeleSites Group can provide.

The chart below demonstrates the forecast number of mobile 5G subscriptions in million worldwide by region from 2022 to 2028:



(Source: Ericsson Mobility Visualizer – June 2023)

Management expects that mobile data usage in Europe will continue to grow rapidly given increasing smartphone use and the growing adoption of internet-based applications. In response to this growth, MNOs are deploying additional equipment on existing networks while also rolling out more advanced 5G mobile networks to address coverage and capacity needs.

While the initial years of 5G rollout mainly utilized existing towers, densification in urban areas has resulted in the need for high-speed short latency connections in areas that are not commercially coverable with fixed broadband networks.

The expected tripling in smartphones and corresponding increase in data usage from 2022 to 2026 is expected to be an essential driver of this development, while shutting down legacy technologies (3G and 2G) is expected to increase spectrum capacity and allow for lower production cost of data for MNOs.

The Company anticipates increasing network densification picking up from 2027 onwards as MNOs' existing network infrastructure is insufficient to provide adequate coverage for forecast levels of data usage. The Company expects that there will be a future need to increase networks in order to meet the range and capacity requirements of the high frequency spectrum used to deliver full 5G. This is expected to result in an increase in demand for EuroTeleSites Group's Sites.

As a result, MNOs will also need increasingly more tenancies to address possible short-term and medium-term coverage obligations. In the past, MNOs, to whom frequency usage rights have been allocated, were obligated to ensure a certain level of coverage in accordance with past tender conditions, which is likely to be the case in the future as well. National regulators of EuroTeleSites Group's markets have established coverage obligations that require MNOs to provide network coverage of certain quality over certain areas, based on the new European Electronic Communications Code and/or the EU 5G action plan, or on their own initiative as described below.

Austria

Austria's broadband strategy 2030 aims to achieve nationwide gigabit connections, including nationwide coverage of 5G, by the end of 2025 (Source: European Commission, Action Plan of the European Commission). According to the Annex to the decision – F1/16-394 of the Austrian Regulatory Authority for Broadcasting and Telecommunications ("**RTR**") dated 19 October 2020, the coverage obligations are divided into the following areas: (i) Band-specific coverage obligations, (ii) Basic coverage obligations, (iii) Extended supply obligations. MNOs with an allocated frequency range of at least 2 x 10 MHz of the 700 MHz must ensure that 90% of the households are provided with coverage of 30 Mbit/s download and 3 Mbit/s upload, and 95% of the households with a coverage of 10 Mbit/s download and 1 Mbit/s upload as of 31 December 2023; further 93% of households shall be provided with coverage of a retail data rate of 30 Mbit/s download and 3 Mbit/s upload, and 98% of the households shall be provided coverage of a retail data rate of 10 Mbit/s download and 1 Mbit/s upload as of 31 December 2025. The coverage obligations also include certain urban areas, roads, motorways, and highways, as well as rail coverage.

Croatia

The Croatian national broadband strategy and policy responds to the European Gigabit Society objectives 2025, partially the 2030 digital targets and the 5G for Europe Action Plan. The Croatian plan aims to provide connectivity with download speeds of at least 100 Mbit/s to all households, while providing government offices and public buildings, such as schools and health facilities, with symmetric connections of at least 1 Gbps. It also seeks to establish 5G networks in all main cities and towns and along major highways. The Croatian Regulatory Authority for Network Industries ("**HAKOM**") has set out the obligation to cover 99.4 percent of the population in the territory of the Republic of Croatia by 31 December 2029 with a minimum receiving signal level of – 110 dBm. In most cases, this ensures a satisfactory quality of service, with speeds of at least 10 (DL)/2 (UL) Mbit/s outdoors.

Slovenia

The Slovenian Gigabit infrastructure development plan sets out the strategic goals by 2030, which are in line with the gigabit society and digital decade targets. MNOs that acquired frequencies in the priority bands 700 MHz FDD and/or 3600 MHz must (i) within three months of the decision, start offering 5G services to end-users in at least one band in at least one major city, and (ii), by 31 December 2025, offer services to end-users over 5G technology and provide Enhanced Mobile Broadband (eMBB) functionality and support, provided that they have at least 70 MHz of federal spectrum, and provide support for crowdsourced sensor (IoT) networks on the acquired frequencies in at least one of the major cities. The service must be available through base stations covering at least 75% of the population of each urban area (Source: CMS Expert Guide).

Bulgaria

The Bulgarian National Broadband Infrastructure Plan outlines the steps to provide digital infrastructure for the provision of various services. The measures envisage improving access to high-speed Internet in less populated regions and developing the high-speed mobile Internet in the country. The plan sets the following target indicators until 2030: (i) Coverage of 52% of households by the Fixed Very High Capacity Network (VHCN), (ii) Take-up of 33% of households of at least 100 Mbit/s fixed broadband, (iii) 5G readiness at 50% (Source: European Commission, Action Plan of the European Commission).

Serbia

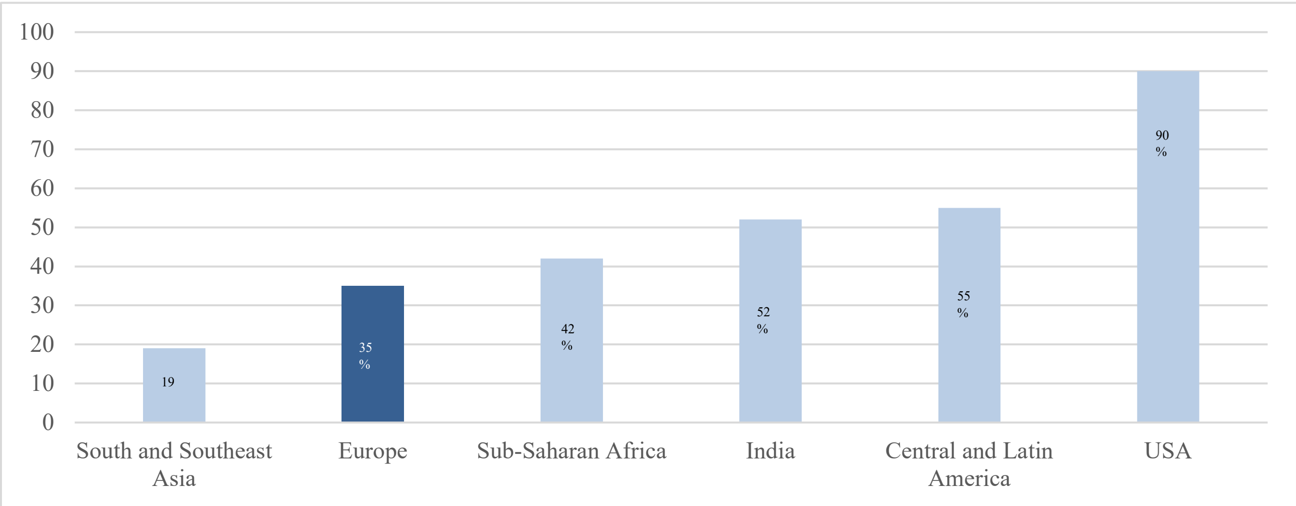
The Serbian government has adopted a general Allocation Plan for Radio Frequency Spectrum Use and three specific allocation plans, reserving 700 MHz (694-790 MHz), 2500-2690 MHz and 3400-3800 MHz frequency bands for IMT-2020 purposes. The 5G auction is expected to take place in 2023 and will be for 3500-3800 MHz frequency bands. The Ministry of Telecommunications has yet to define the minimum conditions for granting individual spectrum licenses (Source: CMS Expert Guide).

North Macedonia

The Government and the Ministry of Information Society and Administration of North Macedonia have anticipated a number of measures and activities under the National Operational Broadband Plan, which are aligned with EU policies and strategies concerning this area. The following national goals have been defined by 2029:

- At least one city is anticipated to be covered with 5G by end of 2023.
- The main corridors in the state are anticipated to be covered with uninterrupted 5G by end of 2025.
- All cities in the country are anticipated to be covered with uninterrupted 5G by end of 2027.
- By end of 2029, every person is anticipated to have the opportunity to access the internet via 5G with a minimum Internet access speed of at least 100 Mbit/s.
- By end of 2029, at least 50% of the total number of subscriber contracts of households throughout the state should cover delivery of Internet access speed of at least 100 Mbit/s.

These factors are driving demand within a European tower market that continues to evolve, creating significant growth opportunities for scaled mobile telecommunications tower infrastructure operators like EuroTeleSites Group. The European tower market is in the early stages of its evolution and the Company believes that its high- quality infrastructure, which offers superior locations and nationwide coverage, is well-positioned to benefit from the market's growth. The commercialization of tower companies, while a developing trend in Europe, has substantial room for growth when compared to other more mature towers markets like that in India or America, as demonstrated in the chart below, which shows the share of towers held by independent tower companies in 2022 by region, in percent:



(Source: Ernst & Young LLP, A Report for the European Wireless Infrastructure Association (February 2022))

The Company believes that due to its differentiated Site portfolio and its relationships with key MNOs it is well placed to leverage the expected demand growth and evolving dynamics in the European towers market in order to grow its revenues and its profitability.

Highly Rated Customer Base, including Telekom Austria Group as EuroTeleSites Group's Anchor Tenant

EuroTeleSites Group's customer base is underpinned by its anchor tenant relationship with A1 Telekom MNOs and its relationship with other leading MNOs in EuroTeleSites Group's markets. Telekom Austria Group is a leading MNO in Austria and Central Eastern Europe by number of mobile subscribers and provides network coverage across five European countries. Telekom Austria Group was also the first to rollout 5G in Austria. The Company believes that EuroTeleSites Group's relationship with Telekom Austria Group, which will be supported by a long-term, inflation-linked MLA and the mutual intention between Telekom Austria Group and the Company to rollout approximately 1,000 new Sites within the next five years, is expected to provide stable and growing cash flows over the medium and long-term due to the strength of Telekom Austria Group's network quality and coverage.

In addition to Telekom Austria Group, EuroTeleSites Group has relationships with other leading MNOs for which EuroTeleSites Group acts as an infrastructure enabler, providing the Passive Infrastructure for the Active Equipment of the MNOs. EuroTeleSites Group's relationships with these customers are secured by long-term contracts.

In the financial year 2022, Towers Group generated on a *pro forma* basis approximately 95% of its total revenues (incl. other operating income) from A1 Telekom MNOs, which have investment grade credit ratings and providing secure and resilient cash flows.

Clear Growth Focus, Led by an Experienced, Independent and Commercially-Driven Management Team

EuroTeleSites Group has a clear strategy for growth. This strategy prioritizes expanding and evolving EuroTeleSites Group's product portfolio and relationships with existing and new customers to maximize the utilization of its assets. EuroTeleSites Group is also exploring growth through incremental organic investments on the basis of an ambitious business plan to increase the number of EuroTeleSites Group's Site, as expected to approximately 16,000 Sites in 2032. The Towers Business' results of operations are driven by the number of Sites in its portfolio, its additions of colocations, and its investment and cost regime. In addition to generating revenues from providing space on its Sites and related services, the Towers Business receives revenues from constructing and operating additional new Sites. New Sites constructed during the course of a financial year earn revenues from the point of commissioning, meaning that a Site typically does not generate full run-rate revenues until the financial year after it is commissioned.

In addition, the Towers Business market shares across its regional footprint are diverse. Incumbent positions in certain jurisdictions allow for a network of towers that can be shared between the anchor tenants and other MNOs. In other jurisdictions such as Serbia, the Towers Business intends to improve its competitive position, where a higher level of construction and rollout is ongoing, which also adds potential to onboard other MNOs who need Sites for network densification. Both positions allow for future growth, with the incumbent position having less investment needs to further grow revenues.

The members of the Management Board of EuroTeleSites AG will be Ivo Ivanovski (CEO) and Lars Mosdorf (CFO). The Management Board is supported by a senior management team which has extensive experience in the mobile telecommunications tower infrastructure industry, extensive relationships with the mobile industry and a proven track record in executing the growth strategy and implementing a wide range of projects in various countries. The senior management team, comprising Gernot Rasch and Gerhard Partl has extensive industry experience and has held various executive positions within Telekom Austria Group.

As a whole, the senior management team has strong expertise that is well-suited to driving growth in the business and delivering on EuroTeleSites Group's strategy. The senior management team is supported by a strong team of qualified regional managers with relevant industry expertise and a strong track record of execution in respect to both organic and external growth initiatives. Given the management team's combined technological, commercial and financial expertise, EuroTeleSites Group believes that it is well prepared to further expand its business and successfully deliver on its growth strategy.

10.3 Strategy

EuroTeleSites Group's strategy will be focused on three key pillars: Boost Core, Growth Areas, and Digitize Processes. EuroTeleSites Group's mission will be to power the digital transformation, and the Company believes its Site portfolio is a key enabler for a sustainable, digital society in Austria and Central and Eastern Europe.

Boost Core

EuroTeleSites Group is focused on densifying relationships with its existing anchor tenant and colocation tenants, and attracting new 5G entrants by implementing a differentiated new customer acquisition strategy: while selective onboarding of new tenants aimed at sharing the cost of investing in new towers was previously used under the Telekom Austria Group, EuroTeleSites Group will, as an independent mobile telecommunications tower infrastructure operator, aim to become the preferred infrastructure provider for all MNOs in the market, with the goal of profit maximization.

Therefore, EuroTeleSites Group is transforming from the reactive cost sharing model towards a proactive business development approach. EuroTeleSites Group categorizes its assets into three classifications, based on utilization levels in accordance with its ABC Analysis. The "A" classification identifies high-utilization assets, the "B" classification identifies medium- utilization assets, and the "C" classification identifies low-utilization assets.

Based on its ABC Analysis, EuroTeleSites Group has better insight into the market value of all its locations and steers its investments and upgrades based on this analysis. The utilization of the assets is based on a market-oriented categorization in EuroTeleSites Group's targeted business development activities with all existing third-party tenants, which are MNOs, broadcasting companies, and various other potential tenants, but with a particular focus on all newly entering 5G entrants (in markets where new licenses have so far been awarded, like Austria and Croatia) looking to expand their networks and respond to densification needs and coverage obligations.

Increasing colocations is one of EuroTeleSites Group's primary objectives. Management believes that the Towers Business will be to provide access to second or third tenants on each tower at a lower cost as compared to such tenants needing to construct and operate their own cell towers. In addition, with new 5G entrants only recently having acquired their 5G licenses and EDGE computing taking content towards demand, there are only a few growth opportunities beyond providing rack and antenna space and services to MNOs and the Company believes that it can take advantage of these opportunities.

Growth Areas

The second pillar in EuroTeleSites Group's strategy is to develop additional business models from current non-customers for existing Sites and potential programs related to BTS Sites.

The Towers Business' has material investments in Austria and Serbia as well as Bulgaria, Croatia, Slovenia and North Macedonia. The Towers Business strictly invests where there is customer demand and has orders or contracts in place. Driven by its ABC Analysis, the Towers Business pursues growing colocations with first priority, consolidates requests for upgrades and extensions to run optimized investment levels and also prioritizes consolidation activities while at the same time trying to eliminate Sites that are expensive to run or maintain.

EuroTeleSites Group's focus within the "growth areas" is to attract new customers, particularly contracting new tenants in existing business fields, like newly awarded 5G licenses in Austria and Croatia, where new market entrants need the whole offerings towers networks. Another focus point is the conclusion of agreements with new market entrants from various new technologies such as IoT networks or various types of sensor and surveillance systems. EuroTeleSites Group's aim is to offer several new players good solutions including, but not limited to, EuroTeleSites Group's existing locations and also the ability to offer programs related to BTS Sites where applicable.

The Company intends to, following the Towers Holding Spin-off, add approximately 1,000 new Sites within the next five years. The design of these Sites is expected to allow for at least two tenants on a single Site. The Company expects to roll out new Sites as requested by the Towers Business' anchor tenants or its colocation partners. The Company does not intend to build new Sites without a clear customer demand and commitment. In the mid-term, management plans to build on the existing infrastructure of the Towers Business, which consists of 5G capabilities. However, the Company plans to add additional Sites in the future given the strong growth in data consumption and the corresponding increase in densification. In addition to the revenues generated from A1 Telekom MNOs as the anchor tenants, the Towers Business receives modest revenues (2022 in an amount representing less than 5% of the Towers Business' overall revenues) from long-term contractual commitments with its other MNOs as customers, which include the leading MNOs in each of its markets and from agreements with a number of non-MNOs.

Pricing for the MNO colocation customers follows the standard configuration specific to each of these partners which might differ between operators based on spectrum assets and network design, as well as market share, service portfolio, and are equally tailored to the needs of the individual operator rather than generic. The annual payments vary depending upon numerous factors, such as the number of Sites related to the contracts, Site location and classification (including height), the configuration of equipment on the Site, and ground space required by the customer.

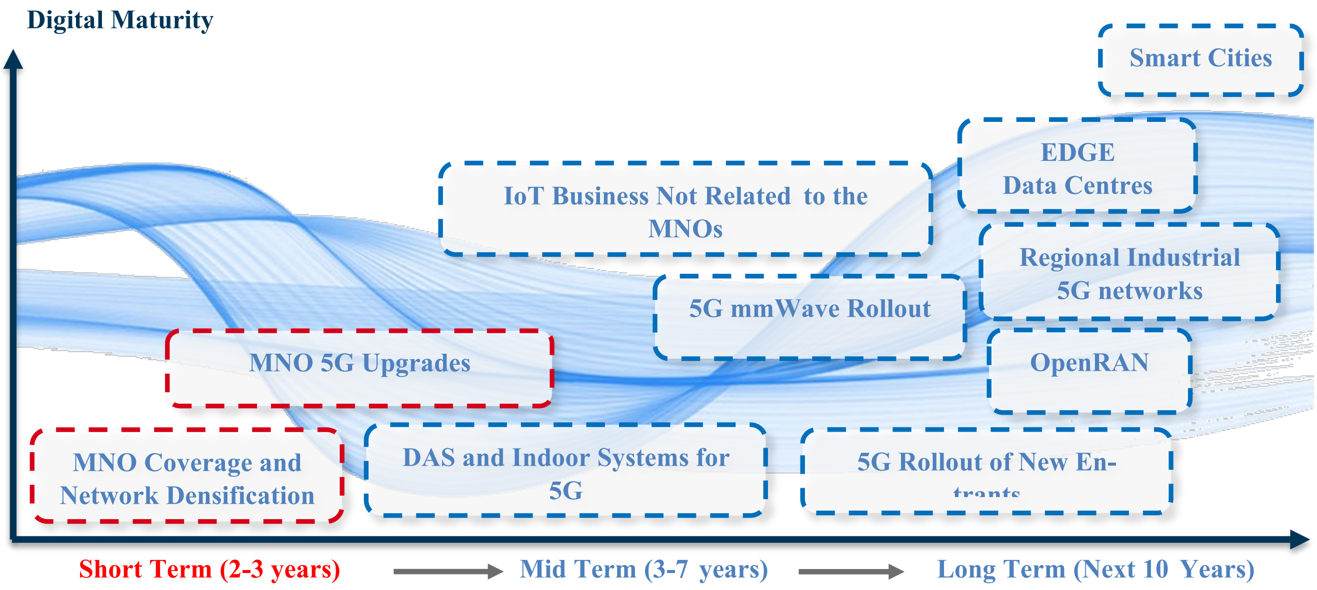
In addition, the Company intends to, following the Towers Holding Spin-off, pursue organic growth opportunities on an opportunistic basis, specifically in relation to ground and rooftop leases. Margins are expected to be generated from growth of towers and colocations and a decrease in production costs. The Company believes that it will be able to reduce capital expenditure by using standardized designs and greater efficiency in changes and maintenance investments. The Company also plans to utilize state subsidies to provide coverage in remote areas and on sovereign real estate on favorable terms. The Company also believes that it can reduce production costs by using nearshoring and offshoring as well as by renegotiating leases.

Digitize Processes

The third pillar of EuroTeleSites Group's strategy aims to replace legacy infrastructure systems with a new cloud-based ecosystem, whereby the related processes and documentations are transformed into real time and digital environment, to gain operational efficiency through digitalization.

This transformation will ultimately also require a transformation of process and a digitalization of all legacy data. As a result, management believes that the digitalization will ultimately lead to better and faster available decision making for onboarding customers, adding antennas and configurations, deciding upon locations that need upgrades and will provide for more efficient construction documentation. Major modules of the new infrastructure management will also provide certain self-service interfaces, interfaces for third-party contractors, as well as more efficient appointment and tracing or onsite visits and maintenance work.

Furthermore, EuroTeleSites Group see mid- to long-term growth potential from the following future technologies roadmap:

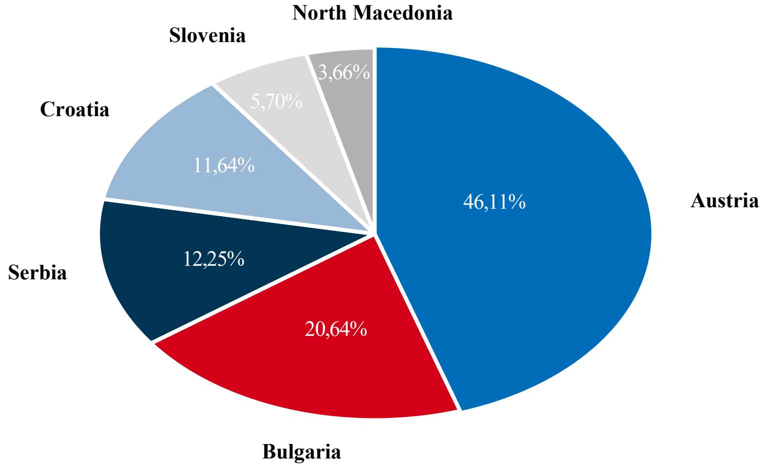


(Source: Internal information of the Company)

10.4 Overview of EuroTeleSites Group's Markets

EuroTeleSites Group operates its business across six European markets: Austria, Bulgaria, Croatia, North Macedonia, Serbia and Slovenia. EuroTeleSites Group will be one of the leading European tower operators providing leasing of antennas and equipment space, as well as power backup, by leveraging an attractive, nationwide network of approximately 13,225 Macro Sites across its markets. Regarding the geographical split, 46.1% or 6,098 of the Macro Sites are located in Austria and 53.9% or 7,127 of the Macro Sites are located in Eastern Europe as of 30 June 2023.

EuroTeleSites' geographic breakdown of Sites in %



(Source: Internal information of the Company)

Austria

The Austrian ETS TowerCo operation is expected to be the largest telecommunications tower operator in Austria by number of Sites, with a market share of 38% as of 31 December 2022 (Source: Company's Internal Assessment). Austria as EuroTeleSites Group's largest market, comprising 46.11% of EuroTeleSites Group's Sites as of 30 June 2023, contributed around 59% to EuroTeleSites Group's *pro forma* EBITDA for the year ended 31 December 2022. The Austrian ETS TowerCo's portfolio in Austria comprises 6,098 Macro Sites with a tenancy ratio of 1.27x as of 30 June 2023.

In Austria, the main competitors are the local subsidiaries of Deutsche Funkturm (Magenta Infrastructure) and Cellnex (On Tower Austria). The Austrian mobile market is characterized by three major MNOs, complemented by a number of smaller mobile virtual network operators, which do not own their own network infrastructure but contribute to traffic increase and capacity needs of their network hosts. The total number of subscribers in Austria amounted to 16.6 million in 2022, reflecting a mobile Subscriber Identity Module ("**SIM**") penetration of 183% of the total population of Austria. This number is expected to increase to 17.4 million by 2025, reflecting a mobile SIM penetration of 191% of the total population of Austria, and a 1.6% CAGR for 2022 to 2025 (Source: Company's Internal Assessment). Although Austria is a mature mobile market with significant proportion of contract customers and mobile SIM penetration of 183% of the total population of Austria, strong mobile data growth and increased demand for mobile services are expected. The monthly data usage per customer amounts to 21.6 gigabytes and is expected to grow by a 23.7% CAGR to 40.9 gigabytes by 2025 (Source: Company's Internal Assessment). 5G population coverage in the market is estimated to be around 80% as of the date of this Prospectus, and further investments in this leading technology and network upgrades are expected, which is a clear opportunity for EuroTeleSites Group.

The anchor tenant, the local A1 Telekom MNO, is market leader with the highest SIM mobile market share of 36.7% as of 30 June 2023, competing in key market segments with several brands (Source: Company's Internal Assessment).

Increased network densification in Austria will be simultaneously driven by the government-imposed coverage obligation on mobile network operators and rapid growth of data traffic, as well as high customer expectation when it comes to mobile network quality. The growth in data usage will be mainly driven by new, adjacent services provided over low-latency 5G networks, and increased use of FWA services.

Bulgaria

The Bulgarian ETS TowerCo is the second largest telecommunications tower operator in Bulgaria by number of Sites with a market share of 28% as of 31 December 2022 (Source: Company's Internal Assessment). Bulgaria, as EuroTeleSites Group's second largest market, comprising 20.64% of EuroTeleSites Group's Sites as of 30 June 2023, contributed around 12% to EuroTeleSites Groups' *pro forma* EBITDA for the year ended 31 December 2022. The Bulgarian ETS TowerCo's portfolio comprises 2,729 Macro Sites with a tenancy ratio of 1.17x as of 30 June 2023.

In Bulgaria, the main competitors are United Towers (Tower Spin-off United Group / Vivacom including NURTS) and Cetin. The Bulgarian mobile market is characterized by three major MNOs serving a total number of around

9.3 million customers. The total number of subscribers in Bulgaria amounted to 10.5 million in 2022, reflecting a mobile SIM penetration of 154% of the total population of Bulgaria. This number is expected to increase to 10.8 million by 2025, reflecting a SIM mobile penetration of 161% of the total population of Bulgaria by 2025, and a 0.8% CAGR for 2022 to 2025 (Source: Company's Internal Assessment). As developing market, strong mobile data growth and increased demand for mobile services are expected in the market. The monthly data usage per customer amounts to 3.9 gigabytes and is expected to grow by a 28.0% CAGR to 8.2 gigabytes by 2025 (Source: Company's Internal Assessment).

The anchor tenant, the local A1 Telekom MNO, is market leader with the highest SIM mobile market share of 37% as of 30 June 2023, competing in key market segments.

5G is available in Bulgaria since 2022 and densification is expected to be driven by mobile data growth and improvements of indoor coverage. Additionally, FWA services and increase in demand for video traffic are expected to foster network densification requirements.

Croatia

The Croatian ETS TowerCo is the second largest telecommunications tower operator in Croatia by number of Sites with a market share of 43% as of 31 December 2022 (Source: Company's Internal Assessment). The Croatian portfolio, comprising 11.64% of EuroTeleSites Group's Sites as of 30 June 2023, contributed around 12% to EuroTeleSites Groups' *pro forma* EBITDA for the year ended 31 December 2022. The Croatian ETS TowerCo's portfolio in Croatia comprises approximately 1,540 Macro Sites with a tenancy ratio of 1.14x as of 30 June 2023.

In Croatia, the main competitors are United Towers (Tower Spin off of United Group / Telemach) and the integrated Tower/Telco company Hrvatski Telekom (Deutsche Telekom Group) as customer and competitor. The Croatian mobile market is characterized by three major MNOs serving a total number of around 5.2 million customers. The total number of subscribers in Croatia amounted to 5.6 million in 2022, reflecting a mobile SIM penetration of 137% of the total population of Croatia. This number is expected to increase to 5.7 million by 2025, reflecting a mobile SIM penetration of 142% of the total population of Croatia by 2025, and a 0.6% CAGR for 2022 to 2025 (Source: Company's Internal Assessment). Further, strong mobile data growth and increased demand for mobile services are expected in the market. The monthly data usage per customer amounts to 14.3 gigabytes and is expected to grow by a 24.6% CAGR to 27.8 gigabytes by 2025 (Source: Company's Internal Assessment).

The anchor tenant, the local A1 Telekom MNO, is the second largest player in Croatia with a SIM mobile market share of 38% as of 30 June 2023 (Source: Company's Internal Assessment).

5G has already been available in Croatia for two years and has been dominated by mobile portfolios with roaming business featuring typical seasonal dynamics. Following spectrum auctions in 2022, coverage obligations are expected to dictate the need for network densification, both in rural and suburban areas, while the use of small cells is envisaged for urban environments.

North Macedonia

The North Macedonian ETS TowerCo is the second largest telecommunications tower operator in North Macedonia by number of Sites with a market share of 28% (Source: Company's Internal Assessment) as of 30 June 2023. The North Macedonian portfolio, comprising 3.66% of EuroTeleSites Group's Sites as of 30 June 2023, contributed around 2% to EuroTeleSites Groups' *pro forma* EBITDA for the year ended 31 December 2022. The North Macedonian ETS TowerCo's portfolio in North Macedonia comprises 484 Macro Sites with a tenancy ratio of 1.05x as of 30 June 2023.

In North Macedonia, the main competitor is the integrated Tower/Telco company Makedonski Telekom (Deutsche Telekom Group) as customer and competitor. The North Macedonian mobile market is characterized by two major MNOs serving a total number of around 2.4 million customers, complemented by a number of smaller mobile virtual network operators which do not own their own network infrastructure but contribute to traffic increase and capacity needs of their network hosts. The total number of subscribers in North Macedonian amounted to 2.5 million in 2022, reflecting a mobile SIM penetration of 118% of the total population of North Macedonia. This number is expected to increase to 2.6 million by 2025, reflecting a mobile SIM penetration of 123% of the total population of North Macedonia by 2025, and a 1.5% CAGR for 2022 to 2025 (Source: Company's Internal Assessment).

The anchor tenant, the local A1 Telekom MNO, is market leader in North Macedonia with a SIM mobile market share of 50% as of 30 June 2023. The North Macedonian mobile market is transitioning towards high value postpaid tariffs with higher data allowances and growing average revenues per user. Rapid growth of data usage and necessity for indoor coverage are expected to foster mobile network infrastructure development in the coming years.

Serbia

The Serbian ETS TowerCo is the third largest telecommunications tower operator in Serbia by number of Sites with a market share of 29% as of 31 December 2022 (Source: Company's Internal Assessment). The Serbian portfolio, comprising 12.25% of EuroTeleSites Group's Sites as of 30 June 2023, contributed around 10% to EuroTeleSites Groups' *pro forma* EBITDA for the year ended 31 December 2022. The Serbian ETS TowerCo's portfolio comprises 1,620 Macro Sites with a tenancy ratio of 1.22x as of 30 June 2023.

In Serbia, the main competitors are Cetin and the integrated Tower/Telco company Telekom Serbia as customer and competitor. The Serbian mobile market is characterized by three major MNOs serving a total number of around 8.6 million customers. The total number of subscribers in Serbia amounted to 8.7 million in 2022, reflecting a mobile SIM penetration of 127% of the total population of Serbia. This number is expected to increase to 9.0 million, reflecting a mobile SIM penetration of 134% of the total population of Serbia by 2025, and a 1.3% CAGR for 2022 to 2025 (Source: Company's Internal Assessment).

The anchor tenant, the local A1 Telekom MNO, is the third largest player in Serbia with a SIM mobile market share of 25% as of 30 June 2023 (Source: Company's Internal Assessment).

Serbia has not yet run the auction for the 5G mobile technology, but it is expected in the course of 2023. The regular rollout activities are expected to coincide with the network densification post-auction and are seen as an opportunity for tower companies to increase tenancy ratios. Additionally, FWA is expected to weigh heavily on the increased data traffic and consequently on densification requirements.

Slovenia

The Slovenian ETS TowerCo is the second largest telecommunications tower operator in Slovenia by number of Sites with a market share of 34% as of 31 December 2022 (Source: Company's Internal Assessment). The Slovenian portfolio, comprising 5.70% of EuroTeleSites Group's Sites as of 30 June 2023, contributed around 5% to EuroTeleSites Groups' *pro forma* EBITDA for the year ended 31 December 2022. The Slovenian ETS TowerCo's portfolio in Slovenia comprises 754 Macro Sites with a tenancy ratio of 1.27x as of 30 June 2023.

In Slovenia, the main competitors are United Towers (Tower Spin off of United Group / Telemach) and the integrated Tower/Telco company Telekom Slovenije as customer and competitor. The Slovenian mobile market is characterized by three major MNOs complemented by a number of smaller mobile virtual network operators which do not own their own network infrastructure but contribute to traffic increase and capacity needs of their network hosts. The total number of subscribers in Slovenia amounted to 2.5 million in 2022, reflecting a mobile SIM penetration of 120% of the total population of Slovenia. This number is expected to remain stable until 2025, whereas strong mobile data growth and increased demand for mobile services are expected in the Slovenian market. The monthly data usage per customer amounts to 8.6 gigabytes and is expected to grow by a 25.8% CAGR to 17.0 gigabytes by 2025 (Source: Company's Internal Assessment).

The anchor tenant, the local A1 Telekom MNO, is the second largest player in Slovenia with a SIM mobile market share of 28% as of 30 June 2023 (Source: Company's Internal Assessment), competing in key market segments with several brands.

Strong customer demand for higher data allowances along with the government ambition to put a floor on internet speed available across the country is believed to be a main growth driver when it comes mobile network infrastructure.

10.5 EuroTeleSites Group's Site Portfolio

Description of EuroTeleSites Group's Sites

EuroTeleSites Group's Sites are critical for its customers and are low complexity assets with limited capital expenditure requirements. EuroTeleSites Group's assets comprise Passive Infrastructure backhauling systems and to a rather low extent the land on which the infrastructure is located. EuroTeleSites Group owns, manages and operates a full Passive Infrastructure offering while the Active Equipment on the Site belongs to the MNOs and non-MNOs as customers. EuroTeleSites Group leases the vast majority of the land on which its Sites are located.

Passive Infrastructure is an installation comprising a set of different elements located at a Site and used to provide support to the Active Equipment. Passive Infrastructure includes, *inter alia*:

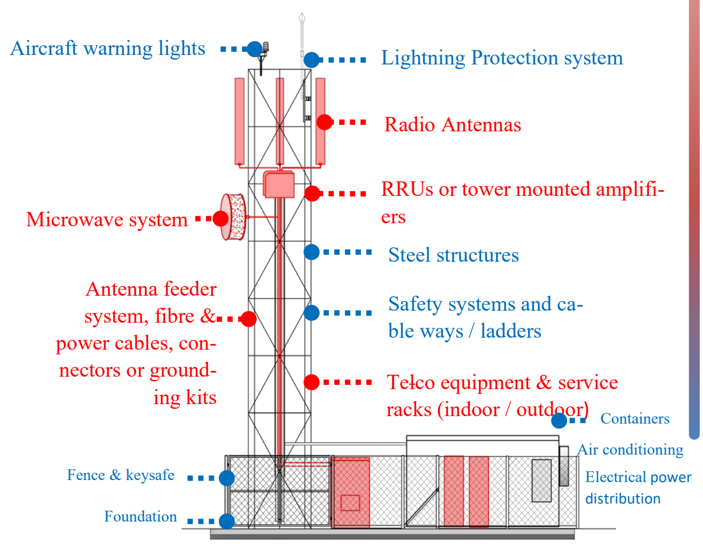
- vertical support structures, including masts, towers, tower foundations, substructures and antenna supports (excluding bracketry), civil infrastructure (including steelworks) and related works;

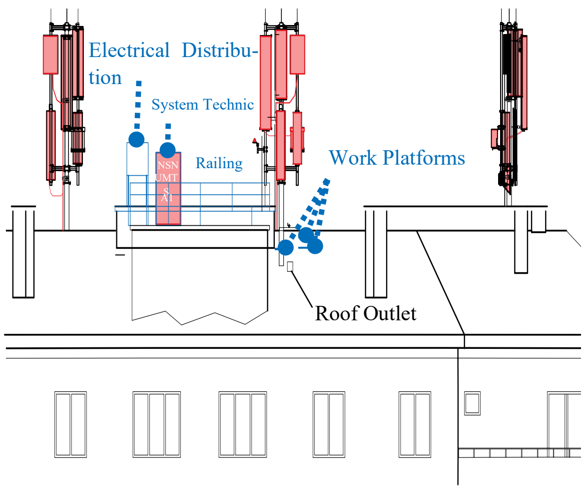
- storage surfaces or shelters;
- access, surveillance and security systems, safety installations and protective devices;
- cable ducts (including fiber ducts but excluding the fiber inside the ducts) and cable trays;
- power equipment, including meters, rectifiers, permanent power generators (including solar and wind), back-up diesel generators, power stations and their batteries, and distribution boards and all energy connectivity cables relating to such equipment (only in certain markets); and
- cooling and air conditioning equipment.

Active Equipment includes the customers' equipment used to receive and transmit the signal of radio/ mobile and wireless networks, including RAN equipment, radio frequency and microwave antennae, and telecommunications electronics. Backhauling systems connect the Sites and controllers of the mobile access network. The amount of Active Equipment that a Site can accommodate varies depending on factors such as the location and design of the Site, the height of the tower and the wind load, weight and positioning of such antennae. The standard configuration for space provided to customers at a Site is defined in terms of (i) floor space occupied on the Site, (ii) weight of remote radio units, (iii) antenna positions and antenna size, (iv) microwave dish diameter, (v) power consumption and (vi) EMF output. The amount of Active Equipment that may be hosted at a Site also depends on the specifics of the customer's equipment, including the number, size and type of cellular radio and microwave antennae. The capacity of a single tower can be increased by Site modifications such as tower strengthening and height extensions and by adding further antenna mounting poles.

The local ETS TowerCos are responsible for passive Site construction, upgrade and maintenance, and for energy management services in respect of the Passive Infrastructure. While Active Energy costs are incurred by the MNOs directly (with the remaining portion being passed on to the MNOs by the local ETS TowerCo, if any), Passive Energy costs are mostly offset by fixed annual fees per Site charged in each of EuroTeleSites Group's markets.

The images below show the typical structures of Greenfield Sites and Rooftop Sites:





(Source: Internal information of the Company)

EuroTeleSites Responsibilities

MNOs Responsibilities

Site Portfolio

As of 30 June 2023, EuroTeleSites Group operated 13,225 Macro Sites (compared to 13,162 Macro Sites as of 31 December 2022 and 12,986 Macro Sites as of 31 December 2021) (including ARGE Sites and Sharing Sites), consisting of 5,962 Greenfield Sites (compared to 5,945 Greenfield Sites as of 31 December 2022 and 5,892 Greenfield Sites as of 31 December 2021) and 7,263 Rooftop Sites (compared to 7,217 Rooftop Sites as of 31 December 2022 and 7,094 Rooftop Sites as of 31 December 2021), and approximately 1,500 Micro Sites in Austria, Bulgaria, Croatia, North Macedonia, Serbia and Slovenia. EuroTeleSites Group is one of the most geographically diversified mobile telecommunications tower infrastructure operators in Austria and Central Eastern Europe (Source: Company's Internal Assessment). The Company believes that the diversity of its Site portfolio underpins its flexibility to pursue growth opportunities in non-core segments. Going forward, organic growth and evolving its portfolio will be at the heart of EuroTeleSites Group's strategy.

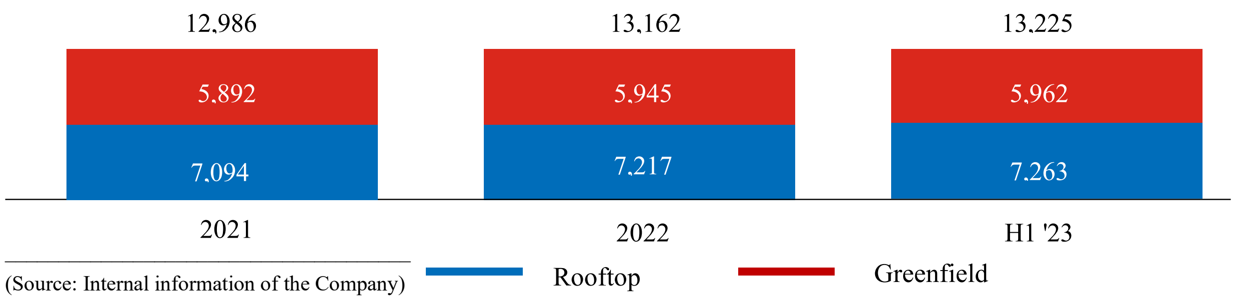
EuroTeleSites Group's Sites are strategically located across its markets with a strong presence in urban areas. As of 30 June 2023, the portfolio comprises 45.1% Greenfield Sites and 54.9% Rooftop Sites. The following table sets out a breakdown of EuroTeleSites Group's Macro Site portfolio by type as of 30 June 2023:

	Total	**Austria**	**Bulgaria**	**Serbia**	**Croatia**	**Slovenia**	**North Macedonia**
Greenfield	5,962	3,050	935	601	811	323	242
Rooftop	7,263	3,048	1,794	1,019	729	431	242
Total	13,225	6,098	2,729	1,620	1,540	754	484
in %	100	46.1	20.6	12.2	11.6	5.7	3.7

(Source: Internal information of the Company)

The following chart demonstrates the development of number of EuroTeleSites Group's Sites as of 31 December 2021 compared to 31 December 2022 and 30 June 2023:

Towers Development



(Source: Internal information of the Company)

Types of Sites

EuroTeleSites Group operates a high-quality Site portfolio that can be divided into two main categories of Macro Sites: Greenfield Sites and Rooftop Sites. Virtually all of EuroTeleSites Group's Sites are telecommunications Sites, with EuroTeleSites Group having minimal exposure to broadcasting or other activities.

- ***Greenfield Sites*** are towers erected on the ground that are suitable to host Active Equipment. This type of tower is typically located in rural or suburban areas but they may also be located in urban areas. They are usually stronger and more wind-resistant than other types of sites. The number of antennas that a Greenfield Site can accommodate varies depending on the design of the tower, its height and the wind load, weight and positioning of such antennae. However, generally Greenfield Sites have greater potential to host customers due to greater tower loading, space and EMF capacity compared to Rooftop Sites. Greenfield Sites also have space to accommodate microwave transmission equipment or can act as transmission hub and has typically less ground lease restrictions on sharing space for infrastructure than Rooftop Sites. In Austria a Greenfield Site can be fully owned by EuroTeleSites Group or partially owned. Depending on the market, EuroTeleSites Group also operates special types of greenfield structures such as Cell on Wheels ("**COW**"). A COW structure is a mobile Site that includes a tower and all other necessary equipment and is built on a trailer approved for road transport. These Sites are usually limited in terms of the number of tenants and the height of the tower.

In addition, there is also the Site design "Ballast", where the tower is built on a container.

- ***Shared Sites*** are Sites which are installed on an existing tower which is not owned by EuroTeleSites Group. Such towers can be owned by other tower companies, other mobile service providers, electricity providers or any other enterprise or governmental institution which owns a tower and leases space to EuroTeleSites Group.
- ***Rooftop Sites*** are antenna structures, including steel structures, masts installed on various types of buildings or constructions, typically on the roof and/or roofing pavement. Rooftop Sites are used especially in densely populated urban and suburban areas, taking advantage of the reduced visual/environmental impact of the Site and optimizing the occupied space. Rooftop Sites are easier to deploy and have a shorter mast given the height of the building or construction on which they are located. There are typically higher constraints on sharing infrastructure on Rooftop Sites due to wind load, space and EMF constraints; however, these constraints can be mitigated to increase sharing potential through the addition of new masts, increasing the demise on the ground or renegotiating lease agreements with landlords. In Austria a Rooftop Site can be fully owned by EuroTeleSites Group or partially owned. An example of a Rooftop Site is an ARGE Site, which is built in cooperation together with EuroTeleSites Groups' partners.

Further, EuroTeleSites Group operates Micro Sites. Micro Sites are typical Sites installed in Austria with the purpose of network densification and coverage improvement in urban areas. The Micro Sites are usually installed at street level and cover busy streets or squares in urban areas. In the future, the company expects that the current microcell's structure will all be upgraded with 5G microcells/street cells for 5G network densification or even serve as a cell Site where 5G mm Wave equipment will be installed. These microcells will form the basis for further 5G network densification in urban areas. Micro Sites include Indoor Sites, Distributed Antenna Systems (DAS) and Outdoor Repeater.

- ***Indoor Sites*** are typically Sites used to improve indoor coverage. An Indoor Site may consist of one or more technical Sites in a building or on a Site, supported by multiple repeaters depending on the size of the building, underground parking garage, or road tunnel. Indoor Sites can also serve large buildings such as office complexes or shopping malls where the Indoor Site also includes an active or passive DAS.
- ***DAS (Distributed Antenna Systems)*** can be built as both active and passive solutions. Passive DAS solutions are those where the radio signal is distributed to the various antennas via feeder cables and splitters, junctions and couplers, and active DAS solutions are those where a digital signal is distributed via fiber optic cables between a master unit and the various remote radio units and then transmit the signal via the antennas of the respective remote radio unit.
- ***Outdoor Repeater*** are typically used for coverage of smaller underground garages or smaller road tunnels along Austrian highways. These Repeater Sites are very often built in cooperation with competitors to reduce the cost of such a Site, as the only purpose is to provide continuous coverage along the highway or in underground garages. Both of these areas are typically areas where cellular traffic is only drive-by (along the highway) or rather low, such as underground garages. Therefore, a Repeater is sufficient to propagate the existing outdoor signal of the Macro Sites and is economically the best solution.

10.6 Environmental impact of the Passive Infrastructure

The carbon emissions resulting from the energy consumption of the Passive Infrastructure represents EuroTeleSites Group’s biggest impact in terms of climate change. Given the energy supply issues in 2022 and 2023, companies like EuroTeleSites Group are required to take an even closer look at the security of their own energy supply and possibly to consider alternatives.

EuroTeleSites Group’s approach is to manage the energy supply issue in two ways. Electricity consumption for the Passive Infrastructure should be reduced or stabilized in order to maintain the most energy-efficient operation possible while at the same time avoiding carbon emissions and the electricity required for customers’ Active Equipment should be produced or purchased from renewable sources, when possible, in order to minimize the environmental impact of electricity consumption.

10.7 Customers

EuroTeleSites Group's customer base is underpinned by its anchor tenant relationship with A1 Telekom MNOs and its relationship with other leading MNOs in its markets. Telekom Austria Group is a leading MNO in Austria and Central Eastern Europe by number of mobile subscribers and provides network coverage across five European countries. Telekom Austria Group was also the first to rollout 5G in Austria. EuroTeleSites Group's relationship with Telekom

Austria Group, which will be supported by a long-term, inflation-linked MLA and the mutual intention of Telekom Austria Group and the Company to rollout approximately 1,000 new Sites within the next five years, is expected to provide stable and growing cash flows over the medium and long-term due to the strength of Telekom Austria Group's network quality and coverage.

In the financial year 2022, Towers Group generated on a *pro forma* basis approximately 95% of its total revenues (incl. other operating income) from A1 Telekom MNOs. EuroTeleSites Group also has additional, committed, long-term contracts in place with other leading European MNOs in each of its markets and has relationships with non-MNOs. As of the date of this Prospectus, EuroTeleSites Group's existing customer agreements include the Telekom Austria MLAs and agreements with other MNOs and non-MNOs.

Telekom Austria Group

EuroTeleSites Group provides Site-related services to Telekom Austria Group pursuant to the A1 Telekom Austria Master Lease Agreements. Each of the local ETS TowerCos in Austria, Bulgaria, Croatia, North Macedonia, Serbia and Slovenia have entered into a MLA with the local A1 Telekom MNOs. The MLA between Telekom Austria and A1 Telekom Austria AG entered into force with effect as of the registration of the Austrian Up-stream Spin-off in the Austrian companies register and with the registration of the Towers Holding Spin-off has been transferred to the ETS Austrian TowerCo. All other MLAs between the local A1 Telekom MNOs and the ETS TowerCos entered into force on or around 1 June 2023. For details on the MLAs see "*A1 Telekom Master Lease Agreements*".

Other MNOs

In addition to Telekom Austria Group, EuroTeleSites Group has long-term contracts in place with many of the largest MNOs in Europe based on their number of subscribers (Source: Company's Internal Assessment). As of 30 June 2023, these MNOs, accounted for approximately 4% of EuroTeleSites Group's *pro forma* revenues.

Non-MNOs

In addition to its MNO customer base, EuroTeleSites Group also has a diversified non-MNO customer base that includes local governmental and emergency services networks as well as IoT operators, local radio stations and broadcasting (services) companies in most markets as well as local radio services for fire brigades and similar services. Around 70% of the non-MNO portfolio is in Austria, a key market given spectrum. However, the revenues contribution of non-MNOs is rather immaterial and accounted for approximately 1% of EuroTeleSites Group's *pro forma* revenues as of 30 June 2023.

The following table sets out a breakdown of percentage of EuroTeleSites Group’s non-MNO portfolio tenancies for the non-MNO category per country as of 31 December 2022.

	% total tenancies[1]	Countries
Government use or public radio systems	**67%**	Austria, Slovenia, Bulgaria, N. Macedonia, Croatia, Serbia
Utilities & public companies	**11%**	Austria, Croatia, Serbia, N. Macedonia
Broadcasters (TV/Radio)	**7%**	Croatia, Slovenia, N. Macedonia
Alternative Telcos	**6%**	Austria, Croatia, Bul-garia
IoT	**2%**	Slovenia
Others	**7%**	Austria, Slovenia

[1] Percentage of non-MNO portfolio as of 31 December 2022

(Source: Internal information of the Company)

10.8 Tenancies

EuroTeleSites Group hosted 16,136 MNO tenancies across its markets, as of 30 June 2023, compared to 15,957 MNO tenancies as of 31 December 2022 and 15,592 MNO tenancies as of 31 December 2021. Of EuroTeleSites Group's tenancies across its markets as of 30 June 2023, 13,225 were Telekom Austria Group tenancies (13,162 as of 31 December 2022) and 2,911 were tenancies with other MNOs. In addition to the MNO tenants, EuroTeleSites hosted 678 non-MNO tenants, which includes, among others, governmental tenants and microwave transmission systems of other tenants.

EuroTeleSites Group's tenancies and tenancy ratios include physical tenancies only. The following table sets out a breakdown of EuroTeleSites Group's tenancies by markets as of 31 December 2021, 31 December 2022 and 30 June 2023.

Markets	TAG[1]	Other MNOs	Non-MNO	Total (incl. non MNO)	TAG[1]	Other MNOs	Total (excl. non MNO)	TAG[1]	Other MNOs	Total (excl. non MNO)
	30 June 2023				31 December 2022			31 December 2021		
Austria	6,098	1,627	477	8,202	6,104	1,576	7,680	6,060	1,514	7,574
Bulgaria	2,729	470	20	3,219	2,701	452	3,153	2,683	401	3,084
Croatia	1,540	221	89	1,850	1,540	215	1,755	1,538	188	1,726
North Macedonia	484	26	12	522	484	26	510	484	24	508
Serbia	1,620	364	47	2,031	1,581	357	1,938	1,474	315	1,789
Slovenia	754	203	33	990	752	169	921	747	164	911
Total	**13,225**	**2,911**	**678**	**16,814**	**13,162**	**2,795**	**15,957**	**12,986**	**2,606**	**15,592**

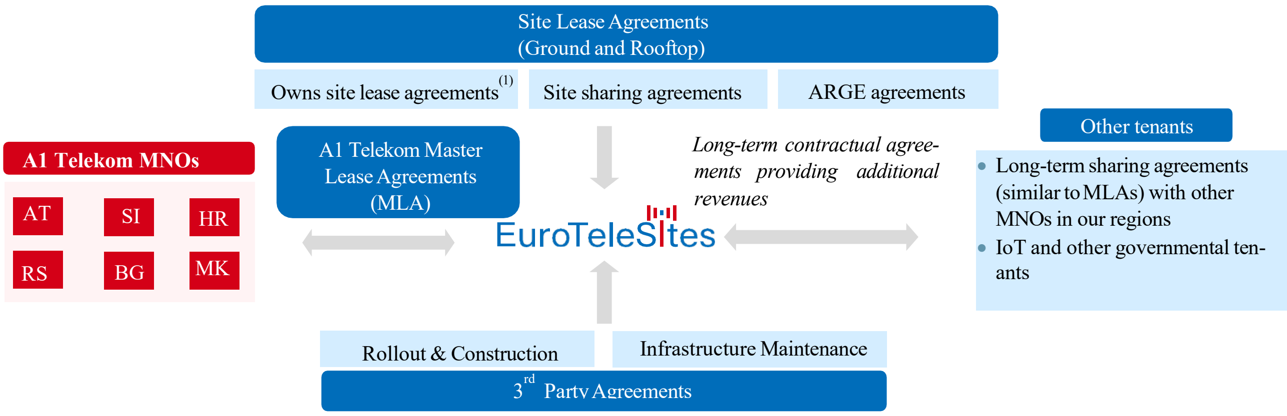
[1] Telekom Austria Group

(Source: Internal information of the Company)

EuroTeleSites Group is aiming to achieve a tenancy ratio of approximately 1.44x in 2031, compared to an average tenancy ratio of 1.22x as of 30 June 2023 (compared to a tenancy ratio of 1.21x as of 31 December 2022 and 1.20x as of 31 December 2021). To achieve its target, EuroTeleSites Group will need to add further tenancies which is intended to be achieved by building 1,000 new Sites for the A1 Telekom MNOs within the next five years, and thereby adding 1,000 new tenancies. These new Sites combined with promoting existing tower locations is expected to allow EuroTeleSites Group to add 1,200 to 1,500 additional third-party tenancies within the next five years in addition to the A1 Telekom MNOs.

10.9 Operating Model

EuroTeleSites Group maintains a flexible operating model, which combines best-in-class tools and practices to deliver synergies and operational excellence through shared services. The following image illustrates the application of EuroTeleSites Group’s operating model to the activities it performs in support of hosting Active Equipment on its Sites.



[1] For a limited number of contracts, the legal ownership will stay in the A1 Telekom MNO until the contract is cleared but the economic benefit will be transferred to EuroTeleSites Group.

(Source: Internal information of the Company)

The business of EuroTeleSites Group includes a wide range of hosting services on their Sites. The core business consists of the rental of space on a tower to one or more tenants. Additional services include backhauling connections, maintenance and monitoring as well as safety activities. Different types of customer profiles are attracted by services offered by EuroTeleSites Group. In most of the cases, these are:

- MNOs as the largest users of towers; and
- non-MNOs, including public protection disaster relief networks, utility and other private customers or enterprises with a need for a mobile private network, low power wide area and internet of things networks and Fixed Wireless Access operators.

EuroTeleSites Group develops, acquires, and operates mobile network towers, and invests in mobile network towers, small cell networks and associated utility and real estate rights for the purpose of providing wholesale access to MNOs and other network operators on a shared basis. In addition to towers, EuroTeleSites also develops wholesale small cell platforms for high-density urban and indoor locations such as indoor distributed antenna solutions ("**DAS**"). In such cases, the wholesaler retains ownership and responsibility for the operation of the active infrastructure and can facilitate multiple operators co-locating on a single active infrastructure site. EuroTeleSites Group provides the design of the solution, develops and maintains the network as well as manages the relationship with the real estate owner and with any Site users.

When offering passive infrastructure services to MNOs, EuroTeleSites Group's responsibilities typically include:

- Provision of the physical Site and/or rooftop (as applicable) and maintenance of related real estate contracts;
- Installation and management of the passive infrastructure, including tower structure, civil works, fences, shelters, and possibly power supply and cooling systems;
- Health and safety compliance at the Site; and
- Access to infrastructure space and provision of services to MNOs and other network operators.

Site Lease Agreements

The vast majority of EuroTeleSites Group's Macro Sites are located on real property that it leases under ground lease agreements from different types of counterparties, including governments, and government-owned bodies, corporations and individuals. EuroTeleSites Group has low landlord concentration, with more than 70% of its Site lease agreements being with single Site landlords as of 31 December 2022, based on dividing the number of single leases at the date by the total number of EuroTeleSites Group's Sites. The largest ten landlords of EuroTeleSites Group account for less than 15% of EuroTeleSites Group's ground lease agreements.

EuroTeleSites Group's ground lease agreements generally follow market-standard provisions that are in some cases negotiated with landlords. As of 31 December 2022, EuroTeleSites Group had sub-lease rights under 60% of its lease agreements. For more than 40% of EuroTeleSites Group's lease agreements, subleasing is only permitted under certain conditions, including notice to the landlord, landlord consent and/or a price increase. To the extent that the transfer of the ground lease agreements requires the landlord’s consent and such consent will not have been obtained by effectiveness of the Towers Business Spin-off, Telekom Austria will transfer only economic ownership in such Sites to the Company, and legal ownership will be transferred to the Company as soon as the relevant consent will be in place.

A significant portion of EuroTeleSites Group's ground leases are linked to an inflation index. In addition, some of EuroTeleSites Group's ground leases include adjustment provisions if certain inflation thresholds are exceeded. The Company is focused on managing current Site costs at least to inflation, and securing new Sites at the lowest possible cost, however, the Company anticipates that ground lease costs may increase above historical averages.

As of 31 December 2022, a majority of EuroTeleSites Group's ground leases outside of Austria had over five years remaining until they matured and approximately 98% of the leases in Austria have been concluded for an indefinite term, providing the Company with visibility on its lease costs.

The table below shows the percentage of the lease tenure in each of EuroTeleSites Group's markets, as of 31 December 2022.

Remaining Terms	Austria	Bulgaria	Croatia	Serbia	Slovenia	North Macedonia
Under five years	1.42%	36%	40%	11%	5%	11%
Between five and ten years	0.40%	40%	31%	4%	48%	64%
Over ten years	0.12%	0%	24%	84%	42%	15%
Indefinite	98.06%	11%	1%	2%	5%	1%
Others	0%	13%	4%	0%	1%	9%

(Source: Internal information of the Company)

A1 Telekom Master Lease Agreements

Each of the local ETS TowerCos in Austria, Bulgaria, Croatia, North Macedonia, Serbia and Slovenia have entered into a Master Lease Agreement MLA with the local A1 Telekom MNOs. The MLA between the Austrian A1 Telekom MNO and the Austrian ETS TowerCo entered into force with effect as of the registration of the Austrian Up-stream Spin-off in the Austrian companies register. All other MLAs between the local A1 Telekom MNOs and the ETS TowerCos entered into force on or around 1 June 2023. The principal provisions of these draft MLAs are set out below. However, the specific provisions of each agreement may vary from country to country.

Lease of Site Space

Each A1 Telekom MNO has leased space on the Sites under to its respective MLA. In addition to the currently leased space, the A1 Telekom MNO may request further space for additional Active Equipment against an increase of the rental fee, which is in principle defined by the space used or, if an adjustment of passive equipment is required, pre-defined prices.

Services

Pursuant to the MLAs, the local ETS TowerCos provide the A1 Telekom MNOs with the following services on all Sites covered by the relevant MLA: (i) hosting services; (ii) Site modification services; (iii) services related to BTS Sites; (iv) Site access (v) operations and maintenance ("**O&M**") services for the Passive Infrastructure; and (vi) EMF services (together, the "**MLA Services**"). The local ETS TowerCo is also generally permitted to offer lease to the Passive Infrastructure and to offer similar services to other MNOs on the Sites. Unless agreed otherwise, the MLA Services exclude: (i) the A1 Telekom MNO's EMF compliance obligations; (ii) maintaining the active infrastructure; (iii) health, safety and environment accountability for the active infrastructure; and (iv) installing, commissioning and decommissioning the Active Equipment (other than in the course of services related to a BTS Site).

Rental Fee and Indexation

The rent for both existing Sites ("**Basic Rent**") and new Sites ("**New Site Rent**") is a fixed amount per annum depending on the Site type (Greenfield or Rooftop Site) and the region (special, urban, sub-urban or rural). The classification of region for the Sites is based on Eurostat's classification. In addition to the Basic Rent, A1 Telekom MNOs shall, within an initial term of up to 8 years, pay an additional rent ("**Upgrade Rent**") for existing Greenfield Sites and Rooftop Sites representing a compensation for the planned upgrade of various Sites to 5G. Any additional modifications of the Sites requested by A1 Telekom MNO shall be carried out by EuroTeleSites Group for a one-time payment or, if A1 Telekom MNO requests so, a rent increase for 8 years.

Any Rental Fee components, prices and other amounts and values under the MLA, including but not limited to the Basic Rent, the New Site Rent, Upgrade Rent, fees for additional modifications, penalties and liability caps are adjusted annually by 85% of the annual adjustment to the consumer price index ("**CPI**"). The indexation, however, is capped at 3% per year. However, an indexation of 100% of the steel price index applies to certain steel components used for additional modifications. All local MLAs are in Euro.

Upgrade of Sites

Under the MLAs, the local ETS TowerCos commit to upgrading existing Sites designated to be upgraded to meet certain standard configurations, which may either be Greenfield Sites or Rooftop Sites, in accordance with the process and number of Sites per year set forth in the relevant Rollout Plan (as defined below). In Austria, approximately 2,500 Sites are expected to be upgraded within the first eight years.

Rollout Plan

Under the MLAs, an annual revolving rollout plan will be agreed, which will describe proposed new Sites and Sites to be subject to certain upgrade modifications in the upcoming calendar year (the "**Rollout Plan**").

The local ETS TowerCo must obtain the necessary approvals and complete the deployment of the Sites in each calendar year, according to the Rollout Plan.

Duration and Termination

Each MLA has an initial term of eight years, which automatically extends for two additional eight-year periods, unless, at the end of each term, the relevant A1 Telekom MNO decides not to extend the term of the MLA. In case the A1 Telekom MNO exercise an extension right, then all Sites within a particular jurisdiction are extended. The MLAs contain customary termination rights exercisable by either party for cause. The local ETS TowerCo may only terminate the MLA without cause for the first time with effect as of the end of the 24th contractual year upon prior notice within six months. Afterwards, termination is subject to 36 months prior notice at the end of the year. Each A1 Telekom MNO may terminate up to 1% of the Sites per calendar year subject to 12 months prior written notice, however in the aggregate capped at 5% of the Sites existing at the beginning of each eight years' term. To the extent that the A1 Telekom MNO does not utilize its partial termination right, the absolute number of Sites not terminated shall be added (rolled over) to the partial termination right of the following calendar year, provided that the 5% cap defined above may not be exceeded.

Buyback Rights

The A1 Telekom MNOs are entitled, in case of a termination for certain good cause defined in more detail in the MLA, to acquire the local ETS TowerCo's relevant Passive Infrastructure, and request the transfer of the landlord agreements and any of its ancillary agreements at/for the Sites affected by the termination to the relevant A1 Telekom MNO. The acquisition price shall be determined by an independent expert and will be equal to the fair market value of the repurchased asset.

Golden Sites

A1 Telekom MNOs may under the terms of the MLAs designate up to 5% of the total Site portfolio in the respective market as golden Sites (each a "**Golden Site**"). On Golden Sites, local ETS TowerCos are required to obtain the A1 Telekom MNO's prior written consent before allowing any third-party to install equipment or use any available space, unless it is entitled to exercise statutory co-location, sharing or similar rights in relation to such Golden Site exclusively on the basis of applicable law. The local ETS TowerCo receives a premium of 50% on the Rental Fee for Golden Sites.

Active RAN Sharing Arrangements

The A1 Telekom MNOs are entitled without restriction and without any effect on the Rental Fee to allow third-party network operators or other network users to use its Active Equipment by way of national roaming or active RAN sharing (i.e. the shared use of radio equipment by at least two network operators).

Liability

Under the terms of each MLA, the maximum liability of either party for damages occurring at a specific Site is limited, in case of slight negligence, to an amount equal to the monthly Rental Fee for such Site for each individual damage event or each series of connected damage events at such Site, and to an amount equal to the annual Rental Fee for the relevant Site for all damages at such Site per calendar year. The MLAs further provide for an overall cap for all damages caused by slight negligence under the MLA per calendar year.

Other Tenants

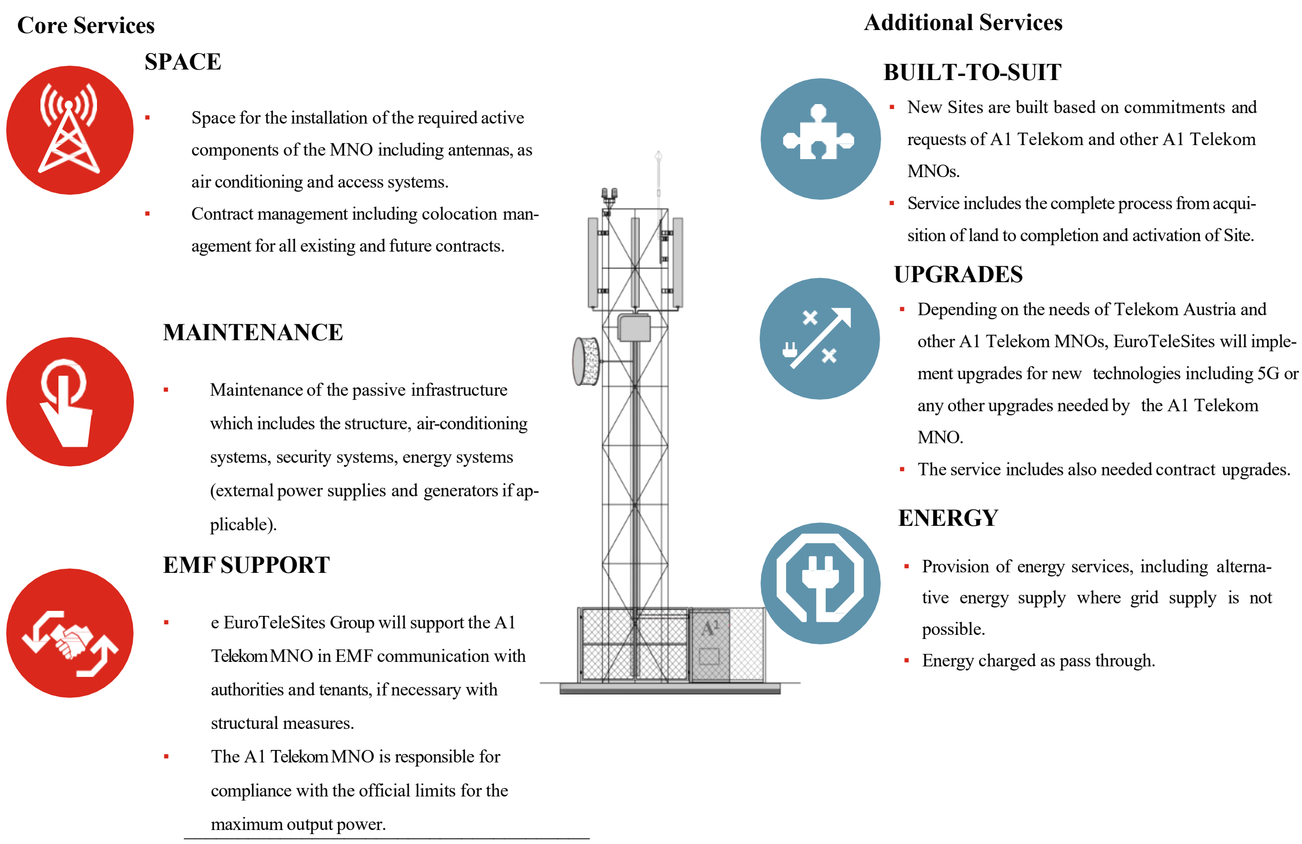
There are reciprocal framework agreements in place with third-party MNOs regarding several Greenfield and Rooftop Sites of EuroTeleSites Group. Agreements of such nature usually comprise provisions on duration, modification, new Sites, and the administration of the Sites (similar to the MLAs). The term of such reciprocal framework agreement and the associated and Site-agreements is usually unlimited whereas the lessor waives its termination rights for eight years. Most of the agreements with third-party MNOs have limited indexation. All new contracts with MNOs (other than the anchor tenants for which indexation is already covered in the MLAs) are expected to be linked to inflation and the Towers Business aims to include consumer price indicator escalators into existing customer contracts as they expire and are renegotiated.

Third-Party Agreements

EuroTeleSites Group has certain third-party agreements with notable service providers in place regarding Site planning, construction works (Nokia and Kremsmüller) and infrastructure maintenance (mnCNS) of the Sites. These service providers have passed through an assessment and a due diligence process.

Services

EuroTeleSites Group's principal business is the construction and operating of telecommunications Sites in order to provide space and related services to customers that in turn provide mobile, voice and data services to end-users or other businesses. EuroTeleSites Group also offers comprehensive Site-related operational services, including Site preparation, construction, modification, maintenance and security services. EuroTeleSites Group provides space on its Sites under long-term contractual arrangements, including MLAs, which set out the long-term contractual arrangements of principal commercial terms that govern the provision of Site space. The following image describes EuroTeleSites Group's core and additional services.



(Source: Internal information of the Company)

The primary categories of services that EuroTeleSites Group provides are:

- ***Hosting services:*** EuroTeleSites Group offers space on its Passive Infrastructure to customers so that they may install their Active Equipment on EuroTeleSites Group's Sites. These spaces include vertical Passive Infrastructure, shelters and rooms to house customers' receiving and transmitting equipment, connection cables for the connection between customer equipment and antennas, contract management services as well as air-conditioning and access systems.
- ***Maintenance services:*** EuroTeleSites Group provides O&M services in relation to Passive Infrastructure to its customers. O&M services may include: (i) reactive maintenance to address any incidents involving Passive Infrastructure; (ii) planned maintenance to maintain the quality and performance standards of the

Passive Infrastructure; (iii) general Site maintenance and environmental management to guarantee Site accessibility and safety; (iv) Site access management; (v) external power supplies and generators; and (vi) security services such as surveillance of the Sites.

- ***Electromagnetic field (EMF) management services:*** EuroTeleSites Group will facilitate EMF management services (including structural measures if necessary) to ensure that the Site can accommodate standard configuration EMF levels. In most European markets, it is typically the responsibility of the MNO to ensure that the EMF utilization of their Active Equipment is in line with allocated capacity.

Additional services that EuroTeleSites Group provides are:

- ***Built-to-suit (BTS) services:*** EuroTeleSites Group also offers built-to-suit services relating to the new construction of Sites, including design, planning, electromagnetic emissions analysis, acquisition, authorization and construction, according to specific requirements requested by the customer such as location and tower height. EuroTeleSites Group offers services for the complete process from the acquisition until the Site will be on air, including: search and selection of Sites and determination of the optimal solution; lease contract negotiation and execution with the property owner; construction planning, including technical advice, feasibility analysis and final designs; construction permits management; civil works execution and formal and administrative review of the creation of new Sites.
- ***Upgrades:*** EuroTeleSites Group offers services in connection with the upgrade of existing Sites to implement new technologies such as 5G.
- ***Energy services:*** Provision of energy services, including alternative energy supply where grid supply is not possible; energy cost are calculated as pass-through cost depending on the country.

EuroTeleSites Group provides its services in line with agreed levels of performance and quality standards in order for its customers to maintain, preserve and improve their services.

Telekom Austria Group Shared Services

EuroTeleSites Group receives certain administrative and corporate function support from Telekom Austria Group shared services. This support comprises finance, IT and lease of office space and related services shared service activities and is provided under a framework outsourcing agreement. The Company believes that it can benefit from the cost-focused manner in which these services are provided while also working with Telekom Austria Group shared services to drive automation within EuroTeleSites Group's business.

10.10 Employees

Personnel Statistics

The following table sets out the breakdown of EuroTeleSites Group's 158 full-time employees ("**FTEs**") by geography as of the date of this Prospectus, which is expected to increase to approximately 173 FTEs by the end of 2023.

Country	Number of FTEs(1)
Austria	68(1)
Bulgaria	34
Croatia	22
Slovenia	6
Serbia	18
North Macedonia	10
Total	**158**

(1) As of the date of this Prospectus. This includes 17 civil servants (*Beamte*), 9 contract agents (*Vertragsbedienstete*), and 4 transferred employees (*übergeleitete Angestellte*).
(Source: Internal information of the Company)

EuroTeleSites Group also works with contractors under third-party and O&M field services contracts that are typically negotiated and entered into by Telekom Austria Group's procurement.

Trade Unions and Collective Bargaining

In Austria, collective agreements with trade unions and works council agreements applicable at EuroTeleSites Group continue to apply in relation to employees that have been transferred in the Towers Business Spin-off from Telekom Austria to the Austrian ETS TowerCo (62 employees). Approximately 50% of the employees have either full or partial protection from termination, which will remain in place for the full term of their employment with the Austrian ETS TowerCo. This protection originates in the special nature of their employment status (civil servants and otherwise protected employees).

The status as a civil servant (*Beamter*), contract agent (*Vertragsbediensteter*), or transferred employee (*übergeleiteter Angestellter*) is in particular accompanied by (i) strong protection against any ordinary termination of the employment relationship by EuroTeleSites Group (ordinary termination without good cause is not allowed at all or at least restricted to specific reasons), (ii) limited possibilities of EuroTeleSites Group to relocate or transfer those employees to another job or to amend the obligations or the scope of activity of these employees; (iii) the obligation of EuroTeleSites Group to pay the employment related expenses of civil servants; and (iv) benefits regarding the continuation of payments in cases of illness or invalidity (for civil servants sick leave payment is indefinite) or in case of mandatory vacation, which significantly exceed standard labor law provisions. Furthermore, civil servants are, in addition to entitlements under collective agreements, entitled to a pay rise of around 2.4% (on average, the actual pay raise varies in accordance with the salary grade applicable) every two years.

Pension Plans and Retirement

The provisions of the General Social Insurance Act (*Allgemeines Sozialversicherungsgesetz*) are applicable to employees (*Angestellte*) and contract agents (*Vertragsbedienstete*). The standard old-age pension (*Alterspension*) is due upon reaching the standard retirement age and fulfillment of the necessary number of insurance periods. In Austria, the standard retirement age for men is 65, whereas women reach the standard retirement age at the age of 60. The minimum insurance period is 180 months. As of 2024, the retirement age for women will increase by six months per year, so that a uniform retirement age of 65 will apply as of 2033. If the conditions are fulfilled, an employee/a contract agent can also retire earlier (*Korridorpension*). In the case of early retirement pension, the deductions will be made for each year before the standard retirement age.

According to the Civil Service Law Act (*Beamten-Dienstrechtsgesetz 1979*) a civil servant (*Beamter*) retires at the end of the month in which he reaches the age of 65 (statutory retirement age). Further, a civil servant may at the earliest at the end of the month in which he reaches the age 62 declare in writing his intention to retire if he has a total pensionable service period of 480 months. Due to civil servant's health conditions, the civil servant shall be retired ex officio or at his request if he is permanently unfit for service and is unable to perform the official duties and cannot be assigned a job of at least equal value within the sphere of action of his official authority which can reasonably be expected of him in view of his personal, family and social circumstances.

For employees (*Angestellte*) hired before 1 January 2012 and transferred to EuroTeleSites Group a company pension fund is in place. For civil servants transferred to EuroTeleSites Group a pension fund could get in place depending on legal proceedings.

If Telekom Austria Group has a social plan in place, civil servants, contract agents and transferred employees (whose contracts could not be terminated) and are not yet eligible to retire can take advantage of its benefits with EuroTeleSites Group bearing the majority of the cost.

10.11 Real Property

As of 31 December 2022, EuroTeleSites Group owned around 1% of its Sites. EuroTeleSites Group has leased the Sites as well as its office buildings, including its headquarters in Vienna, Austria, and its facilities in each of its markets.

These premises are used in whole or in part by local ETS TowerCos. Lease payments and service fees payable under the relevant lease agreements are on an arm's length basis.

10.12 Intellectual Property

EuroTeleSites Group uses a number of standard software products for its business operations provided by or sublicensed from Telekom Austria Group. While intellectual property is part of EuroTeleSites Group's business, EuroTeleSites Group believes that no single software products is material to its business as a whole.

EuroTeleSites Group owns or (sub-) licensed all of the trademarks that it uses in the course of its business.

10.13 Research and Development

The research and development activities of EuroTeleSites Group are generally project based and, in most instances, carried out in consultation with partners. In the past financial year, no research and development projects were carried out on a scale that was material for EuroTeleSites Group.

10.14 Legal Proceedings

The companies of EuroTeleSites Group are parties to legal proceedings from time to time arising in the ordinary course of business. During the twelve months prior to the date of this Prospectus, there were no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which EuroTeleSites is aware) which may have, or have had in the recent past, significant effects on EuroTeleSites' or EuroTeleSites Group's financial position or profitability.

10.15 Insurance

Insurance coverage of EuroTeleSites Group includes, *inter alia*, all-risks property insurance, business interruption insurance and property third-party liability insurance. EuroTeleSites Group believes that the Company and its subsidiaries have insurance protection to the extent customary in the industry. In addition, the members of the Management Board and Supervisory Board of EuroTeleSites are covered under a directors and officers liability insurance policy.

10.16 Compliance and Risk Management

EuroTeleSites Group has compliance and risk management systems in place to observe all applicable legal regulations on an ongoing and sustainable basis. EuroTeleSites Group continuously seeks to reduce the likelihood and/or potential impact of the various risks to which it is exposed. Therefore, EuroTeleSites Group has implemented a compliance system which includes, *inter alia*, anti-corruption, anti-money laundering, antitrust regulations and data protection in order to prevent, detect and respond to potential violations. EuroTeleSites Group's risk management system operates group-wide and is a fundamental part of its corporate governance system.

10.17 Material Agreements

Other than as set out below, neither EuroTeleSites nor any member of EuroTeleSites Group is a party to a material agreement not entered into in the ordinary course of business.

A1 Telekom Master Lease Agreements

For details on the A1 Telekom Master Lease Agreements, see "*A1 Telekom Master Lease Agreements*".

Facilities

For more information on the Term Loan, Revolving Credit Facility and Notes, please see "*Management's Discussion & Analysis of Condition and Results of Operations – Financial Liabilities*".

Other Material Agreements

<u>Nokia Service Contract</u>

EuroTeleSites Group and Nokia Solutions and Networks Oy ("**Nokia**") concluded a framework agreement for the supply of telecommunication equipment and related services dated 1 January 2016 ("**GDC 2016**"), which has been amended from time to time and has a term until 31 December 2025.

The scope of the services comprises the following phases: planning, building, equipment installation and commissioning, integration and optimization. These services are consumed by EuroTeleSites Group on the basis of purchase orders specifying the concrete services to be provided. Each of these orders constitutes a separate contractual relationship. The material required for this purpose, with the exception of towers and FTTA (fiber to the antenna), is included in the scope of supply and services of GDC 2016.

Services provided in relation to the cooperation between Austrian MNOs regarding operation and expansion of mobile network stations are excluded from mandatory commissioning of Nokia.

Telekom Austria Group Shared Services

EuroTeleSites Group receives certain administrative and corporate function support from Telekom Austria Group as shared services, but separated from Telekom Austria Group. This support comprises in particular IT and lease of office space and related services shared service activities and is provided under a framework service agreement. EuroTeleSites Group expects to enter into intercompany service agreements with reliance on those services expected to be more significant in the periods of time immediately following the Towers Business Spin-off and to become less significant over time. EuroTeleSites Group expects to benefit from the cost-focused manner, in which these services are provided, while also working with Telekom Austria Group shared services to drive automation within EuroTeleSites Group's business.

Contracted Services for Sites Maintenance

EuroTeleSites Group also works with contractors under third-party and O&M field services contracts.

11. REGULATORY ENVIRONMENT

11.1 Regulatory Overview

In EU member states, the telecommunications industry is subject to regulation at the European and national levels; however, as a general matter, Passive Infrastructure and Passive Infrastructure operators like EuroTeleSites are not subject to specific sector related telecommunications regulation at the European level and are either not subject to sector-specific regulation or are subject to minimal sector-specific regulation at the national level.

11.2 EU Telecommunications Regulation

At the European level, the principal telecommunications legislation is the European Electronic Communications Code 2020 (the "**EECC Code**"), which was established by the Directive (EU) 2018/1972 of the European Parliament and of the Council of 11 December 2018, and sets out a harmonized framework for the regulation of telecommunications networks and services, as well as associated facilities and services. The main objectives of the EECC Code are to develop high-capacity telecommunications networks and ensure sustainable and effective competition between network operators and the interoperability of telecommunications services while protecting the accessibility and security of such networks and promoting the interests of end users. EU member states were required to implement the EECC Code, including its principles of transparency, non-discrimination, and proportionality, through national law by 21 December 2020. As of today, Austria, Bulgaria, Croatia and Slovenia had implemented the EECC Code in national legislation. Serbia and North Macedonia, as aspiring EU candidate countries, have been working towards harmonizing their national legislation with EU standards, including the field of electronic communications. By aligning with the EECC Code, these countries created a regulatory framework that is in line with the European Union's policies and practices.

The EECC Code contains rules relating to market regulation, meaning that it applies only to markets designated by national regulatory authorities ("**NRAs**") and only regulates entities with significant market power. Under the EECC Code, NRAs may choose to designate a particular market for regulation if: (i) there are high and non-transitory barriers to market entry; (ii) there is an absence of a trend toward effective competition in the market within a particular time period; and (iii) the application of competition law alone is insufficient to address the competition issues within the market. The EECC Code applies to the operation of telecommunications networks and, therefore, as a general matter, Passive Infrastructure operators are not subject to its provisions. Currently, neither Passive Infrastructure nor any part of it is identified as a regulated market in the European Commission's market list. Furthermore, the focus of NRA regulation under the EECC Code is the regulation of electronic communications services for the benefit of end-users. However, aspects of the EECC Code may impact Passive Infrastructure operators as providers of facilities associated with telecommunications networks.

The EECC Code permits NRAs to impose colocation and sharing obligations on MNOs in order to protect the environment, public health and public security, or to meet national and local planning objectives. Furthermore, under the EECC Code, NRAs may attach conditions to spectrum grants to MNOs, including commitments to share Passive Infrastructure or Active Equipment, to ensure effective and efficient use of spectrum, to promote coverage or to encourage competition. The EECC Code permits NRAs to impose access obligations in connection with spectrum grants to ensure effective and efficient use of spectrum or promote coverage. In addition, under the EECC Code, NRAs may make the grant, amendment or renewal of rights of use for spectrum conditional on wholesale access to promote effective competition and to avoid distortions of competition. Similar obligations may be imposed to provide network access to end users in areas with deficient or limited coverage due to economic or physical obstacles.

Based on the Recommendation (EU) 2019/534 of the Commission, as well as the NIS Cooperation Group documents based on it (CG Publication 02/2019, CG Publication 01/2020 and CG Publication 02/2020) and the EU cybersecurity strategy, almost all EU member states have transposed security measures into national law which enable them to restrict or ban high-risk vendors from core and radio access networks. However, only a few have applied actual bans or restrictions.

11.3 EU Member State Regulation

In the EU member states in which EuroTeleSites Group operates, telecommunications legislation generally provides an overall framework in which MNOs can deploy and develop their networks. Accordingly, Passive Infrastructure operators are generally not subject to particular sector-related regulation or are subject to limited regulation as a result of their role in supporting national mobile networks.

ETS TowerCos have registered as providers of electronic communication services and/or operators of public communications networks in all of the markets although NRAs have not designated passive infrastructure operators as being subject to specific sector-related regulation. In Austria, according to the Telecommunication Act (*Telekommunikationsgesetz 2021*) owners or other parties entitled to use an antenna mast or a power line mast must permit – against an appropriate compensation – its shared use by providers of a public communications network, fire departments, rescue services and security authorities, provided this is economically reasonable for them and technically possible, especially in terms of frequency. In Croatia, the electronic communications act theoretically foresees the possibility of an ex-ante regulation for access but this was not put into effect.

EuroTeleSites Group may, in certain circumstances, be required to grant access to MNOs (or other network operators or infrastructure providers) seeking to take actions with regard to Active Equipment.

11.4 Other Laws and Regulations

In the ordinary course of constructing its Passive Infrastructure and providing its services, EuroTeleSites Group is required to obtain, maintain and routinely renew a variety of licenses, authorizations and other permits from administrative and regulatory agencies in the markets in which it operates, as well as rights-of-way from utilities and other private and governmental entities. This includes compliance with municipal building safety laws and municipal planning laws, which may require building permits depending on certain aspects of the Passive Infrastructure, including its height, as well as municipal planning regulations.

In addition, EuroTeleSites Group must comply with environmental and health and safety regulations in connection with its business. These include requirements relating to Electromagnetic field (EMF) management services, the handling of electrical installations, construction, maintenance and lifting works, transport, warehousing and vehicle safety and waste management.

Furthermore, EuroTeleSites Group is impacted by coverage obligations imposed on MNOs by national regulators which increase demand for EuroTeleSites Group’s services. Coverage obligations are regulatory requirements to provide network coverage of certain quality over areas prescribed by various governments and regulators in connection with spectrum auctions. National regulators have been focused on using coverage obligations to: (i) increase coverage in rural areas (i.e., provide good voice and data services across less populated areas); (ii) prioritize coverage of major terrestrial paths such as national roads and rail transport routes; and (iii) ensure minimum mobile data connection speed targets contained in national and European directives are met.

12. MANAGEMENT

12.1 General

In accordance with mandatory Austrian law, the Company has a two-tiered board structure comprising of the Management Board (*Vorstand*) and the Supervisory Board (*Aufsichtsrat*). The Management Board is responsible for the management of the business and represents the Company in dealings with third parties. The Supervisory Board is responsible for appointing and removing the members of the Management Board and for supervising the business conducted by the Management Board. Although the Supervisory Board does not actively manage the Company, the Austrian Joint Stock Corporation Act, the Articles of Association and the Management Board's internal rules of procedure require that the consent of the Supervisory Board be granted before the Management Board takes certain actions.

Members of the Management and Supervisory Board owe a duty of loyalty and care to the Company. In carrying out their duties, members of the Management and Supervisory Board must exercise the standard of care of a prudent and diligent businessperson. Both boards are required to consider a broad range of considerations in making their decisions, including the Company's interests and those of the shareholders, employees, creditors, and the public. The Management Board is required to respect such constituents' rights to equal treatment and equal information.

Under Austrian law, shareholders and other parties are prohibited from giving instructions to the Management Board or the Supervisory Board and from using their influence to cause a member of the Management Board or the Supervisory Board to act in a way that is harmful to the Company or its shareholders. A controlling shareholder may not cause the Company to take measures disadvantageous to the Company or the other shareholders. An individual shareholder or any other person exerting influence to cause a member of the Management Board or the Supervisory Board to act in a way that is unfavourable to the Company, or its shareholders may be liable for damages to the Company and the shareholders. Board members who have neglected their duties by taking such actions may likewise be jointly and severally liable for damages to the Company.

As a general rule, the Austrian Joint Stock Corporation Act does not provide a shareholder with any direct recourse against the members of the Management Board or the Supervisory Board in the event that they are deemed to have breached their duties. Apart from insolvency or tort claims, only the Company itself has the right to claim damages from the members of either the Management Board or the Supervisory Board. The Company may waive its right or settle these claims only if five or more years have passed since the alleged breach and if the shareholders approve the waiver or settlement at a shareholders' meeting by a simple majority of the votes cast, and provided that opposing shareholders do not hold, in the aggregate, 20% or more of the share capital (if such claims are not obviously unfounded, this threshold is reduced to 10% or, if special reports reveal facts that may entitle to such claims, to 5%) and do not oppose and have their opposition formally recorded in the minutes maintained by an Austrian notary public.

12.2 Management Board

The Management Board is appointed by the Supervisory Board for a maximum period of five years. Members of the Management Board may be re-appointed. The Supervisory Board may remove a member of the Management Board prior to the expiration of his term only for cause, such as a material breach of duty, the inability to manage the business properly or a vote of non-confidence by the shareholders' meeting. The shareholders themselves are not entitled to appoint or dismiss the members of the Management Board.

The Management Board is required to report to the Supervisory Board at least annually regarding fundamental questions of future business policy. The Management Board is also required to report to the Supervisory Board regularly, at least quarterly, on the progress of business operations and on the results of the Company's and EuroTeleSites Group's business against its internal forecast. The Management Board is obliged to inform the Supervisory Board of any incidents that may be of significance to the Company's or EuroTeleSites Group's business operations.

Pursuant to the Articles of Association, the Management Board must consist of between two and four members. Currently, it consists of two members. According to the Austrian Joint Stock Corporation Act and the Articles of Association, the Supervisory Board may appoint one Management Board member as chairman, whose vote is decisive in the case of a parity of votes and may also appoint one deputy chairman. The Company shall be represented by an individual Management Board member or by two Management Board members jointly or by one Management Board member together with a holder of a special statutory power of attorney (*Prokurist*).

The Management Board has, in principle, no obligation to obey orders or directives originating from the shareholders' meeting or from the Supervisory Board. However, both the Austrian Joint Stock Corporation Act and the Articles of Association, together with the Management Board's rules of procedure, require the consent of the Supervisory Board or one of its committees before the Management Board may take certain actions. A failure by the Management Board to obtain such consent does not affect the validity of transactions with respect to third parties but may render the Management Board liable for any damages resulting therefrom. The consent of the Supervisory Board is required for material decisions such as:

- the acquisition and disposal of participations (section 189a no 2 of the Austrian Commercial Code) as well as the acquisition, the disposal and the closure of undertakings and businesses exceeding a threshold defined by the Supervisory Board;
- encumbrance over assets and real estate or rights equivalent to real estate exceeding a threshold defined by the Supervisory Board;
- the establishment and close-down of branch offices;
- investments in so far as they exceeding a threshold defined by the Supervisory Board;
- taking out loans or issuing bonds in so far as they exceed a threshold defined by the Supervisory Board;
- granting of loans in so far as they exceed a threshold defined by the Supervisory Board;
- the establishment and the close-down of lines of business and types of production;
- the determination of general principles for the business policy and strategic goals of the business;
- the determination of principles on the granting of profit and turnover participations and pension commitments to executives within the meaning of section 80 para 1 of the Austrian Joint Stock Corporation Act;
- the granting of stock options to employees and key personnel of the Company or an affiliated company as well as to members of the Management Board and the Supervisory Board of affiliated companies;
- the granting of special statutory power of attorney (*Prokura*);
- the entering into agreements with members of the Supervisory Board by which they, outside of their activity in the Supervisory Board, commit to a service vis-à-vis the Company or a subsidiary (section 189a No 7 of the Austrian Commercial Code) for a benefit of not only minor nature; this applies also to agreements with undertakings in which a member of the Supervisory Board has a significant commercial interest;
- the assumption of a leading position (section 80 of the Austrian Joint Stock Corporation Act) in the Company within a period of two years following the signing of the audit report by the auditor, the group auditor, by the auditor of a significant affiliated company, or by the respective auditor signing the audit report or any person acting for him/her who has held a leading function in the course of the audit, to the extent not prohibited by section 271c of the Austrian Commercial Code;
- measures by which the Management Board exercises an authorization granted pursuant to section 102 para 3 or 4 of the Austrian Joint Stock Corporation Act; and
- the application for admission of the Shares of the Company to trading on a recognized stock exchange in the meaning of section 3 of the Austrian Stock Exchange Act 2018 as well as the withdrawal of such admission.

Currently, the Management Board consists of two members.

Name	Function	*Year of birth*	Year appointed	End of term
Ivo Ivanovski	Chief Executive Officer	1978	2023	2026
Lars Mosdorf	Chief Financial Officer	1979	2023	2026

(Source: Internal information of the Company)

Ivo Ivanovski is Chief Executive Officer (*CEO*) of the Company responsible for Strategy, Mergers & Acquisition, Human Resources, Operation, Business Development & Communication, Marketing & Branding, Legal, Regulatory & Governmental Affairs, Infrastructure & Technology and General Secretariat. He has held numerous positions within the Telekom Austria Group from October 2016 and has been Head of International Regulatory & European Affairs and M&A of the Telekom Austria Group until recently. Previously, he served in various positions at international institutions, including on the board of directors of UN-GAID (Global Alliance for Information and Communication Technologies and

Development). From 2010 to 2015, he held the position of Commissioner of the Broadband Commission for Digital Development of the International Telecommunication Union (ITU), a UN specialized agency, and served as Head of Governmental & Regulatory Affairs of América Móvil Group in Brussels. From 2006 to 2015, he served as Minister of Information Society and Administration in his home country Macedonia. He holds a Master degree in Computer Science and is recipient of Honorary Doctorate Degree for Technology Leadership from Franklin University, USA.

Lars Mosdorf is Chief Financial Officer (*CFO*) of the Company responsible for Accounting & Tax, Controlling & Reporting, Investors Relation, Environmental Social Governance, Treasury & Risk, Compliance, Internal Audit, IT, Purchasing and Procurement. He has spent his career in various management positions, with a focus on finance, digitalization, commercial and general management. He has 16 years of infrastructure experience, thereof 10 years at C-level, leading organizations with up to 4,500 employees. In his last position, he was CFO, Chief Human Resources Officer and Management Board member at Düsseldorf Airport, with a broad responsibility for all finance functions, IT, Procurement and HR. Prior to that, he was CFO and Deputy General Director at Northern Capital LLC in St. Petersburg, and held various senior management positions spanning pricing strategy, regulatory and finance at Fraport AG. Lars holds a Master in Public Policy and Management from the University of Konstanz, Germany as well as an Executive MBA from the Universities of Frankfurt, Germany and Duke University, USA.

The members of the Management Board can be reached at the registered office of the Company at Lassallestraße 9, 1020 Wien, Austria.

12.3 Supervisory Board

The Supervisory Board supervises the Management Board and can request a report on matters concerning the Company or EuroTeleSites Group as a whole but does not actively engage in the management of the Company. Supervision is exercised by the examination of regular reports, which must be provided by the Management Board. The Supervisory Board must also approve certain transactions prior to their implementation. The Supervisory Board may inspect and review all books, documents and assets. The Supervisory Board also reviews the financial statements, the Management Board's report regarding all significant incidents, which must be regularly provided by the Management Board to the Supervisory Board, reports in connection with the annual financial statements and proposals to the shareholders' meeting concerning the distribution of profits and reports thereon. The Supervisory Board must convene a shareholders' meeting if it is in the best interests of the Company.

Pursuant to the Articles of Association, the Supervisory Board consists of a maximum of ten members elected by the shareholders' meeting plus the members delegated by the works council, whereas the quotas for appointing men and women under the Austrian Equality Act (*Gleichbehandlungsgesetz*) shall be considered for new appointments to the Supervisory Board.

The first Supervisory Board consists of ten members appointed by Telekom Austria as the founder of EuroTeleSites pursuant to Austrian Spin-off Act for the period until the end of the first shareholders´ meeting of EuroTeleSites held after the expiry of one year since the registration of EuroTeleSites in the Austrian companies register for the purpose of adopting a resolution on the discharge of the Supervisory Board.

The Austrian Labor Constitutional Act (*Arbeitsverfassungsgesetz*) entitles the works council to designate one of its members for every two members of the Supervisory Board elected by the shareholders' meeting, and in case of an uneven number of elected members, an additional works council member. The works council members have substantially the same rights and obligations as the other members of the Supervisory Board. Should the works council fail to fill some or all of their allotted seats on the Supervisory Board, those seats remain vacant. Members of the Supervisory Board delegated by the works council can be removed only by the works council itself. Any works council member of the Supervisory Board who ceases for any reason to be a member of the works council will also lose its position on the Supervisory Board. Unlike the members of the Supervisory Board elected by the shareholders' meeting, the members designated by the works council are employees of EuroTeleSites Group. The works council may replace any employee representative at any time. Currently, no employee representative is designated by the works council as member of the Supervisory Board.

The shareholders' meeting may remove any Supervisory Board member it has elected by a simple majority of the votes cast at the relevant shareholders' meeting.

The Supervisory Board elects a chairman and a deputy chairman. Members of the Supervisory Board may resign by written notice. The resignation takes effect at the four weeks following receipt of the notice by the Company. In the event an elected member resigns from the Supervisory Board before the expiry of its term, the next shareholders' meeting may elect a replacement. The term of office of the replacement member runs until the expiry of the original term of the member resigning if not resolved otherwise by the shareholders' meeting. An extraordinary shareholders' meeting must elect a replacement if the number of Supervisory Board members has fallen below three. The Supervisory Board adopts its own rules of procedure.

The Supervisory Board must meet at least quarterly. At least half of the members of the Supervisory Board (including one of the chairman or deputy chairman) must be present at a meeting to constitute a quorum. The Supervisory Board can only make a decision on a matter which is not on the agenda if all members of the Supervisory Board are present or represented and no member speaks against the decision. Except where a different majority is required by law or the Articles of Association, the Supervisory Board acts by a simple majority of the votes cast. In the case of a split vote, the chairman casts the deciding vote.

Pursuant to the Articles of Association, the Supervisory Board consists of up to ten members appointed by the shareholders' meeting (plus the members delegated by the works council). The current members of the Supervisory Board are:

Name	Position	Year of birth	Year appointed	End of term
Barbara Potisk-Eibensteiner	Chair	1968	2023	2025[(1)]
Oscar Von Hauske Solís	Vice Chair	1957	2023	2025
Edith Hlawati	Member	1957	2023	2025
Daniel Hajj Slim	Member	1994	2023	2025
Elisabeth Muhr	Member	1956	2023	2025
Roxana Alexandra Flores Alexanderson	Member	1972	2023	2025
Ana Simic	Member	1977	2023	2025
Elisabetta Castiglioni	Member	1964	2023	2025
Ernesto Leyva Pedrosa	Member	1981	2023	2025
Santiago Andres Dawson Lemus	Member	1984	2023	2025

(1) The term of office of the members expires as of the end of the ordinary shareholders' meeting in 2025.
(Source: Internal information of the Company)

Barbara Potisk-Eibensteiner, born in 1968, is since 2017 chief financial officer at Heinzel Holding GmbH and managing director at its subsidiaries. She is holding positions in various companies as supervisory board member.

Oscar Von Hauske Solís, born in 1957, is a member of the Board of Directors of América Móvil S.A.B. de C.V. and its subsidiaries in Mexico and other countries throughout Latin America and Europe where it has presence in its operations. He is also a member of the Board of Directors of Siesint and HITSS Groups. Both companies are dedicated to the development and integration of software solutions and IT services.

Edith Hlawati, born in 1957, is CEO and sole member of the management board of ÖBAG. Prior to joining ÖBAG, Edith was a lawyer and partner of one of the largest law firms in Austria with a key focus on joint stock corporation law, capital markets, M&A as well as corporate governance. She holds a doctorate degree from the University of Vienna and is a registered attorney. As a leading lawyer, she has typically accompanied numerous capital market transactions such as IPOs, capital increases, and takeovers of major Austrian companies. Moreover, she has advised the state-owned investment holding for more than 30 years. As a supervisory board member, Edith had a distinguished career spanning more than 35 years. Edith is in the supervisory boards of two ÖBAG portfolio companies, namely Telekom Austria AG (as Chair of the supervisory board) and Verbund AG (as First Deputy Chair of the supervisory board).

Daniel Hajj Slim, born in 1994, completed his industrial engineer studies at the Anáhuac University and is holding positions in various companies as supervisory board member. He is currently the vice principal of Sales Telcel of América Móvil S.A. de C.V.

Elisabeth Muhr, born in 1956, graduated from the University of Environmental Sciences of Environmental Engineering and Ecology in 1982. She is co-founder and procurator at Alpine Water Produktions- und Vertriebsgesellschaft m.b.H. She has held positions in various non-profit organizations and is also the co-founder and member of the executive board of the non-profit organization Salzburg Festival Society in New York.

Roxana Alexandra Flores Alexanderson, born in 1972, completed her master in Int'l Business Administration at the Cardiff Business School in Wales in 1997. She is Sustainability Manager at América Móvil S.A. de C.V. and has held various management positions.

Ana Simic, born in 1977, completed her master in international business administration at the University of Vienna in 2002. She is the managing director of DAIN Studios Austria and has held various management positions.

Elisabetta Castiglioni, born in 1964, completed her doctor in business administration at the Munich Technical University in 1994 and her master in business administration at the Ludwig-Maximilians-University in Munich in 1990. Since 2016 she is chief executive officer at A1 Digital International GmbH and since 2017 chief executive officer at A1 Digital Deutschland GmbH. She has active supervisory board functions at Tietoevry Oyi and A1 Telekom Austria Aktiengesellschaft.

Ernesto Leyva Pedrosa, born in 1981, completed his economic studies in 2005 and his law studies in 2007 at the Instituto Tecnológico Autonomo de México. Since 2013 he is the deputy general counsel at América Móvil S.A. de C.V.

Santiago Andres Dawson Lemus, born in 1984, Santiago Andres Dawson Lemus completed his bachelor in economics at the Universidad Anáhuac México Norte in 2008 and his Master of Business Administration at the University of Chicago Booth School of Business. He is head of corporate development at América Móvil S.A.B. de C.V.

12.4 Supervisory Board Committees

The Joint Stock Corporation Act and the Articles of Association allow for the creation of committees that may be granted the power to finally resolve specified issues. The decision-making powers of such committees are regulated in the rules of procedure adopted by the Supervisory Board.

Audit Committee

The audit committee *(Prüfungsausschuss)* is responsible for (i) monitoring the accounting process as well as providing recommendations and proposals with respect to maintaining its reliability, (ii) monitoring the efficiency of the internal control system, the internal revision system, if applicable, and the risk management system of the Company, (iii) monitoring the audit of the (consolidated) financial statements under consideration of the findings and conclusions in reports which were published by the auditors supervision authority (*Abschlussprüferaufsichtsbehörde*) pursuant to Section 4 para 2 No 12 of the Auditors Supervision Authority Act (*Abschlussprüfer-Aufsichtsgesetz*), (iv) reviewing and monitoring the auditor's independence, particularly in respect of additional services rendered by the auditor to the group; Article 5 of Regulation (EU) No 537/2014 and Section 271a para 6 of the Austrian Commercial Code shall apply; (v) reporting on the result of the audit to the Supervisory Board and the presentation how the audit contributed to the reliability of financial reporting, as well as the role of the audit committee thereby; (vi) the review of the annual financial statements and the preparation of their approval, the review of the proposal for the appropriation of profits, the management report und the corporate governance report as well as reporting on the results of the review to the Supervisory Board; (vii) the review of the consolidated financial statements and the group management report, of the consolidated corporate governance report as well as reporting on the results of the review to the Supervisory Board of the Parent Company; (viii) recommendation on the execution of a procedure for the selection of an auditor (group auditor) under consideration of the appropriateness of the fees as well as the recommendation for its appointment to the Supervisory Board; Article 16 of Regulation (EU) No 537/2014 shall apply.

The current members of the audit committee are Oscar Von Hauske Solís (chairperson), Barbara Potisk-Eibensteiner (financial expert), Elisabetta Castiglioni, Santiago Dawson Lemus, Ernesto Leyva Pedrosa and Elisabeth Muhr.

Remuneration Committee

The remuneration committee (*Vergütungsausschuss*) has the following responsibilities: (i) handling matters related to remuneration of the Management Board members and the content of the employment agreements with Management Board members, particularly specifying the underlying principles of Management Board member remuneration and determining the criteria for variable remuneration components in line with Rules 27, 27a and 28 of the Austrian Code of Corporate Governance; (ii) evaluating the remuneration policy for Management Board members at regular intervals; (iii) preparing the remuneration policy and (together with the Management Board members) the remuneration report, in each case concerning the remuneration of the members of the Supervisory Board, and submitting proposals in this regard for approval by the entire Supervisory Board.

The current members of the remuneration committee are Edith Hlawati (chairperson), Oscar Von Hauske Solís (vice chairperson) and Roxana Flores Alexanderson.

Personnel & Nomination Committee

The committee (*Nominierungsausschuss*) has the following responsibilities: (i) preparing Management Board appointments including successor planning (before appointing Management Board members, the personnel & nomination committee shall define the profile for the Management Board member taking into account the corporate strategy and state of the company and prepare the decision by the full Supervisory Board on the basis of a specific appointment process and taking into account successor planning); (ii) proposing possible candidates to the Supervisory Board (the committee is involved with planning the allocation of Supervisory Board mandates).

The personnel & nomination committee shall submit appointment proposals to the entire Supervisory Board, which shall be proposed on the basis of a resolution of the entire Supervisory Board to the annual shareholders' meeting for their approval. When proposing appointments, attention must be paid to the qualifications and personal skills of the Supervisory Board members, as well as the balanced composition of the Supervisory Board in light of the structure and business area of the Company. Furthermore, the aspects of diversity in the Supervisory Board with regard to representation of gender, age and nationality shall be considered appropriately. Attention shall be paid to the fact that no one shall be put forward as a member of the Supervisory Board who has been convicted of a crime that calls their professional reliability into question.

The current members of the personnel & nomination committee are Oscar Von Hauske Solís (chairperson), Roxana Flores Alexanderson, Daniel Hajj Slim, Ernesto Leyva Pedrosa, Ana Simic and Edith Hlawati.

Additional Information Relating to Board Members

The following table sets out the names of companies and business partnerships, excluding the Company and its subsidiaries, of which each of the members of the Supervisory Board and Management Board has been a member of the administrative, management or supervisory boards or partner, as the case may be, at any time in the five years prior to the date of this Prospectus:

Name	Name of company	Position held	Position still held
Management Board			
Ivo Ivanovski	A1 Towers Holding GmbH	managing director	Yes
Supervisory Board			
Barbara Potisk-Eibensteiner	Heinzel Holding GmbH	managing director	Yes
	EMACS Schwertgasse 4 GmbH	managing director	Yes
	EMACS Immobilien GmbH	managing director	Yes
	Heinzel Finance GmbH	managing director	Yes
	EMACS Wagramer Straße 24 GmbH	managing director	Yes
	EMACS AGRO GmbH	managing director	Yes
	Heinzel Paper GmbH	managing director	Yes
	EMACS Neubaugasse 3 GmbH	managing director	Yes
	Veitsch-Radex GmbH	managing director	No
	Heinzel, Bunzl Service GmbH	managing director	No
	RHI AG	management board member	No
	Heinzel EMACS Beteiligungs AG	management board member	No
	Wilfried Heinzel Aktiengesellschaft	supervisory board member	Yes
	Europapier International AG	supervisory board member	Yes

Name	Name of company	Position held	Position still held
	APK Pensionskasse AG	supervisory board member	Yes
	Zellstoff Pöls Aktiengesellschaft	supervisory board member	Yes
	Sattler AG	supervisory board member	Yes
	Laakirchen Papier AG	supervisory board member	Yes
Oscar Von Hauske Solís	Telmex Inernacional	management board member	Yes
	América Móvil S.A.B. de C.V.	management board member	Yes
	Telekom Austria Aktiengesellschaft	supervisory board member	Yes
	Sercotel, S.A. de C.V.	member of the board	Yes
	360 HQ, S.A. de C.V.	member of the board	Yes
	Controladora de Servicios de Telecomunicaciones, S.A. de C.V.	member of the board	Yes
	Claro TV, S.A. de C.V.	member of the board	Yes
	Empresas y Controles en Comunicaciones, S.A. de C.V.	member of the board	Yes
	TEINTL, S.A. de C.V.	member of the board	Yes
	Claro S.A. (BRASIL)	member of the board	Yes
	Claro Telecom Particiacoes S.A.	member of the board	Yes
	Claro Chile, S.p.A.	memberof the board	Yes
	Comcel S.A.	member of the board	Yes
	Infracel S.A. E.S.P.	member of the board	Yes
	AMOV Colombia S.A.	member of the board	Yes
	América Móvil Perú S.A.C.	member of the board	Yes
	Puerto Rico Telephone Company, Inc.	member of the board	Yes
	Compañia Dominicana de Teléfonos S.A.	member of the board	Yes
	Amov International Teleservices S.A.S.	member of the board	Yes
	Operaciones de Procesamiento de Información y Telefonía, S.A.S.	member of the board	Yes
	ESTACIONES TERRENAS DE SATELITE S.A. (ESTESA)	member of the board	Yes
Edith Hlawati	Österreichische Beteiligungs AG	managing director	Yes
	CERHA HEMPEL Rechtsanwälte GmbH	managing director	No
	Verbund AG	supervisory board member	Yes
	Telekom Austria Aktiengesellschaft	supervisory board member	Yes
	OMV Aktiengesellschaft	supervisory board member	Yes
	PIERER Mobility AG	supervisory board member	No
	Österreichische Post Aktiengesellschaft	supervisory board member	No
	Energy-Control Austria für die Regulierung der Elektrizitäts- und Erdgaswirtschaft	supervisory board member	No

Name	Name of company	Position held	Position still held
Daniel Hajj Slim	Gmexico Transportes S.A.B. de C.V.	supervisory board member	Yes
	Sites Latam S.A de C.V.	supervisory board member	Yes
	Grupo México Transportes S.A.B. de C.V.	director	Yes
	Sitios Latinoamérica S.A.B. de C.V.	director	Yes
	Minera Frisco S.A.B. de C.V.	director	No
Ana Simic	DAIN Studios Austria GmbH	managing director	Yes
Elisabetta Castiglioni	A1 Digital International GmbH	managing director	Yes
	A1 Digital Deutschland GmbH	managing director	Yes
	Tietoevry Oyj	management board member	Yes
	Euskaltel SA	management board member	No
	Leoni AG	supervisory board member	No
	A1 Telekom Austria Aktiengesellschaft	supervisory board mem-ber	Yes
	Telekom Austria Aktiengesellschaft	supervisory board member	No
Ernesto Leyva Pedrosa	CLARO NXT TELECOMUNICAÇÕES S.A.	member of the board	Yes
	Empresa Nicaragüense de Telecomunicaciones S.A. Telecomunicaciones S.A. (ENITEL)	substitute member of the board	Yes
Santiago Andres Dawson Lemus	Rivoli Reinsurance Company	director	Yes
	Claro Chile SpA	director	Yes

(Source: Internal information of the Company)

12.5 Shares Held by and Service Contracts with Board Members

As of the date of this Prospectus, no member of the Management Board and the Supervisory Board is directly or indirectly holding Shares in the Company.

12.6 Conduct and Conflicts of Interest

Conduct

None of the current members of the Management Board or the Supervisory Board has at any time in the five years prior to the date of this Prospectus:

- been convicted of any fraudulent offences or offences relating to fraud;
- been associated with any bankruptcy, receivership or liquidation as a member of the administrative, management or supervisory bodies or as senior manager;
- been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body); or
- been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of an issuer.

Conflicts of interest

The Company is not aware of any interest of any member of the Management Board or the Supervisory Board relating to unusual business transactions with the Company. As of the date of this Prospectus, there are otherwise no arrangements or understandings with major Shareholders, customers or suppliers of the Company, or with other persons resulting in a conflict of interest, pursuant to which any member of the Management Board or the Supervisory Board was appointed a member of such corporate body. For activities performed outside the Company, see “Additional Information Relating to Board Members”.

There are no family relationships between the members of the Management Board and the Supervisory Board, neither among themselves nor in relation to the members of the respective other body.

The Company has no outstanding loans to and no guarantees on behalf of any members of the Management Board or the Supervisory Board.

Remuneration of the members of the Management Board

The total remuneration of the members of the Management Board comprises a fixed salary and variable, performance-linked components. The variable and performance-linked compensation is based on financial KPIs, such as revenue, EBITDA and recurring free cash flow, on a consolidated level of EuroTeleSites Group and on additional non-financial KPIs deemed appropriate by the Supervisory Board and determined by an annual target agreement.

In addition to the compensation set out above, the members of the Management Board are covered under a directors and officers insurance policy. The Company believes that the terms of this insurance policy are in line with market practice.

Remuneration of the members of the Supervisory Board

Each member of the Supervisory Board receives a fixed annual remuneration. The amount to be paid in each case to the members of the Supervisory Board is proposed by the Supervisory Board and the Management Board to the shareholders’ meeting. The members of the Supervisory Board do not receive variable remuneration.

Remunerations granted

As the Company has been registered with the Austrian companies register as of 22 September 2023, no remuneration has been paid so far to the members of the Management Board and the members of the Supervisory Board.

As per their board agreements, Ivo Ivanovski as CEO will receive an annual gross salary of EUR 375,000 plus variable and performance-linked compensation, and Lars Mosdorf as CFO will receive an annual gross salary of EUR 340,000 plus variable and performance-linked compensation.

The members of the Supervisory Board will receive a fixed remuneration only on which the annual shareholders´ meeting will resolve.

13. PRINCIPAL SHAREHOLDERS

13.1 Overview

As of the date of this Prospectus, the shareholder structure of persons who have, directly or indirectly, a notifiable interest in the Company's capital is as follows (rounded percentage figures):

Shareholder	%
América Móvil	56.55%
ÖBAG	28.42%

(Source: Internal information of the Company)

The remaining Shares are held in free float. Except as set forth above, to the Company's knowledge, no other shareholder directly or indirectly owns more than 4% of the Shares as of the date of this Prospectus.

Each Share in the Company carries one vote at the shareholders' meeting.

13.2 Shareholders' Agreement between América Móvil and ÖBAG

Information concerning the Shareholders' Agreement reflected in this section and this Prospectus is based solely on publicly available information. The Company is not a party to, and has no additional knowledge of the contents of the Shareholders' Agreement.

ÖBAG and América Móvil agreed on 6 February 2023 to enter into a shareholders' agreement for a ten year term with respect to the Company which became effective upon the registration of EuroTeleSites in the Austrian companies register. Under the Shareholders' Agreement, the parties contractually agreed the following terms for EuroTeleSites' governance: (i) the parties agreed to keep (a) EuroTeleSites' headquarters and all main corporate and business functions in Vienna, Austria and (b) the shares in EuroTeleSites listed on the Vienna Stock Exchange (*Wiener Börse*); (ii) (a) eight members of EuroTeleSites' Supervisory Board members shall be nominated by América Móvil and two members of EuroTeleSites' Supervisory Board shall be nominated by ÖBAG and (b) whereas EuroTeleSites's Management Board shall consist of a minimum of two and a maximum of three members, at least one member shall be the CEO to be nominated by América Móvil and one member shall be the CFO nominated by ÖBAG (in case a third member is required at any time, such member shall be nominated by América Móvil); (iii) (a) ÖBAG shall be granted certain veto rights over a series of decisions, including, capital increases, exclusion of subscription rights, mergers and demergers of EuroTeleSites (ÖBAG is entitled to the full set of veto rights for as long as it holds at least 25% plus one share of EuroTeleSites' outstanding shares at the time any such resolution is to be taken) (b) a five year lock-up period shall be set where the parties have agreed not to transfer or commit to transfer their shares in EuroTeleSites to a third-party; and (c) ÖBAG and América Móvil shall be granted a right of first refusal in case any of such parties intends to sell or otherwise transfer a portion or all of its shares in EuroTeleSites.

América Móvil Group

América Móvil Group is Latin America's leading integrated telecommunications service provider, operating in 23 countries in the Americas (including Mexico, Brazil and Colombia) and seven countries in Europe through Telekom Austria (56.55% owned subsidiary). Excluding China and India, América Móvil Group is the largest operator in the world by access lines with 374 million accesses in 23 countries. América Móvil Group’s market capitalization stood at approximately US Dollar 58.9 billion as of 1 September 2023 (non-diluted market capitalization).

ÖBAG

ÖBAG, is a state-owned holding company, with a total portfolio value of approximately EUR 30.84 billion (as of 31 December 2022) and ten companies in its portfolio. ÖBAG is the legal successor of ÖIAG and ÖBIB and exists with its current mandate and structure since 2019. ÖBAG's statutory mandate is to facilitate Austria as a business hub, to maintain and to increase the value of the portfolio, and to focus creating and securing jobs in the country. ÖBAG's portfolio covers large sections of Austria’s key industries. The Republic of Austria is the sole shareholder of ÖBAG.

14. CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

14.1 Overview

In accordance with IAS 24, transactions with persons or companies that are, *inter alia*, members of the same group as a company or that are in control of or controlled by a company must be disclosed as related party transaction unless they are already included as consolidated entities in a company's consolidated financial statements. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The disclosure requirements under IAS 24 also extend to transactions with associated companies (including joint ventures), as well as transactions with persons who have significant influence on a company's financial and operating policies, including close family members and intermediate entities. This includes the members of the Management Board and Supervisory Board and close members of their families.

Any related party transactions of the Company will be disclosed in its audited consolidated financial statements. Related parties include (i) all subsidiaries and companies accounted for under the at-equity method (associates, joint ventures, consortiums) of the Company, (ii) members of the Management Board and the Supervisory Board of the Company as well as their subsidiaries and their close relatives, and (iii) the shareholders América Móvil and ÖBAG due to their stake in EuroTeleSites AG allowing them to exercise control or significant influence, respectively. Through América Móvil, EuroTeleSites Group is also a related party to its subsidiaries, in particular Telekom Austria Group. Through ÖBAG, EuroTeleSites Group is a related party to the Republic of Austria and its subsidiaries (mainly ÖBB Group, ASFINAG Group, OMV Group and Post Group as well as Rundfunk und Telekom Regulierungs-GmbH (RTR, the Austrian Regulatory Authority for Broadcasting and Telecommunications) and Verbund).

14.2 Material Contracts with Telekom Austria Group

EuroTeleSites Group provides Site-related services to Telekom Austria Group pursuant to the MLAs. See "*A1 Telekom Master Lease Agreements*".

EuroTeleSites Group has entered into various service agreements with companies of Telekom Austria Group, with reliance on the covered services expected to be more significant immediately following the Listing and becoming less significant over time.

In particular, the Austrian Telekom MNO is providing the following services under a framework service agreement:

- Provision of workstations in the company building(s), provision of the use of company motor vehicles;
- Provision of information and communication services (ICTS) including PCs, laptops, monitors, printers, helpdesk, software and mobile equipment;
- Provision of certain IT tools;
- HR services incl. payroll, employee development, recruiting, administration;
- SAP services, i.e. shared use of SAP services incl. maintenance and software development services; and
- Other corporate support services such as legal, accounting and data privacy.

A1 Bulgaria also provides accounting, bookkeeping and operational purchasing services to EuroTeleSites Group.

Furthermore, the Austrian Telekom MNO leases to the Austrian ETS TowerCo around 360 locations on which the passive mobile communications infrastructure spun off to the Austrian ETS TowerCo is built.

In addition, Austrian ETS TowerCo provides to the Austrian Telekom MNO services in the area of management of (non-spun-off) third-party sites, which includes contract management for the related contracts as well as providing infrastructure services at these third-party sites.

EuroTeleSites Group also works with contractors under third-party and field services contracts and is supported in such negotiations by Telekom Austria Group's procurement.

All of these contractual relationships are set up in the form of service agreements or lease agreements with a certain binding contract duration and termination notice periods thereafter depending on each party’s needs and requirements, securing business continuity on the one hand and flexibility on the other hand. The contractual terms and conditions are set up observing the arm’s length principle.

15. GENERAL INFORMATION ON THE COMPANY

15.1 The Company

The Company is an Austrian joint stock corporation, incorporated under and governed by Austrian law, with its registered seat in Vienna, Austria, and its business address at Lassallestraße 9, 1020 Vienna, Austria. Its telephone number is +43506640. It operates under the commercial name "EuroTeleSites". The website of the Company and its EuroTeleSites Group is www.eurotelesites.com, however, the information on the website does not form part of the Prospectus and has not been reviewed by the FMA.

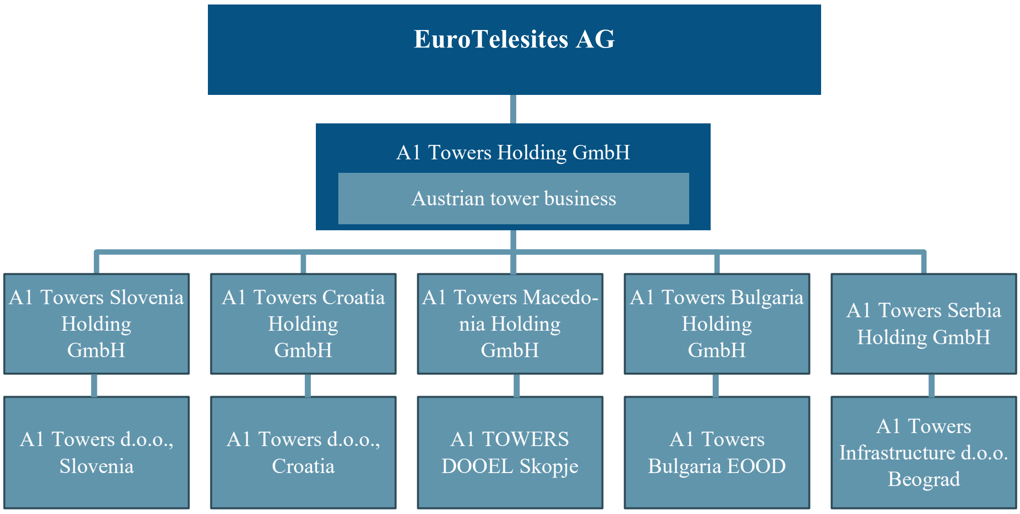
The Company was registered with the Austrian companies register (*Firmenbuch*) on 22 September 2023. It is a joint stock corporation (*Aktiengesellschaft*) registered with the Austrian companies register (*Firmenbuch*) under registration number 611727z, registration court: commercial court Vienna (*Handelsgericht Wien*), Austria.

The Company's financial year is the calendar year, i.e. ends on 31 December. Pursuant to the Articles of Association, notices of the Company shall be made, if required by law, by publication on the Electronic Announcement and Information Platform EVI. The Company's LEI Code is: 5299007TJV9W1OY91Y28.

The Company was established for an unlimited period of time.

15.2 EuroTeleSites Group Structure and Information on Significant Subsidiaries

Group Structure



(Source: Internal information of the Company)

List of Subsidiaries

Legal name	*Country*	*Percentage of shareholding*
A1 Towers Holding GmbH	Austria	100.00
A1 Towers Austria GmbH[1]	Austria	100.00
A1 Towers Slovenia Holding GmbH	Austria	100.00
A1 Towers Croatia Holding GmbH	Austria	100.00
A1 Towers Macedonia Holding GmbH	Austria	100.00
A1 Towers Bulgaria Holding GmbH	Austria	100.00
A1 Towers Serbia Holding GmbH	Austria	100.00
A1 Towers d.o.o., Slovenia	Slovenia	100.00

A1 Towers d.o.o., Croatia	Croatia	100.00
A1 TOWERS DOOEL Skopje	North Macedonia	100.00
A1 Towers Bulgaria EOOD	Bulgaria	100.00
A1 Towers Infrastructure d.o.o., Beograd	Serbia	100.00

[(1)] Non-operative
(Source: Internal information of the Company)

16. SHARE CAPITAL AND ARTICLES OF ASSOCIATION

The following is a summary of the material terms of the Company's share capital and Shares, as set out in the Articles of Association and certain relevant provisions of the Austrian Joint Stock Corporation Act. This description is only a summary and does not contain everything that the Articles of Association contain. The Company encourages a review of the full Articles of Association, which are available for inspection at the Company's principal offices or on the Company's website www.eurotelesites.com.

The information on the Company's website is not incorporated by reference into this Prospectus.

16.1 Share Capital

As of the date of this Prospectus, the issued and fully paid-in registered share capital of the Company amounts to EUR 166,125,000, divided into 166,125,000 ordinary no-par value bearer shares. The calculated notional value of each existing share amounts to EUR 1.00. Each existing share confers one vote at the shareholders' meeting. All Shares are issued under Austrian law.

The Company was established with registration of the Towers Holding Spin-off in the Austrian companies register as of 22 September 2023. Thus, there have been no changes in the share capital of the Company in the past three financial years.

16.2 Conversion and Option Rights

As of the date of this Prospectus, there are no conversion or option rights in respect of the Shares issued by the Company or any other member of EuroTeleSites Group.

16.3 Applicable Provisions of Austrian Law

General Information on Capital Measures

Austrian law permits a joint stock corporation to increase its share capital in any of the following five ways:

- by a shareholders' resolution authorizing the issuance of new shares against contributions in cash or in kind (ordinary capital increase (*ordentliche Kapitalerhöhung*));
- by a shareholders' resolution authorizing the management board under the Articles of Association, subject to the approval of the supervisory board, to issue new shares up to a specified amount (not exceeding 50% of the issued share capital) within a specified period, which may not exceed five years (authorized capital (*genehmigtes Kapital*));
- by a shareholders' resolution authorizing the issuance of new shares up to a specified amount for specific purposes, such as for employee stock options (not exceeding 10% of the issued share capital), for conversion rights granted to holders of convertible bonds or for use as consideration in a merger (not exceeding 50% of the issued share capital) (conditional capital (*bedingtes Kapital*));
- by a shareholders' resolution authorizing the management board to effect a conditional capital increase with the approval of the supervisory board in order to grant stock options to employees, executives and members of the management board up to a certain nominal amount (not exceeding 10% of the issued share capital) (authorized conditional capital (*genehmigtes bedingtes Kapital*)); or
- by a shareholders' resolution authorizing the conversion of free or restricted reserves or retained earnings into share capital, with or without the issuance of new shares (*Kapitalberichtigung*).

Provided the statutory subscription rights of shareholders are not excluded, an ordinary share capital increase requires a resolution of the shareholders' meeting with a simple majority of the votes cast. All other share capital increases and ordinary share capital increases together with an exclusion of subscription rights require a resolution of the shareholders' meeting with a majority of 75% of the share capital present at the relevant shareholders' meeting.

In general, except for certain reductions of share capital through redemption of the Company's own Shares, a resolution relating to the reduction of the Company's share capital requires a majority of 75% of the share capital present at the relevant shareholders' meeting.

Authorization to Acquire and Sell Treasury Shares

Pursuant to the Austrian Joint Stock Corporation Act, an Austrian joint stock corporation may acquire its own shares only in the following limited circumstances:

- upon approval of the shareholders' meeting, for a period not exceeding 30 months and limited to a total of 10% of the share capital, provided that the Company keeps sufficient reserves and the shares are listed on a regulated market (such as the Official Market (*Amtlicher Handel*) of the Vienna Stock Exchange (*Wiener Börse*)) or if the shares are intended to be offered to the joint stock corporation's employees or employees of certain affiliated companies; the resolution must determine a minimum and a maximum consideration;
- where the shares are acquired for no consideration or where the joint stock corporation is acting as agent on a commission basis;
- to prevent substantial, immediately threatening damage to the joint stock corporation (subject to the limitation of 10% of the share capital) provided the joint stock cooperation keeps sufficient reserves;
- by way of universal legal succession (*Gesamtrechtsnachfolge*) (i.e., succession by merger, spin-off or transformation);
- for the purpose of indemnifying minority shareholders, provided that the joint stock corporation keeps sufficient reserves;
- as part of a redemption of shares in accordance with the rules for capital decreases approved by the shareholders' meeting; or
- if the joint stock corporation is a credit institution authorized by the shareholders' meeting to purchase treasury shares for the purpose of trading in securities.

A joint stock corporation cannot exercise shareholders' rights based on own shares held by it and is not entitled to dividends from such shares.

Redemption/Conversion of Shares

Redemption of Shares is possible in the course of a decrease of the stated share capital resolved by the shareholders' meeting, or by the Company's purchase of its own Shares. A capital decrease requires a shareholders' resolution with a majority of at least 75% of the share capital present or represented at the shareholders' meeting. The Shares can be converted into a different class of shares such as non-voting preferred shares, but only with the consent of the respective holder or, in case of a conversion negatively affecting other shareholders whose Shares are not converted, the consent of such shareholders.

16.4 Summary of the Articles of Association of the Company

The Company's Business Objectives

Pursuant to § 2 of the Articles of Association, the Company's business objectives are:

- the investment in enterprises and corporations as well as the management and administration of such investments (holding company), including the acquisition and the disposal of investments in Austria and abroad;
- all activities in connection with the performance of services and the establishment of necessary conditions for the operation and provision of passive infrastructure for telecommunication services providers, in Austria and in other European countries; as well as access services to such infrastructure and ancillary services related with any such activities; such activities may either be undertaken directly by the Company or through subsidiaries.

The Company is authorized to undertake all transactions and activities which are necessary or useful in order to achieve the aim of the Company, in particular also in all areas of business activities which are similar or related to the object of the Company. The Company may process personal information with the support of automated systems.

Voting Rights

A majority of 90% of the entire share capital is required for a squeeze-out of minority shareholders pursuant to the Austrian Act on the Squeeze-out of Minority Shareholders (*Gesellschafter-Ausschlussgesetz*) or for a demerger disproportionate to shareholdings pursuant to the Austrian Spin-off Act (*Spaltungsgesetz*).

Following its shares being admitted to trading to the Official Market (*Amtlicher Handel*) of the Vienna Stock Exchange (*Wiener Börse*) for at least three years, an Austrian joint stock corporation may apply for a delisting of its shares, provided that the protection of investors is not jeopardized, which is assumed if an offer document pursuant to Part 5 of the Austrian Takeover Act has been published within the last six months. If the admission to and trading of the shares on at least one regulated market in an member state of the European Economic Area ("**EEA**") where equivalent conditions apply for a revocation of the admission to trading on such market are ensured even after the revocation has taken effect, the shares may be delisted even if the shares had only been admitted to trading to the Official Market (*Amtlicher Handel*) of the Vienna Stock Exchange (*Wiener Börse*) for one year.

A shareholder or a group of shareholders with an aggregate holding of at least 20% of the share capital may object to settlements or waivers of liability claims of the Company against members of the Management Board, the Supervisory Board or certain third parties.

A shareholder or a group of shareholders with an aggregate holding of at least 10% of the share capital may in particular:

- request the court to appoint a special auditor with respect to the establishment of the Company or management activities, which took place within the last two years if the shareholders' meeting objected to pass a corresponding resolution and if reasonable grounds are provided that indicate improprieties or a material breach of law or the Company's articles of association;
- demand that the court shall revoke the appointment of members of the Supervisory Board for cause;
- if the shareholders' meeting has appointed a special auditor, veto the appointment of a special auditor if this appears necessary for reasons relating to the individual special auditor appointed, namely if concerns as to his expertise, impartiality or reliability exist and request a court to appoint another special auditor;
- request an adjournment of the shareholders' meeting if specific items in the annual financial statements are found to be incorrect by the shareholders requesting such adjournment; and
- request the assertion of claims for damages on behalf of the Company against members of the Management Board, the Supervisory Board, shareholders or certain third parties, if the claim is not obviously unfounded.

A shareholder or a group of shareholders holding in the aggregate at least 5% of the share capital may in particular:

- request the calling of a shareholders' meeting or call a shareholders' meeting upon judicial authorization, if neither the Management Board nor the Supervisory Board complies with a request for a shareholders' meeting;
- request the inclusion of items on the agenda of the next shareholders' meeting, in which case also proposed resolutions for a specific item on the agenda (including a reasoning therefore) need to be provided;
- request assertion of damage claims by or on behalf of the Company against members of the Management Board, the Supervisory Board or certain third parties, if a special report reveals facts that may lead to damage claims against any such person;
- request court appointment of another auditor of the financial statements for cause;
- apply to the court for the appointment or removal of liquidators for cause;
- apply to the court to order an audit of the annual financial statements during liquidation for good cause; and
- contest the validity of a shareholders' resolution, if such resolution provides for amortization, accumulated depreciation, reserves and accruals exceeding the limits set forth by law or the Articles of Association.

A shareholder or a group of shareholders with an aggregate shareholding of at least 1% of the share capital is entitled to submit proposals on the resolutions to be adopted pursuant to each item of the agenda of an already announced shareholders’ meeting and request that the proposals, including the reasoning, therefore, be made available on the Company’s website.

Each individual shareholder may, in limited circumstances and periods set forth by law, file an action for the rescission or the annulment of resolutions passed by the shareholders’ meeting.

16.5 Shareholders’ Meetings

Shareholders’ meetings of the Company take place at the registered seat of the Company, in one of the Company’s branch offices or in Austria or at the capital of an Austrian Federal District. The Management Board or the Supervisory Board is entitled to call a shareholders’ meeting. In addition, a shareholder or a group of shareholders with an aggregate shareholding of at least 5% of the share capital during the last three months may request the calling of a shareholders’ meeting.

The Company must publish an invitation notice of the shareholders’ meeting; the minimum period between the publication of the invitation notice and the day of the ordinary shareholders’ meeting must be 28 days or 21 days in case of an extraordinary shareholders’ meeting. Shareholders may appoint proxies to represent them at shareholders’ meetings. The right to attend a shareholders’ meeting, the right to exercise voting rights and all other shareholder rights in the shareholders’ meeting are dependent upon the Company having received evidence that the Shares are held on the applicable record date (which is the end of the 10th day prior to the day of the shareholders’ meeting), at the address as specified in the notice announcing the shareholders’ meeting, at least three business days before the shareholders’ meeting. The depository may be any credit institution having its registered seat in a member state of the EEA or a country that is a full member of the Organization for Economic Co-operation and Development ("**OECD**").

The chairman of the Supervisory Board presides at shareholders’ meetings of the Company. If the chairman is not present, then the deputy chairman presides. If the deputy chairman is not present, the shareholders’ meeting, under the direction of the notary public, will elect a chairman. All resolutions of the shareholders’ meeting may be passed by a simple majority of the votes cast or, in the event that a majority of the share capital present is required, by simple majority of the share capital present, unless Austrian law or the Articles of Association require a qualified majority vote. A shareholders’ meeting has no minimum quorum requirements.

The Company’s annual shareholders’ meeting, which must take place within the first eight months of a financial year and is called by the Management Board upon the receipt of the Supervisory Board’s report on the annual financial statements, has to pass resolutions on the following matters:

- approval of the annual financial statements, unless approved by the Supervisory Board;
- distribution of profits;
- approval of actions of the members of the Management Board and the Supervisory Board in the preceding financial year (discharge from liability); and
- appointment of the auditors.

Under certain circumstances, such as when a resolution violates the Articles of Association or the Austrian Joint Stock Corporation Act, shareholders may petition the competent court to challenge or petition for a decree of nullity of resolutions adopted at the shareholders’ meeting.

Under Austrian law, the rights of holders of the shares as a group can be changed by amendment of the Articles of Association. This generally requires a majority of 75% of the share capital present in the relevant shareholders’ meeting or additional requirements where provided by law.

16.6 Other Shareholder Rights

Dividend rights

With the start of trading of the Shares on the Vienna Stock Exchange (*Wiener Börse*), all Shares carry full dividend rights from the financial year 2023 commencing with the Company´s registration in the Austrian companies register as of 22 September 2023 and the following financial years. However, in order to aim to deleverage its financial debt, the Company does not intend to pay dividends during the next four years.

The Company’s financial year commences on 1 January and ends on 31 December. During the first five months of each financial year, the Management Board has to prepare the annual financial statements, including notes and the report of the Management Board, for the previous financial year and present them, after they have been audited by the auditor, together with a proposal for distribution of the net profit, to the Supervisory Board. The Supervisory Board has to provide a statement on the annual financial statements to the Management Board within two months after the presentation thereof. The Supervisory Board also has to render a report to the shareholders' meeting. In accordance with the Austrian Commercial Code and the Austrian Joint Stock Corporation Act, an Austrian joint stock corporation may pay dividends only out of net profits.

Liquidation proceeds

A resolution to dissolve the Company must be approved by shareholders representing 75% of the share capital present at the relevant shareholders' meeting. If the Company is dissolved, any assets remaining after the discharge of liabilities and supplementary capital will be distributed among the shareholders based on their respective shareholdings.

Subscription rights

In principle, holders of the shares have subscription rights (*Bezugsrechte*) allowing them to subscribe for any newly issued shares (including securities convertible into shares, securities with warrants to purchase shares, securities participation bonds or participation rights) or other securities convertible into Shares or having warrants to acquire Shares attaching to them in order to maintain their existing share in the share capital. Such subscription rights are in proportion to the number of shares held by the shareholder. Shareholders may waive their subscription rights.

Subscription rights in connection with a capital increase may be excluded by a resolution of 75% of the votes present at the shareholders' meeting resolving upon the capital increase. Furthermore, in the case of a shareholders' resolution resolving upon authorized capital, the shareholders may, with a majority of 75% of the votes present at the relevant shareholders' meeting, exclude the subscription rights or authorize the Management Board to exclude the shareholders' subscription rights upon the issuance of authorized capital. In the latter case, the decision of the Management Board to issue the shares out of authorized capital and to exclude the shareholders' subscription rights requires the consent of the Supervisory Board and the Management Board has to render and publish a report on the reasons for the exclusion of subscription rights. There are no subscription rights in the event of a share capital increase from conditional capital. Treasury shares held by or on behalf of the Company are not entitled to subscription rights.

It is not considered an exclusion of subscription rights if new shares are acquired by a credit institution, which undertakes to offer the new shares to those persons who would otherwise have subscription rights. The rights of the shareholders against such credit institution are fully substituted for and are treated as being the subscription rights.

Pursuant to the Austrian Joint Stock Corporation Act, the period for the exercise of subscription rights may not be less than two weeks. The Management Board must publish a notice of the issue price and the commencement and duration of the exercise period via the electronic federal announcement and information platform (*elektronische Verlautbarungs und Informationsplattform des Bundes (EVI)*). Shareholders are generally permitted to transfer their subscription rights.

Change or impairment of shareholder rights

The Austrian Joint Stock Corporation Act contains provisions to protect individual shareholders. In particular, the Company must, under equal circumstances, treat shareholders equally, unless the concerned shareholders agree otherwise. Furthermore, measures that would result in changes to, or restrictions on, shareholders' rights usually require a shareholders' meeting resolution to be passed, for example in the case of an increase in share capital or any exclusion of subscription rights.

16.7 Other Provisions

Pursuant to the Articles of Association, to the extent mandatorily required by law, publications of corporate announcements by the Company are to be made on the electronic federal announcement and information platform (*elektronische Verlautbarungs und Informationsplattform des Bundes (EVI)*).

16.8 Corporate Governance

Good corporate governance enables effective management control and safeguards shareholder interests. The Austrian Code of Corporate Governance (the "**Code**") was published by the Austrian Working Group on Corporate Governance (www.corporate-governance.at), a group of private organizations and individuals, for the first time in 2002, and amended many times ever since. This voluntary self-regulatory initiative is designed to reinforce the confidence of investors by improving reporting transparency, and the quality of cooperation between supervisory board, management board and shareholders, to provide for accountability and promote sustainable, long-term value.

The Code primarily applies to Austrian stock market-listed companies that undertake to adhere to its principles. Commitment to apply the Code is only required for companies traded in the "Prime Market" segment of the Vienna Stock Exchange (*Wiener Börse*). The Code is based on statutory provisions of Austrian corporate law, securities law and capital markets law (legal requirements – "L-Rules"). In addition, the Code contains rules considered to be a part of ordinary international practice, such as the principles set out in the OECD Principles of Corporate Governance. Non-compliance with some of these rules must be explained to the shareholders' meeting (comply or explain – "C-Rules"). However, the Code also contains rules that are voluntary and do not require explanation if not followed (recommendations – "R-Rules"). The Code was last amended in January 2023. The principal rules and recommendations of the Code include, *inter alia*:

- equal treatment of shareholders under equal circumstances;
- the management board's information and reporting duties should be determined by the supervisory board;
- stock option plans should be approved by the shareholders' meeting and be based on objective parameters to be defined in advance; subsequent changes of the parameters should not be possible; number and distribution of the options granted, the exercise prices and the respective estimated values at the time they are issued and upon exercise shall be reported in the annual report;
- conflicts of interests of members of the management board and the supervisory board should be disclosed in the annual financial statements;
- supervisory board members may not assume any functions on the boards of other enterprises that are competitors of the company;
- communication structures should be established to meet information needs of shareholders in a timely and adequate manner, in particular by using the internet; dates essential for shareholders should be communicated sufficiently in advance; consolidated financial statements and interim reports should be published on the company's website in German and English;
- the independent auditors should make regular assessments of the company's risk management; and
- an annual report regarding compliance with the Code should be included in the annual financial statements posted on the company's website.

Comply-or-Explain catalogue

As of the date of this Prospectus, the Code is not applicable to the Company. However, as the Company has applied for the Shares to be listed on the Regulated Market of the Vienna Stock Exchange (*Wiener Börse*) with trading in the "Prime Market" segment, the Company will undertake to adhere to the Code after the first day of trading. EuroTeleSites Group will comply with all legal requirements set out in the L-Rules, and intends to comply in full with all C-Rules of the Code, except for the following C-Rules:

- C-Rule 36: Given the culture of open discussion within the Supervisory Board, the annual self-assessment of the Supervisory Board as stipulated in C- Rule 36 of the Code will be performed every two years.
- C-Rule 42: The shareholder representatives on the Supervisory Board are appointed in line with the terms of the Shareholders' Agreement between the controlling shareholder América Móvil and ÖBAG. The personnel & nomination committee or the entire Supervisory Board submit nomination proposals to the Annual General Meeting as stipulated by these terms, where required by law.
- C-Rule 54: The free float of the company is 15.03%. The shareholder representatives on the Supervisory Board are appointed in line with the terms of the Shareholders' Agreement between the controlling shareholder América Móvil and ÖBAG.

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17. REGULATION OF AUSTRIAN SECURITIES MARKETS

The following summary of Austrian securities markets regulation is for general information only and describes significant issues regarding Austrian securities markets regulation. The summary does not purport to be a comprehensive description of all of the topics discussed below.

17.1 General

The Austrian securities markets are regulated by a number of laws and regulations. The most important federal laws are the Austrian Stock Exchange Act 2018 and the Austrian Capital Market Act 2019. Furthermore, a number of EU regulations apply directly in Austria, most importantly Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse ("**MAR**") and the implementing regulations of MAR. In addition, the Austrian Takeover Act (*Übernahmegesetz*) applies to takeovers of shares of listed companies. MAR does not only relate to market abuse with regard to financial instruments, but also to spot commodity contracts (*Waren-Spot-Kontrakte*) and auctioned products based on emission allowances (*auf Emissionszertifikaten beruhende Auktionsobjekte*). The latter two are not described in this chapter.

17.2 Disclosure of Shareholdings

If natural persons or legal entities (irrespective of whether domestic or foreign), directly or indirectly, acquire or sell shares in a joint stock corporation for which Austria is the home member state and the shares are listed on a regulated market of the Vienna Stock Exchange (*Wiener Börse*) such as the Official Market (*Amtlicher Handel*), then these persons or entities are obliged to notify the FMA, the Vienna Stock Exchange (*Wiener Börse*) as well as the Company within two trading days after the acquisition or disposal of a major shareholding, provided that the proportion of the voting rights held reaches, exceeds or falls below a threshold of 4%, 5%, 10%, 15%, 20%, 25%, 30%, 35%, 40%, 45%, 50%, 75% or 90%, respectively, as a consequence of the acquisition or disposal. The two trading days begin to run when the shareholder of a major shareholding gains, or should have gained, knowledge of the acquisition or sale. Issuers can adopt an additional 3% threshold under their articles of association.

The notification requirements of the Austrian Stock Exchange Act 2018 also apply to persons entitled to exercise voting rights in the following cases:

- voting rights from shares of a third party with whom that person has entered into an agreement obliging both of them to pursue a common policy in the long term regarding the management of an issuer concerned by exercising the voting rights by mutual agreement;
- voting rights attaching to shares which that person has transferred to a third party as collateral if that person can exercise the voting rights without the explicit instruction of the collateral taker or can influence the exercise of the voting rights by the collateral taker;
- voting rights from shares in which that person has been granted a right of usufruct (*Fruchtgenussrecht*);
- voting rights from shares which belong to or are attributed to an enterprise pursuant to any of the above circumstances in which this person holds a direct or indirect controlling interest (Section 22 paras 2 and 3 of the Austrian Takeover Act);
- voting rights held by a third party in its own name for the account of that natural person or legal entity;
- voting rights which this person may exercise as a proxy at his or her own discretion in the absence of specific instructions from the shareholders; and
- voting rights attributable to the person pursuant to Section 23 of the Austrian Takeover Act.

In addition, the disclosure requirements also apply to any person who directly or indirectly reaches, exceeds or falls below the just mentioned thresholds by holding certain financial or comparable instruments such as option rights, convertible bonds, futures or contracts for difference or certain swaps. In each case, rules on the aggregation of various positions in voting rights and financial instruments need to be observed.

The notification by the shareholder to a company needs to include the number of voting rights held after the acquisition or disposal of shares, the chain of controlled undertakings through which voting rights are effectively exercised, the date on which the threshold was reached or exceeded as well as the identity of the shareholder and proxy. The above thresholds are calculated based on all shares carrying voting rights even if the exercise thereof is suspended. The notification requirements of the Austrian Stock Exchange Act 2018 also apply to voting shares of the same class or if the thresholds are reached through an event causing a decrease in voting rights. To this extent, the Company is required to publish in a community wide electronic information system the total number of voting rights and share capital at the end of any given calendar month in which an increase or decrease of voting rights or capital occurs.

The Company is required to disclose all information within two trading days when notified by a shareholder that it reached or exceeded the above thresholds.

If the disclosure requirements are not complied with, voting rights may be temporarily suspended (for a period of six months, starting with the date the respective notification is made) and administrative fines of up to EUR 2 million or two-times the amount of any benefit from the violation of disclosure provisions, whatever amount is higher, may be imposed.

17.3 Management Trading in Shares (Director's Dealing)

Persons exercising managerial responsibilities (i.e. members of the management or supervisory board) of the Company must publish and notify the FMA within three business days of the existence of any transactions conducted on their own account relating to such issuer's securities (shares, derivatives, debt instruments). This obligation is only applicable if the aggregate value of such transactions (including transactions of persons related to those with managerial responsibilities) exceeds EUR 5,000 per calendar year. The same rules apply to persons who have a close relationship with persons undertaking managerial responsibilities, for example spouses, dependent children as well as any other family members who have lived in the same household for at least one year. Persons who have such close relationships are, in addition, legal entities, fiduciary institutions or partnerships which are managed by such a person or which are directly or indirectly controlled by such a person, or which have been established for the benefit of such a person or whose business interests, to a large extent, are similar to those of such a person.

Violations of directors' dealings constitute an administrative offence and may be fined by the FMA in an amount of up to EUR 500,000 or three-times the amount of any benefit from the violation of the respective provisions, whatever amount is higher.

17.4 Insider Dealing, Inside Information and Ad Hoc Publicity

Pursuant to Art 8 MAR, insider dealing arises where a person possesses inside information and uses that information by acquiring or disposing of, for its own account or for the account of a third party, directly or indirectly, financial instruments to which that information relates. Insider dealing also includes using inside information to decide to cancel or amend an order concerning a financial instrument when the order was placed before the person concerned possessed the inside information.

Recommending that another person engage in insider dealing, or inducing another person to engage in insider dealing, arises where the person possesses inside information and (a) recommends, on the basis of that information, that another person acquire or dispose of financial instruments to which that information relates, or induces that person to make such an acquisition or disposal, or (b) recommends, on the basis of that information, that another person cancel or amend an order concerning a financial instrument to which that information relates, or induces that person to make such a cancellation or amendment.

With regard to securities, Art 7 MAR defines inside information as information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more issuers or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments. Information is deemed to be of a precise nature if it indicates a set of circumstances which exists or which may reasonably be expected to come into existence, or an event which has occurred or which may reasonably be expected to occur, where it is specific enough to enable a conclusion to be drawn as to the possible effect of that set of circumstances or event on the prices of the financial instruments or the related derivative financial instrument, the related spot commodity contracts, or the auctioned products based on the emission allowances. In this respect in the case of a protracted process that is intended to bring about, or that results in, particular circumstances or a particular event, those future circumstances or that future event, and also the intermediate steps of that process which are connected with bringing about or resulting in those future circumstances or that future event, may be deemed to be precise information.

Pursuant to article 17 MAR, issuers are required to inform the public as soon as possible of inside information which directly concerns that issuer. The inside information is to be made public in a manner which enables fast access and complete, correct and timely assessment of the information by the public. Companies must not combine the disclosure of inside information to the public with the marketing of its activities. All inside information must be posted and maintained on an issuer's website for a period of at least five years.

17.5 Market Manipulation

Market manipulation refers to transactions, trade orders or any other behavior which gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of, a financial instrument, and secures, or is likely to secure, the price of one or several financial instruments at an abnormal or artificial level (unless such transaction, order or behavior have been carried out for legitimate reasons, and conform with an accepted market practice). Furthermore, market manipulation also comprises i) entering into a transaction, placing an order to trade or any other activity or behavior which affects or is likely to affect the price of one or several financial instruments, which employs a fictitious device or any other form of deception or contrivance; ii) disseminating information through the media, including the internet, or by any other means, which gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of, a financial instrument, or is likely to secure, the price of one or several financial instruments at an abnormal or artificial level, including the dissemination of rumors, where the person who made the dissemination knew, or ought to have known, that the information was false or misleading, iii) transmitting false or misleading information or providing false or misleading inputs in relation to a benchmark where the person who made the transmission or provided the input knew or ought to have known that it was false or misleading, or any other behavior which manipulates the calculation of a benchmark.

17.6 Sanctions

Both insider dealing and market manipulation are strictly prohibited.

Insider dealings with a value of more than EUR 1 million (sale or purchase of financial instruments to which the respective inside information relates) constitute a criminal offence and may be penalized by the criminal courts with imprisonment between six months and five years. Market manipulation (transactions or trade orders) for more than EUR 1 million also constitute a criminal offence and may be penalized by the criminal courts with imprisonment between six months and five years.

Insider dealings and market manipulation below the threshold of EUR 1 million constitute administrative offences. The FMA may impose fines against individuals of up to EUR 5 million or three times the amount of the benefit from the violation of the respective provisions, whatever amount is higher. In case of sanctions against legal persons, the fines may amount up to EUR 15 million or 15% of the consolidated net turnover of the previous financial year or three times the amount of the benefit from the violation of the respective provisions, whatever amount is higher.

Furthermore, the FMA is entitled to publish any sanctions imposed on individuals and legal persons on its website.

17.7 Takeovers

The Austrian Takeover Act primarily applies to public offers for the acquisition of shares of Austrian stock companies which are admitted to trading on a regulated market of the Vienna Stock Exchange (*Wiener Börse*) such as the Official Market (*Amtlicher Handel*).

The Austrian Takeover Act differentiates between voluntary partial offer, a voluntary public takeover offer aimed to acquire control and a mandatory offer and offer. A mandatory offer must be made when a shareholder or a group of shareholders or and/or persons acting in concert have obtained a direct or indirect controlling interest over a listed company. A direct controlling interest is presumed in case of a direct participation of more than 30% of the voting rights of the target company. An indirect controlling interest is presumed if a participation of more than 30% of the voting rights of the target company is held (i) through a listed joint stock corporation, which is directly controlled by the bidder or (ii) through another legal entity and the bidder has a controlling influence in this legal entity. A participation of more than 30% of the voting rights is not deemed a controlling interest if it cannot convey control over a listed company or if the shareholder actually exercising control does not change from an economic point of view. This is the case if, for instance, another shareholder or group of shareholders holds at least the same percentage of voting rights as the bidder, if the shares do not convey the majority of votes due to the presence of other shareholders in past shareholders' meetings or if the articles of association provide for a maximum voting right (*Höchststimmrecht*) of up to 30%.

The Austrian Takeover Act provides for a "safe harbor" pursuant to which the acquisitions of voting rights not exceeding 30% cannot trigger a mandatory offer. In case of a holding of between 26% and 30%, the voting rights exceeding a participation of 26% are suspended. The Takeover Commission may, upon application, impose conditions on the bidder instead of suspending voting rights.

Under the "creeping-in" rule, the extension of an existing controlling interest of a person shall also trigger a mandatory offer, if a person who does not have a majority of the voting rights of a listed company acquires an additional 3% or more of the voting rights, compared to the last day of the previous calendar year, within a calendar year. Thereby any previous sales of shares must be considered. The "creeping-in" rule, accordingly, only applies to a shareholding between 30% and 50%.

In case of a "passive" acquisition of control, there is no requirement to launch a mandatory offer if the acquirer of a controlling interest could not reasonably expect the acquisition of control at the time of acquiring the participation. The voting rights exceeding a participation of 26% are suspended. The Takeover Commission may, upon application, impose conditions on the bidder instead of suspending voting rights. No relief from suspension of voting rights exceeding 30% of the share capital can be granted.

As a rule, the price for a voluntary partial offer can be freely determined. The offer price for a mandatory offer as well as for a voluntary public takeover offer aimed to acquire control must be equal to at least the volume weighted average share price during the past six months before the day when the intention to launch an offer is published and must be equal to at least the highest share price paid or agreed to be paid by the bidder (or parties acting in concert) during the last twelve months before the offer memorandum is filed with the Austrian Takeover Commission.

There is the option to include in the articles of association a provision that renders restrictions on voting rights and on the transfer of shares ineffective during the time between the publication of the offer document and the acceptance of the bid. Where, following a takeover bid, the bidder holds 75% or more of the voting rights, it is entitled to convene a shareholders' meeting in which it will be free to appoint or remove board members ("breakthrough-rule").

The Austrian Takeover Act requires that the bidder prepares offer documents to be examined by an independent expert, either a qualified auditor or a bank, before being filed with the Takeover Commission and the target company. The management board and the supervisory board of the target company must issue a statement on the offer, which is also subject to a mandatory examination by an independent expert. The works council also has the right to submit a public written statement on the takeover bid. Any higher bids or other competitive bids must follow the same rules. From the time a bidder's intention to submit a public offer becomes public, the target company generally may undertake measures to jeopardize the offer. The bidder and parties acting in concert must refrain from selling any shares in the target company. The violation of any material legal provisions may result in the suspension of voting rights and fines imposed by the Takeover Commission.

The time allowed for the acceptance of a bid is no less than four weeks and no more than ten weeks from the date of the publication of the offer document. In certain scenarios, including a mandatory offer or a successful voluntary offer aimed to acquire control, there is an additional acceptance period of three months following the publication of the result of the offer.

The Takeover Commission controls the application of the Austrian Takeover Act and has the power to fine any party that commits infringements of the Austrian Takeover Act. The Takeover Commission may institute proceedings *ex officio* and is not subject to oversight by any other regulatory authority.

17.8 Control of Accounting Act

The Austrian Control of Accounting Act (*Rechnungslegungs-Kontrollgesetz*; *RLKG*) is aimed to ensure that financial information (annual reports as well as interim financial information) as well as certain other information published by entities having securities admitted to trading on a regulated market in Austria are compliant with national and international accounting standards. To this end, either the Austrian Financial Reporting Enforcement Panel (*Österreichische Prüfstelle für Rechnungslegung*), acting for the FMA, or the FMA directly, conducts audits either on a random basis or if indications exist that accounting standards have been infringed. The FMA will issue a decree on any inaccuracies detected in the course of such audit which can be appealed before the independent Austrian Federal Court of Appeal (*Bundesverwaltungsgerichtshof)*. In addition, identified inaccuracies may also be made public if the public interest to be informed overrides the respective entity's interest of keeping the findings confidential.

17.9 Squeeze-Out

Pursuant to the Austrian Act on the Squeeze-out of Minority Shareholders (*Gesellschafter-Ausschlussgesetz*), a majority shareholder holding no less than 90% of the entire (voting and nonvoting) share capital of a corporation may squeeze out the remaining shareholders at an equitable price. The squeeze-out right is general and is not limited to a preceding takeover offer. The minority shareholders are not entitled to block the squeeze-out but have the right of separate judicial review of the fairness of the compensation paid for their minority stake. If a squeeze-out follows a takeover offer, the consideration offered in the takeover bid is presumed to be fair where, through the acceptance of the offer, the bidder has acquired shares representing no less than 90% of the share capital entitled to vote in the target company.

18. THE VIENNA STOCK EXCHANGE

The information relating to the Vienna Stock Exchange (*Wiener Börse*) set out below is derived from information obtained from the Vienna Stock Exchange, in particular from the website of the Vienna Stock Exchange (*Wiener Börse*) (www.wienerborse.at), monthly statistics and the annual report. The website of the Vienna Stock Exchange (*Wiener Börse*) contains further information about the Vienna Stock Exchange (*Wiener Börse*) as well as a range of special services, such as quotations and ad hoc Information about the companies listed on the Vienna Stock Exchange (*Wiener Börse*). The information contained on the websites of the Vienna Stock Exchange (*Wiener Börse*) and the FMA is not part of or incorporated by reference into this Prospectus.

18.1 General

The Vienna Stock Exchange (*Wiener Börse*) is operated by an independent, privately owned joint stock corporation, Wiener Börse AG, based on a license under the Austrian Stock Exchange Act 2018 issued by the Federal Ministry of Finance. Members of the Vienna Stock Exchange (*Wiener Börse*) include banks, foreign investment firms and other firms trading in securities, derivatives and money market instruments, registered either inside or outside the EEA. In addition to a securities exchange, Wiener Börse AG also operates a commodities exchange.

The Vienna Stock Exchange (*Wiener Börse*) is supervised by the FMA. The FMA is responsible, in particular, for the supervision of reporting requirements for reportable instruments in accordance with the Austrian Securities Supervision Act 2018 (*Wertpapieraufsichtsgesetz* 2018, the "**Securities Supervision Act 2018**"), the supervision of market participants and the clarification and investigation of infringements against the ban on insider trading and the ban on market manipulation, the monitoring of securities analyses concerning the issue and dissemination of recommendations in Austria, the regularity and fairness of securities trading, the clarification and investigation of price manipulation, stock exchange supervision in compliance with the Austrian Stock Exchange Act 2018 and the monitoring of issuers and shareholders with respect to their duties of publication (in particular with regard to the reporting and disclosure obligations contained in the MAR).

The FMA, via the stock exchange commissioner, ensures the lawfulness of resolutions by the executive bodies of the Vienna Stock Exchange (*Wiener Börse*). The stock exchange commissioner and his deputy are appointed by the Minister of Finance but act on behalf of the FMA and are bound by instructions of the FMA. The stock exchange commissioner is invited to every important meeting of the stock exchange operator. He or she reviews all resolutions and decisions of the Vienna Stock Exchange (*Wiener Börse*) and is entitled to object to any resolutions or decisions which he or she considers to be in violation of the law. A resolution or decision becomes void if the FMA upholds the objection of the stock exchange commissioner. Currently there is one stock exchange commissioner and two deputies.

18.2 The Markets of the Vienna Stock Exchange

According to the Austrian Stock Exchange Act 2018, for listing purposes the Austrian securities market consists of one statutory market, the Official Market (*Amtlicher Handel*). The Official Market (*Amtlicher Handel*) is recognized as a regulated market pursuant to MiFID II. In December 2004, the US Securities Exchange Commission granted the Vienna Stock Exchange (*Wiener Börse*) the status of a "Designated Offshore Securities Market" in accordance with the Securities Act.

Securities are admitted to trading on the Vienna Stock Exchange (*Wiener Börse*) if they meet the statutory listing requirements. To be traded in a specific segment, certain non-statutory criteria must be met by the securities, in addition to the statutory listing requirements. The equity market is divided into the segments "Prime Market", "Standard Market", "direct market plus", "direct market" and "global market". The "Prime Market" segment, where the Shares will trade, represents the highest-ranking market segment of the Vienna Stock Exchange (*Wiener Börse*) and is comprised of shares in companies that agree to fulfil more stringent reporting, quality and disclosure requirements set out in the prime market rulebook (*Regelwerk prime market*), a private law contract between the relevant issuer and Wiener Börse AG.

18.3 Trading and Settlement

Shares and other equity securities listed on the Vienna Stock Exchange (*Wiener Börse*) are quoted in euro per share. Officially listed shares are traded on the Vienna Stock Exchange (*Wiener Börse*) and OTC.

The electronic trading system used by the Vienna Stock Exchange (*Wiener Börse*) is XETRA (Exchange Electronic Trading). XETRA is the electronic trading system of Deutsche Börse AG. Through XETRA, all market participants have the same access to trading on the Vienna Stock Exchange (*Wiener Börse*) regardless of their location. The settlement system uses automated netting procedures and daily mark-to-market evaluation of collateral requirements to further reduce transfer costs. The settlement of transactions concluded on the Vienna Stock Exchange (*Wiener Börse*) takes place outside the stock exchange through CCP Austria Abwicklungsstelle für Börsengeschäfte GmbH. These transactions are carried out T+2 on a delivery versus payment basis, with OeKB CSD acting on behalf of CCP Austria Abwicklungsstelle für Börsengeschäfte GmbH as central custodian and settlement bank. In case of non-delivery, the defaults of delivery mechanisms as set out in the Rules for the Clearing and Settlement of Exchange Trades by CCP Austria (separation procedure, covering procedure and cash settlement) apply. Settlement terms of OTC transactions depend on bilateral agreements between the trading counterparties.

Trading can be suspended by the Vienna Stock Exchange (*Wiener Börse*) if orderly stock exchange trading is temporarily endangered or if suspension is necessary to protect the public interest. To avoid undesired significant price fluctuation, the electronic system provides for automatic volatility interruptions and market order interruptions during auctions, and for automatic volatility interruptions during continuous trading.

18.4 The Austrian Traded Index

The Austrian Traded Index ("**ATX**") is an index that contains shares in the "Prime Market" segment and is weighted according to the free float market capitalization in the companies contained therein. The ATX is designed as the underlying reference for Austrian stock trading, close to the market and transparent, and serves as a reference index for futures and options. The ATX consists of the most liquid and the highest-capitalized stocks, based on free float, traded on the prime market. The ATX is calculated, disseminated and licensed by the Vienna Stock Exchange (*Wiener Börse*) on a real-time basis. The "ATX Prime" index contains all shares presently traded in the "Prime Market" segment. As of June 2023, out of the 41 securities that were traded on the "Prime Market" segment, 20 were included in the ATX (Source: Information of the Vienna Stock Exchange (*Wiener Börse*) and review of the website of the Vienna Stock Exchange (*Wiener Börse*)). The ATX is calculated, disseminated and licensed by the Vienna Stock Exchange (*Wiener Börse*) on a real-time basis.

18.5 Trading Volume

In 2022, the aggregate trading volume of the domestic and foreign shares listed on the Official Market (*Amtlicher Handel*) amounted to about EUR 69.9 billion (2021: about EUR 67.8 billion, 2020: about EUR 65.2 billion). The Official Market (*Amtlicher Handel*) is the sole regulated market segment in Austria. As of 31 December 2022, the total market capitalization of all companies listed on the "Prime Market" segment amounted to about EUR 106.8 billion as compared to about EUR 127.5 billion as of 31 December 2021 and about EUR 94.3 billion as of 31 December 2020 (Source: Information of the Vienna Stock Exchange (*Wiener Börse*), annual statistics 2022 and 2021).

19. TAXATION – AUSTRIA

The following discussion of selected aspects of income taxation in Austria is of a general nature and does not purport to be an exhaustive account of the tax considerations relevant to the acquisition, ownership and disposal of shares in an Austrian joint stock corporation (*Aktiengesellschaft*). It is based on the tax legislation in force in Austria as of the date of this Prospectus and is subject to any changes in Austrian law and in the opinion of the Austrian tax authorities occurring after that date, which may have retroactive effect. It focuses on the general tax treatment of dividends (profit distributions) and capital gains resulting from the sale of shares in an Austrian joint stock corporation held by individuals and private law corporations. The following aspects do not consider any specific facts or circumstances that may apply to a particular holder.

The following discussion is not intended to be, nor should it be construed to be, legal or tax advice. It is therefore strongly recommended that any potential investor consults his or her own tax advisor in order to determine the particular consequences for his or her purchase, ownership or disposal of shares.

19.1 Austrian Tax Residency and Non-Residency

Individuals that have their domicile or habitual abode in Austria (tax resident individuals) are subject to unlimited income tax liability in Austria on their worldwide income (*unbeschränkte Einkommensteuerpflicht*) pursuant to the provisions of the Austrian Income Tax Act (*Einkommensteuergesetz*, "**EStG**"). Individuals that do not have their domicile or habitual abode in Austria (non-tax resident individuals) are subject to non-resident taxation in Austria (*beschränkte Einkommensteuerpflicht*) with certain types of income under the provisions of the EStG.

Private law corporations (*Körperschaften des privaten Rechts*), such as limited liability companies (*Gesellschaften mit beschränkter Haftung*) and joint stock corporations, in the following referred to as corporations (*Körperschaften*), that have their seat or place of management in Austria (tax resident corporations) are subject to unlimited corporate income tax liability in Austria on their worldwide income (*unbeschränkte Körperschaftsteuerpflicht*) pursuant to the provisions of the Austrian Corporate Income Tax Act (*Körperschaftsteuergesetz*, "**KStG**"). Corporations that do not have their seat or place of management in Austria (non-tax resident corporations) are subject to non-resident taxation in Austria (*beschränkte Körperschaftsteuerpflicht*) with certain types of income under the provisions of the KStG.

Austria's taxation right may be restricted by applicable double-taxation treaties ("**DTTs**").

Partnerships (*Personengesellschaften*) are considered to be transparent for income tax purposes in Austria. Tax implications resulting from the acquisition, holding and disposal of shares in an Austrian joint stock corporation must therefore generally be assessed at the level of each partner. Special rules may in particular apply to funds, foundations and other entities such as corporations under public law.

19.2 Taxation of Dividends

Individuals tax resident in Austria

For individuals that are tax resident in Austria (*unbeschränkt steuerpflichtige natürliche Personen*), dividend payments from shares in Austrian joint stock corporations that are held as private assets (*Privatvermögen*) are considered income from the provision of capital (*Einkünfte aus der Überlassung von Kapital*) and are subject to a special income tax rate of 27.5%. The tax base is the dividend payment. Generally, the income tax is withheld by the Austrian joint stock corporation distributing the dividend as withholding tax.

This withholding tax generally fully covers all income tax on the dividend income (*Endbesteuerung*). Thus, the received dividends do not have to be included in the individual's annual income tax return in Austria. The individual shareholder may opt to file an income tax return and include the dividends (together with any other investment income subject to a special tax rate pursuant to Section 27a para 1 EStG) in his or her regular annual income tax return (*Regelbesteuerungsoption*). In this case, the dividend income will be taxed at the applicable progressive tax rate applicable to the individual's total income.

Expenses incurred by the shareholder in connection with income subject to a special tax rate of Section 27a para 1 EStG, including interest expenses with third-party financings for the acquisition of shares, are not deductible for tax purposes.

The taxation of dividends from shares in Austrian joint stock corporations held as business assets (*Betriebsvermögen*) by individuals that are tax resident in Austria corresponds to a wide extent (with exceptions) to the principles set out above. In particular, dividend payments from such shares generally are also subject to the special tax rate of 27.5%.

Corporations resident in Austria

For corporations that are tax resident in Austria, dividend income from shares in Austrian joint stock corporations is exempt from corporate income tax. If tax has been withheld by the distributing Austrian joint stock corporation the withholding tax may either be credited against the corporate income tax liability of the recipient corporation or may be refunded.

No withholding tax has to be deducted by the distributing joint stock corporation where the recipient corporation directly or indirectly holds at least 10% of the share capital of the distributing joint stock corporation.

Generally, expenses (except for certain interest expenses) incurred by the shareholder in connection with non-taxable income including expenses in relation to the shares may not be deducted for tax purposes.

Non-resident individuals and corporations

Generally, dividend payments from shares in Austrian joint stock corporations held as private assets by individuals that are not tax residents in Austria are subject to Austrian non-resident taxation with withholding tax in the amount of 27.5% being withheld by the Austrian joint stock corporation. Also, dividend payments from shares in Austrian joint stock corporations held as business assets by individuals that are not residents in Austria are subject to non-resident income taxation. Dividend payments from shares in Austrian joint stock corporations held by corporations that are comparable to Austrian legal persons according to Section 1 para 3 (1)(a) KStG are subject to Austrian non-resident taxation with withholding tax in the amount of 27.5% (or at the option of the payor of the dividend 24% for dividends received in the year 2023 and 23% for dividends received as of the year 2024) being withheld by the Austrian joint stock corporation.

Depending on the DTT there may be a restriction of Austria's right to tax the dividends. If a DTT provides for a lower withholding tax rate, the Austrian tax authorities must refund the excess amount (many DTTs provide for a maximum rate between 5% and 25%) upon application. In accordance with the Austrian regulation on relief from withholding tax on the basis of double tax treaties (*DBA-Entlastungsverordnung*, BGBl III 2005/92, as amended), Austrian joint stock corporations paying dividends may apply relief under DTTs at source. However, the Company does not intend to put in place procedures that allow for relief at source.

Under the Austrian provisions implementing the EU Parent/Subsidiary Directive outbound dividends paid to certain non-resident EU corporations are exempt from withholding tax in Austria, if inter alia (i) such EU corporation holds a stake of at least 10% in the share capital of the Austrian joint stock corporation and (ii) if that participation has been held for an uninterrupted period of at least one year. Under specific circumstances, if certain criteria are fulfilled which may indicate an abuse of law, the Company is not allowed to grant relief at source. In such case, the respective taxpayer may file an application for refund of the withholding tax with the competent tax office. Pursuant to Section 21 para 1a KStG certain non-resident EU corporations may apply for repayment of the withholding tax to the extent the withholding tax cannot be credited (*angerechnet*) in the state of residence on the basis of a DTT (see above). In such case the respective taxpayer is required to prove that the withholding tax can partially or fully not be credited (*angerechnet*).

19.3 Taxation of Capital Gains

Individuals resident in Austria

Capital gains from shares in Austrian joint stock corporations held as private assets realized by individuals that are tax residents in Austria are subject to Austrian income tax as income from realized capital gains (*Einkünfte aus realisierten Wertsteigerungen*) and are generally subject to a special income tax rate of 27.5%. However, the option for regular taxation exists here as well. Realized capital gains means inter alia any income derived from the disposal or sale of shares. The tax base is the difference between the sale proceeds and the acquisition costs. For shares held as private assets, the acquisition costs must not include ancillary acquisition cost (*Anschaffungsnebenkosten*). Expenses incurred by the shareholder in connection with the shares in the distributing joint stock corporation are not deductible for tax purposes.

The income tax on capital gains is withheld if (i) the shares are deposited with an Austrian depository (*inländische depotführende Stelle*) or (ii) under certain circumstances in case the transaction is settled by an Austrian paying agent (*inländische auszahlende Stelle*). In such case the taxation generally is final. If the income from realized capital gains is not subject to withholding tax deduction, the individual will have to include the income from realized capital gains in his annual income tax return pursuant to the provisions of the EStG. An individual shareholder may apply for taxation at the progressive income tax rate.

Circumstances leading to the restriction of Austria's right of taxation in favor of other countries (such as by an individual transferring his or her tax residency to another country) are considered a sale and may lead to taxable income from realized capital gains. Also, the withdrawal (*Entnahme*) and other transfers of shares from a securities account may be treated as disposals (sales), unless specified exemptions are fulfilled.

Subject to certain restrictions, a limited set-off of losses is available among certain (with exceptions) investment income subject to the special 27.5% tax rate (including, for example, dividend payments). For such set-off, the taxpayer generally has to opt for assessment to income tax, in particular when securities are held with different banks. However, for deposits held for non-business purposes, an Austrian depository has offset the losses by taking into account all of a taxpayer's deposits with that depository.

The taxation of realized capital gains from shares in Austrian joint stock corporations held as business assets by individuals resident in Austria is to a wide extent (with exceptions) parallel to the principles set out above. In particular, capital gains from such shares generally are also subject to the special tax rate of 27.5%. Moreover, the individual will have to include the income from realized capital gains in his annual income tax return pursuant to the provisions of the EStG. Depending on the applicable type of tax profit calculation (*steuerliche Gewinnermittlung*) value depreciations and write-ups may need to be considered for tax purposes for shares in Austrian joint stock corporations held as business assets.

Losses from the sale of shares in Austrian joint stock corporations held as business assets and value depreciations of such assets must primarily be offset with positive income from capital gains and write-ups of such assets of the same business (*Betrieb*). Excess losses may be offset against other income to the extent of 55%. If there is no coverage in other income, the loss may be carried forward.

Corporations resident in Austria

A capital gain realized by corporations that are tax resident in Austria is subject to Austrian corporate income tax in the amount of 24% in the year 2023. The corporate income tax rate is reduced to 23% as of the year 2024.

Losses resulting from the sale of shares in Austrian joint stock corporations or value depreciations of such shares may generally be offset with other taxable income, however certain restrictions may apply (such as for participations held as non-current assets (*zum Anlagevermögen gehördende Beteiligung*) the respective expense must be allocated over a period of seven years for tax purposes; losses or value depreciations in shares due to distributions (*ausschüttungsbedingte Teilwertabschreibung und ausschüttungsbedingter Verlust*) are not deductible for tax purposes). If there is no coverage in other income, the loss may be carried forward. Generally, loss carryforwards may be used to offset an amount of up to 75% of the total income of a corporation.

Non-resident individuals and corporations

For individuals or corporations that are not tax resident in Austria, capital gains from the sale of shares in an Austria joint stock corporation are subject to income tax or corporate income tax, respectively, in Austria if (i) the shares sold are attributable to an Austrian permanent establishment or (ii) the selling shareholder has held at least 1% of the relevant company's share capital at any time in the five years preceding the disposal.

However, many of Austria's DTTs generally allocate the right of taxation of capital gains to the state of residence of the shareholder, provided that the capital gains are not attributable to an Austrian permanent establishment. In this case the capital gains resulting from the sale of shares may be exempt in Austria.

19.4 Inheritance and Gift Tax; Foundation Transfer Tax

With the Austrian Gift Notification Act 2008 (*Schenkungsmeldegesetz 2008*), the Austrian inheritance tax (*Erbschaftssteuer*) as well as the Austrian gift tax (*Schenkungssteuer*) expired as of 1 August 2008. Donations, inheritances and gifting of assets both inter vivos and mortis causa after 31 July 2008 are subject to neither inheritance tax nor gift tax. It shall be noted that donations or gifts of shares to foundations may be subject to foundation transfer tax (*Stiftungseingangssteuer*).

Pursuant to Section 121a of the Austrian Federal Fiscal Act (*Bundesabgabenordnung*) the Austrian tax authorities must be notified of gifts (*Schenkungen*). There are certain exemptions from this notification obligation: for example, for gifts among relatives that do not exceed an aggregate amount of EUR 50,000 per year or gifts among unrelated persons that do not exceed an aggregate amount of EUR 15,000 within five years.

Certain gratuitous transfers of assets to (Austrian or foreign) private law foundations and comparable legal estates (*privatrechtliche Stiftungen und damit vergleichbare Vermögensmassen*) are subject to Austrian foundation transfer tax pursuant to the Austrian Foundation Transfer Tax Act (*Stiftungseingangssteuergesetz*). Generally, this is the case if the transferor and/or the transferee at the time of transfer have a domicile, their habitual abode, their legal seat or their place of effective management in Austria. Certain exemptions may apply. The tax base is the fair market value of the transferred assets minus any debts at the time of transfer. Generally, the tax rate is 2.5%, with higher rates applying in certain cases (among others, in the event of transfers to certain non-Austrian foundations).

19.5 Impact on income received from securities

Investors are warned that the tax legislation of the respective investor's EU member state and of the Company's country of incorporation (i.e., Austria) may have an impact on the income received from the securities.

19.6 General tax implications due to the Austrian spin-offs

Since each of the spin-offs provided for in the spin-off plan constitute a spin-off within the meaning of the Austrian Spin-off Act, in which a partial business within the meaning of Section 32 para 2 in conjunction with Section 12 para 2 no 1 of the Austrian Reorganization Tax Act (*Umgründungssteuergesetz*, "**UmgrStG**") (transfer of the Austrian tower business from Telekom Austria to A1 Towers Holding GmbH) or a capital share within the meaning of Section 32 para 2 in conjunction with Section 12 para 2 no 3 of the UmgrStG (transfer of the shareholding in A1 Towers Holding GmbH from Telekom Austria to EuroTeleSites) is transferred and the Austrian right of taxation is not restricted, for both spin-offs Article VI UmgrStG is applicable. This ensures tax neutrality of both companies involved in the spin-offs and their shareholders. The tax office for large companies has confirmed the applicability of the UmgrStG to the spin-offs in an information notice dated 18 April 2023.

EuroTeleSites AG, as acquiring entity, shall continue to use the book values of Telekom Austria AG that are relevant for tax purposes as of the effective date of the Towers Holding Spin-off. Any book profits or losses resulting from the Towers Holding Spin-off shall remain tax-neutral for EuroTeleSites pursuant to Section 34 para 2 no 1 UmgrStG.

19.7 Tax implications for shareholders due to the Towers Holding Spin-off

The following section explains the main tax effects of the Towers Holding Spin-off for investors who hold shares in Austria as of close of business on the day before the Towers Holding Spin-off has become effective. A comprehensive and/or conclusive presentation of all conceivable tax aspects is not possible because this information is dependent on the individual tax situations. Moreover, the following presentation cannot substitute a personalized tax advice for individual shareholders. The Towers Holding Spin-off is subject to the provisions of Article VI UmgrStG. Therefore, the preferential provisions of the UmgrStG also apply to the shareholders of Telekom Austria.

The exchange of shares in connection with a spin-off to which Art VI UmgrStG applies is not classified as a taxable exchange according to Section 36 para 1 UmgrStG. Consequently, the Towers Holding Spin-off does not lead to the taxable realization of capital gains. The shares in EuroTeleSites are considered to be acquired on the day after the Towers Holding Spin-off becomes effective for tax purposes (*Spaltungsstichtag*). However, for the taxation of a capital gain realized from a sale of shares in EuroTeleSites, the acquisition date of the shares in Telekom Austria is decisive (Section 36 para 1 UmgrStG). It is therefore important for private investors whether the shares in EuroTeleSites are allocated for shares in Telekom Austria which were acquired on or before 31 December 2010 or for shares in Telekom Austria which were acquired thereafter and are therefore subject to the capital gain taxation that was introduced in 2011 as part of the Austrian Budget Implementation Act 2011 (*Budgetbegleitgesetz 2011*).

In accordance with Section 36 para 2 UmgrStG, the acquisition costs for tax purposes and the book values of the shares in Telekom Austria must be reduced in accordance with the ratio of the fair market value of the shares in EuroTeleSites to the fair market value of the shares in Telekom Austria taking into account the effectiveness of the Towers Holding Spin-off and such amount must be attributed to the shares in EuroTeleSites which are allocated in the course of the Towers Holding Spin-off. Since one share in EuroTeleSites will be allocated for each four shares in Telekom Austria, the amount by which the tax basis of these four shares in Telekom Austria is reduced will represent the acquisition costs or book value for tax purposes of one share in EuroTeleSites.

Pursuant to margin no. 1733a of the Austrian Tax Reorganization Guidelines (*Umgründungssteuer-Richtlinien*), the respective ratio of the fair market values shall be determined as at the date of the conclusion of the underlying spin-off plan or spin-off and takeover agreement. Since such fair market value ratio is not available, such ratio could be calculated with the respective stock market closing prices of the shares in Telekom Austria AG and EuroTeleSites AG on the Official

Market (*Amtlicher Handel*) of the Vienna Stock Exchange (*Wiener Börse*) on the Ex Date (qualifying as the first day of trading of the Shares) which is expected to be the 22 September 2023 (if such shareholder is not subject to final taxation by a withholding tax deduction, but required to determine the acquisition costs or book values of the respective shares for tax purposes). However, it should be noted that the Austrian tax authorities might determine the acquisition costs differently.

The acquisition costs of the allocated EuroTeleSites shares will have an impact on the amount of any capital gain or loss which may be realized upon the later sale or other disposal of any such shares in EuroTeleSites or shares in Telekom Austria.

Shareholders who do not keep their shares in EuroTeleSites and in Telekom Austria with an Austrian securities depositary and who are not subject to final taxation on realized capital gains by way of withholding tax, or shareholders who are for other reasons obliged to document the tax basis of their shares must make this allocation in the relevant tax documentation (corporate tax returns, tax balance sheets, listing of the acquisition cost of financial assets for tax purposes, etc.).

The treatment for tax purposes of spin-off shares kept with an Austrian securities depositary, in particular by applying the Austrian Capital Measures Directive (*Kapitalmaßnahmen-Verordnung*), is in the responsibility of the securities depositary. In this context, Section 4 para 2 of the Austrian Capital Measures Directive stipulates the tax treatment of spin-off shares by Austrian securities depositaries for the purposes of withholding tax deduction. Pursuant to this provision, the acquisition costs of the shares existing prior to a spin-off must be allocated between the existing shares and the newly booked-in shares post spin-off. This allocation must be made pursuant to the ratio of the fair market values of the respective shares. If no fair market values are available, this allocation must be made based on the number of shares. In the course of the Spin-offs, no ratio of the remaining assets of Telekom Austria in relation to the spun-off assets was assessed and therefore it is expected that Austrian securities depositaries, according to current common practice, will determine the ratio of fair market values, and thus the allocation of acquisition costs by applying the respective stock market closing prices of the shares in Telekom Austria and EuroTeleSites on the Official Market (*Amtlicher Handel*) of the Vienna Stock Exchange (*Wiener Börse*) on the Ex Date (qualifying as first trading day of the Shares) which is expected to be the 22 September 2023. However, it should be noted that this practice is not based on official guidelines of the Austrian tax authorities and the allocation of acquisition costs might be handled differently by individual Austrian securities depositaries. It is advised that shareholders should contact their securities depositary in this regard.

Tax treatment in relation to EuroTeleSites shares allocated on the basis of Telekom Austria shares acquired on or before 31 December 2010

In relation to EuroTeleSites shares allocated on the basis of Telekom Austria shares acquired on or before 31 December 2010, the above-described allocation of acquisition costs applies analogously.

However, any capital gain realized from a sale or other disposal of such shares is not subject to a withholding tax deduction so that the respective shareholders are obliged to make this allocation in their relevant tax documentation (corporate tax returns, tax balance sheets, listing of the acquisition cost of financial assets for tax purposes, etc.) if the respective capital gains are subject to taxation.

If such shares are sold by private investors who do not hold them as business assets and the participation in Telekom Austria amounted to less than 1% per 31 March 2012, the respective capital gains are not subject to taxation.

20. RECENT DEVELOPMENTS, FINANCIAL POLICY AND FINANCIAL GUIDANCE

20.1 Recent Developments

Other than described in "*Capitalisation and Indebtedness, Statement on Working Capital and Significant Changes – Significant Changes*", there are no relevant recent developments.

20.2 Financial Policy

The following is a summary of the key elements of EuroTeleSites Group's financial policy.

Leverage

The *pro forma* Net Debt/EBITDAaL ratio for the year ended 2022 is 8.1x which is expected to move to 7.6x at the end of the financial year 2023. The change from 8.1x to 7.6x at the end of the financial year 2023 is mainly a function of EBITDAaL improvement driven by revenue growth.

The mid-term target for the Net Debt/EBITDAaL ratio is around 5x and it is targeted to reach this level within 4 years, which is supported by the financial policy of paying no dividends for the next 4 years. Reaching the target of Net Debt/EBITDAaL ratio of around 5x within 4 years is expected to be achieved via both EBITDAaL growth and growing free cash flow generation. Deleveraging is expected to be driven by approximately two thirds by debt reduction and by one third by EBITDA growth. EuroTeleSites Group reports two different net leverage ratios:

(i) net leverage including lease liabilities where the long term (and short term) financial debt plus lease liabilities is divided by EBITDA (targeting 6.6x for 2023);

(ii) net leverage excluding lease liabilities by dividing long (and short term) debt by EBITDAaL (targeting 7.6x for 2023).

Dividend

It is not intended that EuroTeleSites will pay dividends for the next four years. This commitment is in line with the bank loan covenant.

20.3 Financial Guidance

The following is a summary of the key elements of EuroTeleSites Group's financial guidance.

The management of EuroTeleSites Group targets:

(i) a revenue compound average growth rate of around 4 to 6%;

(ii) a further EBITDA margin expansion over the next 4-5 years starting from a currently high *pro forma* EBITDA margin of 87% and a *pro forma* EBITDAaL margin of 55% in 2022;

(iii) annual average CAPEX of approximately EUR 60 million (c. 20% of total revenues (incl. other operating income)) according to the five year plan which is front end loaded (including maintenance CAPEX);

(iv) positive free cash flow for the next four years and beyond;

(v) working capital outflows are expected to be negligible.

Two thirds of the revenue growth is expected to come from Telekom Austria Group as EuroTeleSites Group's anchor tenant and the remaining one third is expected from new tenancies. The revenue growth from Telekom Austria Group as the anchor tenant is driven by indexation, which includes inflation adjustments of existing rents, and rollout of new Sites.

Maintenance CAPEX including IT is expected to be around 3% of total revenues (incl. other operating income) planned for the next 5 years. On the remaining CAPEX, two thirds is expected to be invested in infrastructure for 5G upgrades and one third of the remaining CAPEX is expected to be invested in the rollout of new Sites.

Cost Structure

Operating costs are composed of the following items:

(i) employee costs / services cost (approximately 50%) which covers operation, services and holding company costs;

(ii) maintenance infrastructure by external parties (approximately 25%);

(iii) remaining costs from external services, energy, infrastructure, cloud computing etc. of approximately another 25%.

The contracts of EuroTeleSites Group allow to pass most cost increases through to the tenants via indexation.

Tax

The approximate blended tax rate of EuroTeleSites Group is assumed to be 20%.

21. GLOSSARY AND LIST OF ABBREVIATIONS AND DEFINITIONS

A1 Telekom MNOs	Telekom Austria's Mobile Network Operators established as subsidiaries in Austria, Bulgaria, Croatia, North Macedonia, Serbia and Slovenia
Active Equipment	Equipment used by MNOs or other customer to receive and transmit mobile networks signals
Active RAN Sharing Arrangements	Agreements by MNOs on sharing the Active Equipment that they install on a Site
América Móvil	América Móvil, S.A.B de C.V., and its 100% subsidiary América Móvil B.V.
América Móvil Group	América Móvil, S.A.B de C.V. and its subsidiaries from time to time.
ARGE Sites	Towers in Austria built under co-operative agreements with one or two other colocation operators.
Austrian ETS TowerCo	A1 Towers Holding GmbH, as the Austrian tower company belonging to EuroTeleSites Group
Austrian Up-stream Spin-off	The up-stream spin-off of the Austrian tower business from A1 Telekom Austria AG into Telekom Austria
BTS Sites or "Built-to-suit" Sites	Sites characterized by the construction of a new tower for an anchor tenant for which there is a "built-to-suit" commitment
Bulgarian ETS TowerCo	A1 Towers Bulgaria EOOD, as the Bulgarian tower company belonging to EuroTeleSites Group
CAPEX	Capital expenditures including additions to property plant and equipment, excluding asset retirement obligations and additions to right-to-use assets according to IFRS 16
Clearstream	Clearstream Banking S.A., Luxembourg
Company	EuroTeleSites AG
COVID-19	SARS-CoV-2 and its associated disease
CPI	Consumer Price Index
Croatian ETS TowerCo	A1 Towers d.o.o., as the Croatian tower company belonging to EuroTeleSites Group
CSRD	Corporate Sustainability Reporting Directive (EU) 2022/2464
EBITDA	Earnings before interest, tax, depreciation and amortization
EBITDAaL	Earnings before interest, tax, depreciation and amortization minus depreciation of right-of-use assets and interest expense on lease liabilities
ECB	European Central Bank

EMF	Electromagnetic fields
ESG	Environmental, social and governance
ETS TowerCos	The local tower companies belonging to EuroTeleSites Group established in Bulgaria, Croatia, North Macedonia, Serbia and Slovenia and in relation to Austria, (i) the Austrian towers business, as such partial business (*Teilbetrieb*) has been defined in the Spin-off and Transfer Agreement dated 28 June 2023, (ii) and with effect of the spin-off and transfer of the partial business to A1 Towers Holding GmbH the Austrian ETS TowerCo
EU	European Union
EU Insolvency Regulation	Regulation (EU) 2015/848
EUR	The currency introduced at the start of the third stage of the European economic and monetary union, and as defined in Art. 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the Euro
Euroclear	Euroclear Bank SA/NV
EuroTeleSites	EuroTeleSites AG
EuroTeleSites Group	The Company and its consolidated subsidiaries
FWA	Fixed-Wireless-Access
HAKOM	The Croatian Regulatory Authority for Network Industries
IFRS	The International Financial Reporting Standards, as adopted by the European Union
IoT	Internet of things
Listing	The listing and trading of 166,125,000 no-par value ordinary bearer shares in the Official Market (*Amtlicher Handel*) of the Vienna Stock Exchange (*Wiener Börse*)
Macro Sites	Macro Sites are the physical infrastructure, either ground-based or located on top of a building, where communications equipment is placed to create a cell in a mobile network
Micro Sites	Micro Sites are usually installed on (pre-existing) buildings and are typically located on the roof, roofing pavement or high windows or structures such as underground stations and tunnels, and they are often shared with other providers
MiFID II	EU Directive 2014/65/EU as amended
MLAs	The Master Lease Agreements concluded or to be concluded between the local A1 Telekom MNO and the local ETS TowerCo
MNO	Mobile Network Operator
NFRD	Directive 2014/95/EU

NOC	Network Operation Center
North Macedonian ETS TowerCo	A1 TOWERS DOOEL, as the North Macedonian tower company belonging to EuroTeleSites Group
Notes	The EUR 500,000,000 5.250 per cent. notes due 2028 issued by Austrian ETS TowerCo on 13 July 2023
O&M	means operations and maintenance
ÖBAG	Österreichische Beteiligungs AG
OFAC	U.S. Department of Treasury's Office of Foreign Assets
Passive Infrastructure	Installation comprising a set of different elements located at a Site and used to provide support to the Active Equipment
RAN	Radio Access Network
Reorganization	The separation of Telekom Austria´s Passive Infrastructure comprising towers in Austria, Bulgaria, Croatia, North Macedonia, Serbia and Slovenia (both legally and operationally) into a new stand-alone tower infrastructure business
Revolving Credit Facility	The revolving credit facility between Austrian ETS TowerCo and Erste Group Bank AG in the amount of EUR 75,000,000 dated 27 June 2023
RTR	The Austrian Regulatory Authority for Broadcasting and Telecommunications
Securities Act	The United States Securities Act of 1933
Serbian ETS TowerCo	A1 Towers Infrastructure d.o.o., as the Serbian tower company belonging to EuroTeleSites Group
Shareholders' Agreement	The shareholders' agreement between América Móvil and ÖBAG in respect of EuroTeleSites for a 10-year term
Shares	no-par value ordinary bearer shares of EuroTeleSites, each such share representing a calculated notional amount of EUR 1.00 of the nominal share capital
SIM	Subscriber Identity Module
Site	The Passive Infrastructure on which Active Equipment is mounted as well as its physical location
Slovenian ETS TowerCo	A1 Towers, upravljanje komunikacijske infrastrukture, d.o.o., as the Slovenian tower company belonging to EuroTeleSites Group
Spin-off and Transfer Agreement dated 12 June 2023	The spin-off and transfer agreement between A1 Telekom Austria AG and Telekom Austria AG in relation to the spin-off and transfer of the Austrian towers business, as such partial business (*Teilbetrieb*) by way of spin-off by assumption (*Spaltung zur Aufnahme*) to Austrian ETS TowerCo.

Spin-off and Transfer Agreement dated 28 June 2023	The spin-off and transfer agreement with which, Telekom Austria has spun-off and transferred the Austrian towers business (including the MLA, its shareholdings in (i) Towers Slovenia Holding, (ii) Towers Croatia Holding, (iii) Towers Macedonia Holding, (iv) Towers Bulgaria Holding, and (v) Towers Serbia Holding and intra-group debt owed to TFG) by way of spin-off by assumption (*Spaltung zur Aufnahme*) to its fully owned subsidiary Austrian ETS TowerCo
Telekom Austria	Telekom Austria Aktiengesellschaft
Telekom Austria Group	Telekom Austria and its consolidated subsidiaries
Term Loan	The term loan facility agreement between Austrian ETS TowerCo and Banco Bilbao Vizcaya Argentaria, S.A., Niederlassung Deutschland, Banco Santander, S.A. Citibank Europe plc, Erste Group Bank AG, Intesa Sanpaolo S.p.A., Frankfurt Branch, and UniCredit Bank Austria AG acting as original lenders, mandated lead arrangers and bookrunners in the amount of EUR 500,000,000 dated 9 June 2023
TFG	Telekom Finanzmanagement GmbH
Towers Business	Telekom Austria's Passive Infrastructure assets comprising towers in Austria, Bulgaria, Croatia, North Macedonia, Serbia and Slovenia which has been spun off to the Austrian ETS TowerCo
Towers Business Spin-off	The spin-off by assumption (*Spaltung zur Aufnahme*) of the Towers Business into Austrian ETS TowerCo
Towers Group	A1 Towers Holding GmbH and its consolidated subsidiaries comprising the non-Austrian ETS TowerCos and the Towers Holding Companies, and for periods prior to the registration of the Towers Holding Spin-off Towers Group comprising the Austrian ETS TowerCo together with the combined towers business companies and towers business holding companies of the towers business being demerged from the local operating Telekom Austria companies and restructured under A1 Towers Holding GmbH as the Austrian ETS TowerCo including the Austrian towers business
Towers Holding Spin-off	The spin-off of Telekom Austria's 100% shareholding in the Austrian ETS TowerCo by way of spin-off by formation *(Spaltung zur Neugründung*), thereby creating EuroTeleSites

22. INDEX OF FINANCIAL INFORMATION

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Audited condensed combined financial statements of the Towers Group as prepared by Telekom Austria in relation to the Towers Business as of and for the financial year ended 31 December 2022

Content

Condensed Combined Financial Statements Towers Group

Condensed Combined Statement of Comprehensive Income

in TEUR	Note	2022	2021
Revenues from leases		57,864	27,040
Other operating income		2,878	2,058
Total revenues (incl. other operating income)	(4)	60,742	29,098
Total cost and expenses	(5)	-22,537	-18,862
Earnings before interest, tax, depreciation and amortization - EBITDA		38,205	10,236
Depreciation and amortization	(7)	-39,141	-41,831
Depreciation of right-of-use assets	(9)	-48,352	-38,015
Operating income - EBIT		-49,287	-69,611
Interest expense	(6)	-3,873	-1,559
Foreign currency exchange differences, net		-55	-42
Financial result		-3,928	-1,601
Earnings before income tax - EBT		-53,215	-71,212
Income tax	(12)	-1,761	351
Net result		-54,976	-70,861
Other comprehensive income items:			
Items that may be reclassified to profit or loss:			
Effect of translation of foreign entities		-21	3
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit obligations, net of tax		14	-2
Total other comprehensive income (loss)		-7	1
Total comprehensive income (loss)		-54,983	-70,861

The income and expensess of the individual companies are included from the date of the demerger or formation (see Note (1)).

Condensed Combined Statement of Financial Position

in TEUR	Note	Dec. 31, 2022	Dec. 31, 2021
ASSETS			
Current assets			
Cash	(16)	4,258	1,513
Accounts receivable trade, net		2,531	983
Receivables due from related parties	(2)	34,372	13,231
Income tax receivable	(12)	215	197
Other current assets, net	(14)	983	879
Total current assets		42,358	16,803
Non-current assets			
Property, plant and equipment, net	(7)	210,229	194,329
Right-of-use assets, net	(9)	204,794	191,898
Intangible assets, net		156	51
Goodwill	(8)	239,964	191,466
Deferred income tax assets	(12)	3,727	1,767
Other non-current assets, net		37	0
Total non-current assets		658,907	579,511
TOTAL ASSETS		701,265	596,314
LIABILITIES AND EQUITY			
Current liabilities			
Lease liabilities short-term	(9)	56,034	43,738
Accounts payable	(10)	22,360	19,229
Accrued liabilities and current provisions		243	175
Income tax payable	(12)	892	291
Payables due to related parties	(2)	2,409	2,427
Total current liabilities		81,938	65,860
Non-current liabilities			
Lease liabilities long-term	(9)	152,871	150,949
Deferred income tax liabilities	(12)	1,316	3,533
Asset retirement obligation	(11)	92,163	85,261
Employee benefits	(14)	737	844
Total non-current liabilities		247,086	240,587
Equity			
Net investment of parent		372,241	289,867
Total equity		372,241	289,867
TOTAL LIABILITIES AND EQUITY		701,265	596,314

Assets and liabilities of the individual companies are included from the date of the demerger or formation (see Note (1)).

Condensed Combined Statement of Cash Flows

in TEUR	Note	2022	2021
Earnings before income tax - EBT		-53,215	-71,212
Depreciation	(7)	39,132	41,826
Amortization of intangible assets		9	5
Depreciation of right-of-use assets	(9)	48,352	38,015
Other reconciliation items	(15)	3,510	1,631
Working capital changes		753	-9,338
Income taxes paid		-3,269	-1,217
Net cash flow from operating activities		**35,271**	**-290**
Capital expenditures paid	(7)	-36,056	-30,485
Proceeds from sale of, property, plant and equipment		6	0
Net cash flow from investing activities		**-36,050**	**-30,485**
Interest paid	(6)	-2,184	-967
Financing with related parties	(2)	-1,664	1,640
Additions on combination of Tower Companies into the Towers Group		1,370	0
Lease principal paid	(9)	-47,456	-36,703
Net cash flow from financing activities		**-49,935**	**-36,030**
Net change in cash and cash equivalents		**-50,714**	**-66,805**
Cash and cash equivalents beginning of period	(16)	1,606	0
Payments of A1 Group	(16)	68,853	68,411
Cash and cash equivalents end of period	(16)	19,745	1,606

Condensed Combined Statement of Changes in Equity

in TEUR	Net investment of parent
At January 1, 2021	**228,304**
Net Result	-70,861
Other comprehensive income (loss)	1
Total comprehensive income (loss)	**-70,861**
Shareholder contribution by way of transfer of Tower Companies into the Towers Group	63,407
Shareholder contribution A1 Group in Austrian Tower BU *)	69,017
At December 31, 2021	**289,867**
Net Result	-54,976
Other comprehensive income (loss)	-7
Total comprehensive income (loss)	**-54,983**
Shareholder contribution by way of transfer of Tower Companies into the Towers Group	64,449
Shareholder contribution A1 Group in Austrian Tower BU *)	72,908
At December 31, 2022	**372,241**

*) Includes payments made by A1 Group for additions to property, plant and equipment, payments of lease liabilities and the ongoing operating costs of the Austrian Tower business unit ("Austrian Tower BU"), as the business unit does not yet have its own revenues until the demerger into the Tower Group (see Note (1))

Selected Explanatory Notes to the Condensed Combined Financial Statements

(1) Basis of Preparation of the Condensed Combined Financial Statements

A1 Towers Holding GmbH (the "Company") is incorporated and domiciled in Austria. The registered address is Lassallestraße 9, 1020 Wien. In 2022 and 2021, the so-called "Tower companies" and "Tower holding companies" were established by Telekom Austria Aktiengesellschaft ("Telekom Austria AG"). Telekom Austria AG is headquartered in Austria. The Telekom Austria AG Group is hereinafter referred to as the "A1 Group" and its operating subsidiaries as the "A1 companies".

Telekom Austria AG plans a listing of its European tower business under a yet to be incorporated parent company EuroTeleSites Aktiengesellschaft ("EuroTeleSites AG") as a separate group (the "Towers Group"). In preparation of the listing, the European tower businesses are being carved out from the local operating A1 companies and restructured under the Company which will finally be contributed to EuroTeleSites AG before the listing. The shares in EuroTeleSites AG will be transferred to Telekom Austria AG shareholders on a pro rata basis by way of a demerger for the purpose of the new formation and will be listed on the Vienna Stock Exchange. The stock exchange prospectus intended for the listing requires the preparation of Condensed Combined Financial Statements for the tower business as of and for the year ended December 31, 2022 (see Commission Delegated Regulation (EU) 2019/980 of March 14, 2019, Annex I, item 18.1.1., supplementing Regulation (EU) 2017/1129, Commission Delegated Regulation (EU) 2019/980 of March 14, 2019, Article 18 para 1 in connection with Article 18 para 3, the Towers Group, has a "Complex Financial History"). The intended users of the Condensed Combined Financial Statements includes both owners and investors.

In order to achieve the separation of these tower infrastructure assets, the tower infrastructure assets in each local market were grouped into a business unit within the A1 companies in that country and then carved out of the operating company into a separate legal entity (i.e. Tower companies) controlled by A1 Group by way of a demerger. Thus, parts of the passive infrastructure of the radio towers of the operative A1 companies were transferred into the tower companies. 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. Regarding the towers business in Austria, a separate Austrian Tower BU" was established on January 1,2021 comprising the assets and liabilities of the tower business together with the corresponding operating costs (see Note (5)). This Austrian Tower BU will be legally separated by way of a demerger in 2023.

Following this separation, the various Tower companies and Tower holding companies as well as the Austrian Tower BU are in the process of reorganization under the Company to form the sub-group to be finally contributed to EuroTeleSites AG before the listing. Presentation of the history of these transactions, in the Condensed Combined Financial Statements, has been considered in conjunction with the expected presentation of those same transactions in the Consolidated Financial Statements for December 31, 2023 of EuroTeleSites AG to ensure consistency of reporting in accordance with International Financial Reporting Standards as adopted by the EU.

In considering the presentation of those Consolidated Financial Statements of EuroTeleSites AG as of December 31, 2023, Management Board has considered the guidance in IFRS 10 "Consolidated Financial Statements" ("IFRS 10") relating to individual transactions. The Management Board has considered that the commercial purpose of separating certain of A1's tower infrastructure assets into a standalone tower infrastructure business, and the related legal steps undertaken to achieve this, have taken place in contemplation of each other solely to achieve a single purpose, being the public listing of the shares of EuroTeleSites AG. The Management Board has therefore concluded that the various steps undertaken should be accounted for as a single transaction. As the single transaction comprises the combination of the separate European tower businesses, the reorganization of the Tower companies and Tower holding companies under the Company meets the definition of a business combination. However, as the transaction is under common control, the accounting does not fall in the scope of any existing IFRS. Consequently, in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", the Management Board must employ judgement to develop and apply an appropriate accounting policy.

Accordingly, the Management Board has concluded that it is appropriate to account for the combination of the European tower assets that make up the Towers Group by applying the pooling of interests method based on historical carrying values as though the current structure had always been in place, a method of accounting for business combinations. These historical carrying values are determined by reference to the carrying amounts recorded under the A1 Group accounting policies immediately preceding the transaction in accordance with the pooling of interests approach. In applying the pooling of interests method, the Management Board has considered the requirements of IFRS

10 which, in the absence of specific IFRS guidance, is considered to be analogous and relevant for the purposes of accountin g for the combination.

IFRS 10 mandates that the Consolidated Financial Statements of the receiving entity cannot include financial information of a subsidiary prior to the date it obtains control. Accordingly, in applying the pooling of interests method, the Management Board does not consider it appropriate to present financial information of the combining businesses, for periods prior to the combination. In considerin g the presentation of the Condensed Combined Financial Statements for the year ended December 31, 2022, the Management Board is required to apply judgement given that the Towers Group is only part way through the single transaction. In applying judgement, the Management Board has also considered that the application of IAS 34 in the Condensed Combined Financial Statements requires continuity with the basis of preparation for the Consolidated Financial Statements of EuroTeleSites AG. Whilst the basis of preparation cited above is referenced to principles embodied within Condensed Combined Financial Statements, the Management Board has concluded that in the absence of specific IFRS guidance, the approach to presenting comparative information should be consistent with the proposed approach fo r the Consolidated Financial Statements for EuroTeleSites AG. Consequently, these Condensed Combined Financial Statements have basically been prepared on the basis that the financial history of the Towers Group commences on the date of legal separation for each Tower company within the Towers Group or foundation of Tower holding companies with the exception for the Austrian Tower BU, which is explained in more detail below.

The Condensed Combined Financial Statements for the year ended December 31, 2022 have been prepared in accordance with IAS 34 as issued by the International Accounting Standards Board and as adopted by the European Union with the basis of preparation. The financial statements are presented on a condensed basis as permitted by IAS 34 and therefore do not include all disclosures that would otherwise be required in a full set of financial statements prepared in accordance with International Financial Reporting Standards as iss ued by the International Accounting Standards Board and as adopted by the European Union. The basis of preparation is basically aligned with IFRS with the following exceptions:

- Based on the analysis above the principles of IFRS would require the Condensed Combined Financial Statements to be prepared on the basis that the financial history of the Towers Group commences on the date of legal separation for each Tower company within the combined group. Consequently, Tower companies and Tower holding companies are included in the Condensed Combined Financial Statements from the date of their legal separation or foundation (for the actual dates for each of the Tower companies refer to the table below). However, the Condensed Combined Financial Statements inter alia also include the Austrian Tower BU starting from January 1,2021. Hence, as the Austrian Tower BU does not legally exist before its demerger into the Company which is planned to happen not before Q3 2023, the inclusion of the Austrian Tower BU in the Condensed Combined Financial Statements as of December 31, 2022 is not in compliance with the accounting treatment under IFRS described above. Consequentially the Condensed Combined Financial Statements are not prepared in accordance with IFRS in this respect.
- Goodwill included in the Condensed Combined Financial Statements was allocated between the Towers Group and A1 Group using a relative value approach as required by IAS 36 “Impairment of Assets” on the basis of the respective cash-generating units which correspond with the segments of the Towers Group (for further details refer to Note (8) below). Consistently with the basis of preparation for the Condensed Combined Financial Statements described above, the allocation of goodwill should be calculated at the date of the legal separation of each Tower company, that is the date when the respective Tower company is included in the Condensed Combined Financial Statements of the group. However, allocation of goodwill was based on a calculation conducted as of December 31, 2022 for all cash-generating units regardless of their date of inclusion in the condensed combined financial statements. Therefore, the actual allocation of goodwill to the individual cash-generating units in the Condensed Combined Financial Statements might differ from an allocation based on the calculation performed at the respective demerger date for the individual Tower companies.

The following Tower companies and Tower holding companies have been included in the Condensed Combined Financial Statements from the effective date of their demerger from the respective A1 companies or their foundation with the exception of the Austrian Tower BU (refer to the exceptions from IFRS in the basis of preparation above):

Name and company domicile	Date of demerger
Tower companies	
Austrian Tower Business Unit, Vienna	*)
A1 Towers Bulgaria EOOD, Sofia	February 2, 2021
A1 Towers d.o.o., Zagreb	November 1, 2021
A1 TOWERS DOOEL Skopje, Skopje	July 1, 2022
A1 Towers d.o.o., Ljubljana	October 3, 2022
A1 TOWERS INFRASTRUCTURE d.o.o., Belgrade	November 1, 2022

Name and company domicile	Date of foundation
Tower holding companies	
A1 Towers Holding GmbH, Vienna	November 11, 2020
A1 Towers Austria GmbH, Vienna	January 30, 2021
A1 Towers Bulgaria Holding GmbH, Vienna	December 15, 2022
A1 Towers Croatia Holding GmbH, Vienna	December 2, 2022
A1 Towers Macedonia Holding GmbH, Vienna	December 15, 2022
A1 Towers Slovenia Holding GmbH, Vienna	December 15, 2022
A1 Towers Serbia Holding GmbH, Vienna	December 15, 2022

*) establishment on January 1, 2021 by transferring the corresponding assets and liabilities. Furthermore, the corresponding employee expenses and all other expenses related to the BU are presented in the Austrian Tower BU (see Note (5)). No legal separation has taken place until December 31, 2022.

Due to the different dates of inclusion in the Condensed Combined Financial Statements of the entities comprising the combined group there is only limited comparability between the periods presented in the Condensed Combined Financial Statements. In addition, as the Austrian Tower BU is not yet legally separated, no Master Lease Agreement with A1 Austria has been concluded so far and hence the Austrian Tower BU lacks own lease revenues to be allocated to it. The resulting loss is covered by shareholders' contributions from the A1 Group (see Condensed Combined Statement of Changes in Equity and Note (16)). As the Austrian Tower BU does not represent a taxable entity no current taxes are presented.

A1 Towers Holding GmbH and the Austrian Towers BU are both included in the opening balance at January 1,2021. A1 Towers Holding GmbH had total assets and equity each of TEUR 34 at January 1,2021. The Austrian Towers BU had allocated total assets of TEUR 463.215, total liabilities of TEUR 234,946 and equity of TEUR 228,269 at January 1,2021.

The Condensed Combined Financial Statements have been prepared on the historical cost basis. The principal accounting policies are set out below and in the notes to the Condensed Combined Financial Statements.

Basis of the combination

The assets and liabilities of the above companies have been combined into the Towers Group as of December 31, 2022 and 2021. The income and expenses are included for the years ended December 31, 2022 and 2021 from the date of the demerger/establishment or formation as shown in the table above. All transactions and balances between these companies were eliminated. Transactions with A1 Group companies are classified as related party transactions and are disclosed in the Notes (2) and (4).

Going concern

The Management Board is satisfied that, at the time of the release for publication of the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements.

Current or non-current classification

Assets are classified as current in the condensed combined statement of financial position where recovery is expected within 12 months of the reporting date. All assets where recovery is expected more than 12 months from the reporting date and all deferred tax assets and property, plant and equipment are reported as non-current.

Liabilities are classified as current unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. For provisions, where the timing of settlement is uncertain, amounts are classified as non-current where settlement is expected more than 12 months from the reporting date. In addition, deferred tax liabilities and post-employment benefits are reported as non-current.

(2) Related Party Transactions

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

Through Telekom Austria AG, the Towers Group has a close relationship with the subsidiaries of the A1 Group. Therefore, the A1 companies are classified as related parties.

Related party transactions with A1 Group companies include the formation of the Group as described in Note (1) presented as "Additions on combination of Tower Companies into the Towers Group" in the Notes.

Revenues and expenses to related parties included in the statement of comprehensive income are shown in the following table:

in TEUR	2022	2021
Revenues from site rentals - related parties	51,374	23,546
Total cost and expenses	1,804	853
Interest expense on financial liabilities at amortized cost	23	3

Further details for revenues from site rentals are disclosed in Note (4). Cost and expenses include expenses charged for services rendered by A1 companies to the Tower companies, which mainly relate to employee expenses (see Note (5)). Further details on interest expense can be found in Note (6).

The receivables from and payables to related parties reported in the Condensed Combined Statement of Financial Position are as follows:

in TEUR, at December 31	2022	2021
Receivables operating	18,885	13,138
Receivables financing	15,487	93
Receivables due from related parties	**34,372**	**13,231**
Payables operating	2,409	783
Payables financing	0	1,645
Payables due to related parties	**2,409**	**2,427**

Receivables operating relate to the rents charged from the Tower companies to the A1 companies in Bulgaria, Croatia, North-Macedonia, Slovenia and Serbia. Furthermore these receivables include charges to A1 companies, mainly relating to energy cost reported on a net basis in expenses (see Note (5)).

Receivables financing include balances from cash pooling arrangements with the financing company of the A1 Group (Telekom Finanzierungsmanagement GmbH – "TFG"). Cash pooling participants hold accounts with TFG, which are drawn on a daily basis. As balances are daily due they are qualified as cash and cash equivalents in the Condensed Combined Statement of Cash Flow (see Note (16)).

Payables financing include borrowings from A1 Group's financing company TFG.

Payables operating relate to charges for services provided by A1 companies to the Tower companies.

(3) Basis of Presentation

All amounts are stated in thousands of euros (TEUR) unless otherwise indicated. The use of automated calculation systems may give rise to rounding differences.

Functional currency

The Condensed Combined Financial Statements are presented in euro, which is also the Group's functional currency. Financial statements of the respective foreign Tower Companies where the functional currency is a currency other than the euro are translated using the functional currency principle. For these companies, assets and liabilities are translated using the year-end exchange rates, while income 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 company presented in the translation reserve in equity.

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

	Exchange rates at December 31, 2022	2021	Average exchange rates for the year ended December 31, 2022	2021
Bulgarian lev (BGN)	1.9558	1.9558	1.9558	1.9558
Croatian kuna (HRK) *	7.5345	7.5172	7.5316	7.5241
Macedonian denar (MKD)	61.4932	61.6270	61.6219	61.6275
Serbian dinar (RSD)	117.3224	117.5821	117.4641	117.5736

* On January 1, 2023, the euro will be introduced in Croatia. The exchange rate was set at 7.53450 Croatian kuna.

Estimates and Judgements

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

As set out above, in determining the presentation basis of the Condensed Combined Financial Statements, Management Board is required to apply various judgements and have concluded that the legal steps undertaken in combining the European tower businesses should be accounted for as a single transaction.

Lessor accounting

Lessor classification of arrangements as either operating or finance lease, Management judgement is required in determining whether leases where the Towers Group is lessor are classified as operating or finance leases. This has a significant impact on revenue recognition. Operating lease revenue is recognized on a straight line basis (or similar) over the lease term, while finance lease income is recognized largely up front, with interest income recognized over the remainder of the term.

IFRS 16 contains a number of indicators that a lease may be a finance lease. The relevant indicators considered in the context of the leases of tower space to telecommunication companies were:

- whether the lease term is for the major part of the economic life of the asset;
- whether the present value of payments are substantially all of the fair value of the asset.

Management Board considered the following factors when assessing lease classification:

- The lease term is significantly shorter than the useful life of tower assets. Where aged towers are being used to fulfil the Master Lease Agreement ("MLA"), it is expected that the assets will be maintained rather than replaced;
- High level analysis concluded that the present value of lease payments was not 'substantially all' of the fair value of the tower asset;
- Consideration of the nature of the arrangement, which is more consistent with short term hire agreement (operating lease) than financing the acquisition of assets (finance lease)

On the basis of the factors considered, Management determined that leases under the MLA should be classified as operating leases. See Note (9) for further details.

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.

- The estimated useful lives of property, plant and equipment subject to depreciation represent the estimated periods during which the assets will be in use. With respect to changes in depreciation resulting from changes in the useful lives, see Note (7).
- 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. For more information on the carrying amounts of property, plant and equipment, goodwill and right-of-use assets see Notes (7), (8) and (9).
- Goodwill: Goodwill previously attributed to A1 Group businesses in each market, recorded at cost less accumulated impairment, has been accounted under the pooling of interests approach. Goodwill has been allocated between the tower businesses and the remaining A1 operating business in proportion to the relative value of the cash generating units for each market, at December 31, 2022. The allocation of goodwill between cash generating units is assessed from the enterprise value of the relevant A1 Group operations (see Note (8)).
- 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 (9)).
- 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 (11))
- 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 the Towers Group does not generate sufficient taxable income, deferred tax assets cannot be recognized (see Note (12))

Significant accounting policies

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

Changes in accounting policies

The following amendments are effective as of January 1, 2022.

IAS 37	Amendments: Onerous Contracts - Cost to Fulfilling a Contract
IFRS 3	Amendments: Reference to the Conceptual Framework
IFRS 1, IFRS 9, IAS 41, IFRS 16	Annual improvements 2018-2020
IAS 16	Amendments: Proceeds before Intended Use

The initial application of the amendments to the standards (IAS, IFRS) mentioned above had an insignificant impact on the Condensed Combined Financial Statements since the amendments were only partially applicable.

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

		Effective*	Effective**
IAS 1	Amendments: Classification of Liabilities as Current or Non-Current	January 1, 2024	not endorsed
IAS 1 and IFRS PS 2	Amendments: Disclosure of Accounting Policies	January 1, 2023	January 1, 2023
IAS 8	Amendments: Definition of Accounting Estimates	January 1, 2023	January 1, 2023
IAS 12	Amendments: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023	January 1, 2023
IFRS 16	Amendments: Lease Liability in a Sale and Leaseback	January 1, 2024	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).

In the Condensed Combined Financial Statements these standards are not early adopted and their impact on the Condensed Combined Financial Statements is evaluated.

(4) Revenues

Total revenues consist of the following:

in TEUR	2022	2021
Revenues from site rentals - related parties	51,374	23,546
Revenues from site rentals - third parties	6,490	3,493
Revenues from leases	**57,864**	**27,040**
Other operating income	2,878	2,058
Total revenues (incl. other operating income)	**60,743**	**29,098**

The Towers Group operates a portfolio of tower sites across the below mentioned European countries, for which it receives revenues from site rentals mainly from the A1 Group under MLA (related parties) but also from other unrelated customers (third parties).

Further information on related parties is disclosed in Notes (1) and (2). Revenues from site rentals from the MLA are charged and settled on a monthly basis.

Master Lease Agreements (MLAs)

As of the date of the respective demerger, new lease agreements (Master Lease Agreements 1.0 – "MLAs") were concluded between the five foreign Tower companies and the respective A1 companies. The rent charged by the Tower companies to the A1 companies is shown in Note (4) in the item „Revenues from site rentals - related parties".

The MLAs have a term of three times eight years, automatically prolonged after eight and 16 years if not terminated by the A1 companies. Tower companies can terminate earliest after 24 years. The following services are provided by the Towers Group to the relevant A1 companies:

Core services:

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

Additional services:

- New sites are built based on the rollout forecast and demands of the A1 companies (including the complete process from acquisition until the site will be on air)
- Costs for surveillance, (aviation) lights are born from A1 Tower Group. Energy costs for active equipment and cooling remain with A1 Group.

Revenues from site rentals - third parties are charged and settled on a monthly, quarterly or yearly basis, depending on the individual contracts with the third party. Lease payments are recognized as income on a straight-line basis over the lease term.

Other operating income mainly includes the reversal of the provision for asset retirement obligations due to changes in parameters and the reversal of lease liabilities due to changes in contracts (see Notes (11) and (9)).

Revenue from leases is recognized on a straight line basis over the term of the lease.

The following table shows the disaggregated revenues per segment:

in TEUR	Austria	Bulgaria	Croatia	Slovenia	Serbia	North Macedonia	Total
2022							
Revenues from leases	2,521	23,138	22,329	2,653	4,639	2,585	57,864
Other operating income	1,954	580	430	-94	1	7	2,878
Total revenues (incl. other operating income)	**4,476**	**23,717**	**22,760**	**2,559**	**4,639**	**2,592**	**60,742**
2021							
Revenues from leases	2,483	20,974	3,583	0	0	0	27,040
Other operating income	1,949	103	6	0	0	0	2,058
Total revenues (incl. other operating income)	**4,432**	**21,077**	**3,589**	**0**	**0**	**0**	**29,098**

As the MLA between A1 Group and the Austrian Tower BU was not signed until December 31, 2022 segment Austria only includes revenues from site rentals with third parties.

(5) Cost and Expenses

Total cost and expenses consist of the following:

in TEUR	2022	2021
Employee expenses, including benefits and taxes	4,849	3,876
Electricity	5,243	2,820
Network maintenance	7,615	7,160
Other expenses	4,831	5,007
Total cost and expenses	**22,537**	18,862

(6) Financial Result

in TEUR	2022	2021
Interest expense on financial liabilities at amortized cost	23	3
Interest on employee benefits	1	0
Interest expense on lease liabilities	2,397	1,206
Interest expense on asset retirement obligations	1,453	350
Interest expense	**3,873**	1,559

Interest is recognized using the effective interest method. Interest expense on financial liabilities at amortized cost is due to transactions with the financing company of A1 Group. For interest expense on lease liabilities and on asset retirement obligations, see Notes (9) and (11).

(7) Property, Plant and Equipment

in TEUR	Towers and equipment	Land and buildings & leasehold improvements	Construction in progress	Inventories for operation of the plant	Total
Cost					
At January 1, 2021	855,647	0	9,441	0	865,088
Additions	26,473	0	12,819	1,021	40,313
Disposals	-14,909	0	0	-2	-14,911
Translation adjustment	178	0	1	0	179
Additions on combination of Tower Companies into the Towers Group	277,947	201	1,392	363	279,903
Reclassifications	9,786	0	-8,880	-906	0
At December 31, 2021	**1,155,123**	**201**	**14,772**	**476**	**1,170,572**
Additions	24,364	0	11,122	1,404	36,890
Disposals	-22,140	0	-4	-1	-22,144
Translation adjustment	-297	1	3	0	-293
Additions on combination of Tower Companies into the Towers Group	168,531	1,416	3,002	0	172,949
Reclassifications	14,218	0	-13,115	-1,103	0
At December 31, 2022	**1,339,799**	**1,619**	**15,780**	**776**	**1,357,975**
Accumulated depreciation					
At January 1, 2021	-690,835	0	0	0	-690,835
Additions	-41,826	0	0	0	-41,826
Disposals	7,917	0	0	0	7,917
Translation adjustment	-162	0	0	0	-162
Additions on combination of Tower Companies into the Towers Group	-251,337	0	0	0	-251,337
At December 31, 2021	**-976,243**	**0**	**0**	**0**	**-976,243**
Additions	-39,124	-8	0	0	-39,132
Disposals	11,670	0	0	0	11,670
Translation adjustment	274	-1	0	0	273
Additions on combination of Tower Companies into the Towers Group	-143,603	-711	0	0	-144,314
At December 31, 2022	**-1,147,026**	**-720**	**0**	**0**	**-1,147,746**
Carrying amount					
At December 31, 2022	192,773	899	15,780	776	210,229
At December 31, 2021	178,880	201	14,772	476	194,329

The disposals mainly result from changes in estimates of the asset retirement obligations (see Note (11)

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 cost as well as the present value of estimated decommissioning and restoration obligations (see Note (11)). 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 total cost and expenses or other operating income.

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

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. The useful lives for Towers and equipment in years are:

	2022	2021
Towers	15-25	8
Other equipment	2-10	2-10

In 2022 the useful lives of towers was extended based on estimations of technical experts from 8 to 15-25 years. This lead to a reduction of depreciation expense compared to the original useful life of TEUR 6,059.

(8) Goodwill

in TEUR	Austria	Bulgaria	Croatia	Slovenia	North Macedonia	Total
At January 1, 2021	141,607	0	0	0	0	141,607
Additions on combination of Tower Companies into the Towers Group	0	25,532	24,327	0	0	49,859
At December 31, 2021	**141,607**	**25,532**	**24,327**	**0**	**0**	**191,466**
Additions on combination of Tower Companies into the Towers Group	0	0	0	44,303	4,195	48,498
At December 31, 2022	**141,607**	**25,532**	**24,327**	**44,303**	**4,195**	**239,964**

Goodwill is based on the carrying amounts of goodwill in the Consolidated Financial Statements of A1 Group immediately prior to the respective demerger or the establishment of the Austrian Tower BU. Goodwill was allocated between Tower Group and the remaining A1 Group in proportion to the relative enterprise value of the cash-generating units for each segment at December 31, 2022 (refer also to Note (1) for further descriptions regarding the basis of preparation concerning goodwill).

Impairment test

Goodwill is tested for impairment in accordance with IAS 36 at least once a year in the fourth quarter, irrespective of whether there is any indication of impairment, by comparing their carrying amounts with their recoverable amounts. If an event or circumstance indicates that an asset may be impaired, impairment tests are also carried out. As goodwill was allocated to the cash-generating units based on a calculation performed at December 31, 2022, no impairment test was conducted for prior year (ie December 31, 2021). Refer to Note (1) above for a detailed description of the basis of preparation regarding goodwill. Based on the results for the impairment test performed at December 31, 2022 Management Board is satisfied that no impairment of goodwill would have occurred at December 31, 2021.

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.

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

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

- Assumptions regarding the development of revenues are especially based on the MLAs concluded between the Tower companies and the respective A1 companies as well as on historical performance, industry forecasts and external market data such as the development of gross domestic product (GDP), inflation rates, currency rates and other parameters.
- Cost drivers and capital expenditure for maintenance and replacement of assets are based on past experience and internal expectations.
- Growth rates applied to the perpetual annuity consider country-specific growth rates as well as company-specific revenue growth rates of prior periods and those used in detailed planning, respectively.
- Detailed planning is based on developments of the past and expectations regarding future market developments. The resulting cash flows are discounted at the weighted average cost of capital, which is determined separately for each cash-generating unit, to determine the value in use of the cash-generating units. The cost of equity used for discounting the cash flows is determined based on the "capital asset pricing model" and corresponds to the weighted average interest rate of equity and debt capital of the peer group. The determination of the cost of equity is based on a risk-free borrowing rate, adjusted for market and country-specific risks. The cost of debt is based on a risk-free borrowing rate, adjusted for risk. The cost of debt as well as beta factors and capital structure of the peer group are derived from publicly available market data. The beta factor used on the reporting date is the average of the 5-year beta of the last twelve months.

The analysis of climate scenarios has been a part of risk management since 2021 and was updated in 2022, analyzing the determined impacts in the field of flood risk, carbon taxation and electricity costs. The analysis of risks in the first two fields did not lead to significant impacts on the results. Due to this fact, no explicit adjustments were made in the impairment testing. Price and consumption increases were taken into account as far as possible in the planning of energy costs. While short-term price increases have already been included in the business plan and were already part of the impairment test, no new effects from transitional risks (e.g. CO2 taxation) come from the scenario analysis, and thus no valuation-relevant changes.

The outbreak of the conflict in Ukraine in February 2022 led to an increase in prices for goods, services and energy. This demanding macroeconomic situation characterized by a high inflation did not have a significant impact on the operative business of the Towers Group. Effects of external sources such as market capitalization and market yields are reflected in the weighted average cost of capital, as disclosed in the following table.

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

	Growth rates perpetual annuity 2022	Pre-tax discount rates 2022
Segment Austria	2.8%	6.6%
Segment Bulgaria	2.7%	8.1%
Segment Croatia	2.9%	9.0%
Segment Slovenia	3.3%	7.6%
Segment North Macedonia	2.6%	10.7%

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, the Towers 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, 2022, the values in use of all cash-generating units exceeded the carrying amounts. Thus, no impairment charges had to be recognized.

(9) Leases

Lessee

The Towers Group essentially leases sites for the construction of basic infrastructure for operators of mobile telephony and other operators of radio networks telecommunications sites for mobile telephony.

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

Right-of-use assets are depreciated on a straight-line basis from the commencement date to the end of the reasonably certain lease term, unless the useful life of the right-of-use asset is shorter than the reasonable certain lease term, in which case depreciation is set over the asset's useful life. The lease term is generally equal to the non-cancellable term of the contract. In addition, options to extend or terminate a contract are taken into account. For lease contracts containing options to extend or terminate a lease, the Towers Group assesses at lease commencement date whether it is reasonably certain to exercise the options. The Towers 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. The useful life of the asset is determined in a manner consistent to that for other property, plant and equipment.

Lease liabilities are initially measured at the value of the lease payments over the lease term that are not paid at the commencement date and are usually discounted using the incremental borrowing rates of the applicable Group entity (the rate implicit in the lease is used if it is readily determinable). Lease payments included in the lease liability include both fixed payments and in-substance fixed payments during the term of the lease.

After initial recognition, the lease liability is recorded at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate (e.g. an inflation related increase) or if the Group's assessment of the lease term changes; any changes in the lease liability as a result of these changes also results in a corresponding change in the recorded lease-related right-of-use asset or is recognized in other operating income if the related right-of-use assets were already fully depreciated.

For cancellable contracts with an indefinite term, the Towers Group determined a contract term of seven years which takes into account the planning period, technology, business strategy as well as probabilities. Within this period options to extend lease contracts are considered as exercised respectively options to terminate lease contracts are considered as not exercised.

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 Sites	RoU Other facilities	Total
Cost			
At January 1, 2021	**203,377**	**0**	**203,377**
Additions	18,743	158	18,902
Disposals	-3,933	0	-3,933
Translation adjustment	39	2	41
Additions on combination of Tower Companies into the Towers Group	96,809	1,732	98,541
At December 31, 2021	**315,035**	**1,892**	**316,927**
Additions	33,096	134	33,230
Disposals	-16,126	-6	-16,132
Translation adjustment	-18	-4	-22
Additions on combination of Tower Companies into the Towers Group	76,427	36	76,464
At December 31, 2022	**408,415**	**2,052**	**410,467**
Accumulated depreciation			
At January 1, 2021	**-56,370**	**0**	**-56,370**
Additions	-37,949	-67	-38,015
Disposals	343	0	343
Translation adjustment	-16	-1	-17
Additions on combination of Tower Companies into the Towers Group	-30,253	-717	-30,971
At December 31, 2021	**-124,245**	**-785**	**-125,030**
Additions	-48,050	-302	-48,352
Disposals	2,908	6	2,914
Translation adjustment	5	2	6
Additions on combination of Tower Companies into the Towers Group	-35,185	-27	-35,212
At December 31, 2022	**-204,567**	**-1,107**	**-205,673**
Carrying amount			
At December 31, 2022	203,848	945	204,794
At December 31, 2021	190,791	1,107	191,898

The following table shows the maturity analysis of lease liabilities:

in TEUR at December 31	2022	2021
2022	n.a.*	55,384
2023	71,914	54,893
2024	67,775	42,216
2025	43,213	32,090
2026	12,358	14,343
2027	9,160	n.a.*
Thereafter	18,792	7,044
Total minimum lease payments	**223,212**	**205,971**
Less amount representing interest	-14,308	-11,284
Present value of lease payments	**208,904**	**194,687**
thereof short-term portion	56,034	43,738
thereof long-term portion	152,871	150,949

*Not applicable for the respective reporting period

Total cash outflow for leases is disclosed in the following table:

in TEUR	2022	2021
Lease principal paid	47,456	36,703
Lease interest paid	1,671	585
Prepaid right-of-use assets	493	89
Operating lease expense	98	5
Total cash outflow leases	49,718	37,382

The Towers Group does not apply the recognition exemptions for low-value assets and short-term leases for certain lease assets. Non-lease components in contracts such as electricity, maintenance, etc. are excluded from the right-of-use calculation.

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 the Towers Group (refer also to Note (3) for a description of the significant estimates by management concerning the classification of leases). Measurement of the leased asset is then based on the accounting policies applicable to that asset in accordance with IAS 16. In the Towers Group all leases are classified as operating.

The revenues of the Towers Group as a lessor are disclosed in Note (4). Payments under operating leases are recognized as revenue on a straight-line basis over the terms of the contracts.

The following table shows the future lease payments with related parties under the MLA for a contract term of eight years, excluding impacts on inflation. As the MLA between A1 Group and the Austrian Tower BU was not signed until December 31, 2022, future lease payments for the Austrian Tower BU are presented separately as those leases have not yet commenced on the reporting date. Lease payments relating to the Austrian Tower BU are considered starting from the date of expected signing of the MLA on August 1, 2023. The payments presented in column “International” relate to the foreign Tower companies and represent leases that have commenced at the reporting date.

in TEUR	International	Austria
2023	83,829	58,801
2024	86,151	141,123
2025	86,151	141,123
2026	86,151	141,123
2027	86,151	141,123
Thereafter	258,452	505,691
Total minimum lease payments	686,883	1,128,985

Lease payments from third parties are not included. The share of third parties in total lease payments is less than 4%.

(10) Accounts Payable

Accounts payable consists of the following:

in TEUR, at December 31	2022	2021
Fiscal authorities	1,259	1,207
Social security	40	17
Other non-financial liabilities	17	8
Current non-financial liabilities	**1,316**	**1,233**
Suppliers	19,999	17,445
Employees	117	39
Other current financial liabilities	929	511
Current financial liabilities	**21,044**	**17,996**
Accounts payable	**22,360**	**19,229**

(11) Asset Retirement Obligation

Provisions for asset retirement obligations are recognized at present value in accordance with IAS 37, the increase resulting from the accrued interest is recognized in profit or loss. The effects of changes in the measurement of existing provisions are accoun ted for in accordance with IFRIC 1.

The Towers 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, the Towers Group has made a number of assumptions such as the time of retirement or an early cancellation, the development of technology and the cost of remediating the sites.

in TEUR	
At January 1, 2022	**85,261**
Additions	501
Changes in estimate	-9,976
Used	-7
Released	-33
Accretion expense	1,453
Translation adjustment	-5
Additions on combination of Tower Companies into the Towers Group	14,969
At December 31, 2022	**92,163**

The calculation of the provision is based on parameters such as estimated decommissioning costs, estimated period until dismantling, discount rate and inflation rate. Changes in these parameters may result in a higher or lower provision.

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

At December 31,	2022	2021
Discount rate	2.8%-7.1%	0.6% - 3.6%
Inflation rate	2.6%-4.4%	1.9% - 2.7%

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

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

The inflation rates applied to the calculation reflect the general development in the individual countries.

In essence, the change in the specified parameters as well as the change in the estimated outflow of resources resulted in a change in the provision with no impact on income due to an adjustment in the book value of the related item of property, plant and equipment (see change in estimates in the table of provisions). TEUR 1,631 (2021: TEUR 1,318) were recognized in other operating income as the related tangible assets were already fully depreciated.

(12) Income Tax

Current and deferred 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, the tax rates that have been enacted or substantively enacted at the reporting date are used. The effect on deferred tax assets and liabilities of a change in tax rates is recognized as expense or income in the periodthe tax rate is effectively enacted.

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 are 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	2022	2021
Current income tax	3,855	1,120
Deferred income tax	-2,095	-1,471
Income tax	**1,761**	-351

Current income taxes only include the foreign Tower companies as the Austrian Tower BU does not represent a taxable entity (see Note (1)).

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. Deferred tax assets result from the following items:

- Deferred taxes 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.
- 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 assets on long-term provisions relate mostly to the provision for the asset retirement obligation, which may only be partly recognized for tax purposes.

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

(13) Other current assets, net

Other current assets are broken down as follows:

in TEUR, at December 31	2022	2021
Prepaid expenses	850	854
Other current assets	133	25
Other current assets, net	**983**	**879**

(14) Employee benefits

The Towers Group records employee benefit obligations under defined contribution and defined benefit plans.

In the case of defined contribution plans, the Towers 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	2022	2021
Severance	674	781
Service awards	63	64
Employee benefits	**737**	**844**

Severance

As of December 31, 2022, 88% (2021: 91%) of the severance obligation relate to the Austrian Tower BU for employees whose employment commenced before January 1, 2003. Upon termination of employment by the Towers 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 the Towers Group are salary increases and changes of interest rates.

Service awards

As of December 31, 2022, 96% (2021: 100%) of the service awards obligation relate to the Austrian Tower BU. 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 the Towers Group is exposed to is the risk of development of salary increases and changes of interest rates.

Actuarial assumptions

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

in TEUR, at December 31	2022	2021
Severance		
Discount rate	3.75%	1.00%
Rate of compensation increase	3.40%	3.00%
Service awards		
Discount rate	3.75%	0.25%
Rate of compensation increase	4.60%	3.00%

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.

When determining the compensation increase to be applied in 2022, expected future increases in salaries were included because of the current economic situation. Based on the current high inflation, higher compensation increases are expected in the short term, which will in the long term develop into average amounts of the past. Due to the different durations of the provisions, the rates of compensation increase were determined individually for each provision. In 2021, the rate of compensation increase was determined based on historical increases only.

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.

For severance the Towers 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 the Towers 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.

(15) Condensed Combined Segment Reporting

The Towers Group has aligned its management structure and the resulting segment reporting on geographical markets and based on these reports six operating segments are reported: Austria, Bulgaria, Croatia, Slovenia, Serbia and North Macedonia. Refer to Note (1) for further details on the date of inclusion of the different Tower companies in these condensed combined financial statements.

in TEUR	Austria	Bulgaria	Croatia	Slovenia	Serbia	North Macedonia	Other*	Total
2022								
External revenues	4,476	23,717	22,760	2,559	4,639	2,592	0	60,742
Total revenues (incl. other operating income)	**4,476**	**23,717**	**22,760**	**2,559**	**4,639**	**2,592**	**0**	**60,742**
Segment expenses	-15,696	-2,263	-2,036	-910	-1,272	-311	-49	-22,537
EBITDA	**-11,220**	**21,453**	**20,724**	**1,649**	**3,368**	**2,280**	**-49**	**38,205**
Depreciation and amortization	-63,596	-11,871	-8,953	-1,005	-1,443	-625	0	-87,493
Operating income - EBIT	**-74,817**	**9,583**	**11,771**	**644**	**1,925**	**1,656**	**-49**	**-49,287**
Interest expense	-1,584	-935	-852	-79	-289	-133	0	-3,873
Foreign currency exchange differences, net	0	-8	-62	0	-6	21	0	-55
Earnings before income tax - EBT	**-76,401**	**8,639**	**10,856**	**566**	**1,629**	**1,543**	**-49**	**-53,215**
Income taxes	2,218	-868	-1,962	-732	-253	-160	-2	-1,761
Net result	**-74,183**	**7,771**	**8,895**	**-167**	**1,376**	**1,383**	**-51**	**-54,976**
EBITDA aL**	-42,971	12,737	12,931	1,061	1,981	1,766	-49	-12,543
Capital expenditures***	25,334	4,802	2,641	441	2,045	159	0	35,423
Assets by segment	392,748	100,213	79,063	66,053	45,458	16,266	1,465	701,265
Liabilities by segment	175,926	54,769	36,211	15,822	36,548	9,720	28	329,024
2021								
External revenues	4,432	21,077	3,589	0	0	0	0	29,098
Total revenues (incl. other operating income)	**4,432**	**21,077**	**3,589**	**0**	**0**	**0**	**0**	**29,098**
Segment expenses	-16,425	-2,036	-397	0	0	0	-4	-18,862
EBITDA	**-11,993**	**19,041**	**3,192**	**0**	**0**	**0**	**-4**	**10,236**
Depreciation and amortization	-67,995	-10,464	-1,388	0	0	0	0	-79,847
Operating income - EBIT	**-79,988**	**8,577**	**1,805**	**0**	**0**	**0**	**-4**	**-69,611**
Interest expense	-623	-774	-162	0	0	0	0	-1,559
Foreign currency exchange differences, net	0	-8	-34	0	0	0	0	-43
Earnings before income tax - EBT	**-80,611**	**7,794**	**1,608**	**0**	**0**	**0**	**-4**	**-71,212**
Income taxes	1,422	-779	-290	0	0	0	-1	351
Net result	**-79,189**	**7,015**	**1,318**	**0**	**0**	**0**	**-5**	**-70,861**
EBITDA aL**	-42,240	11,292	1,967	0	0	0	-4	-28,986
Capital expenditures***	32,790	4,301	679	0	0	0	0	37,770
Assets by segment	430,261	91,567	74,358	0	0	0	129	596,314
Liabilities by segment	212,163	53,909	40,375	0	0	0	0	306,447

*Other includes Holding Companies and eliminations between the Tower and Holding Companies.
**EBITDA aL is defined as EBITDA reduced by depreciation of right-of-use assets and interest expense on lease liabilities.
***CAPEX include additions to property plant and equipment (see Note (7)), but do neither include additions to asset retirement obligation nor additions to right-of-use assets according to IFRS 16.

The Towers Group's operating segments are established on the basis of those components of the Towers Group that are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Towers Group has determined the chief operating decision maker to be the Management Board. The Towers Group has a single group of similar services and products, being the supplier of infrastructure leases and related services. Revenue is attributed to a country based on the location of the tower assets.

The Towers Group measures segment performance using revenues, EBITDA, EBITDA after lease (EBITDA aL), net result and capital expenditures (CAPEX).

No material transactions took place between the individual operating segments.

Included in total revenues are revenues which arose from sales to the Towers Group's largest customer, the A1 Group (see Note(2)). No other single customers contributed 10 per cent or more to the Towers Group's revenue.

(16) Cash and Cash Flow Statement

Cash

Cash in the Condensed Combined Statement of Financial Position comprise cash in banks. The financial resource fund in the Condensed Combined Statement of Cash Flows also includes the balance from cash pooling arrangements with A1 Group as these form an integral part of the Towers Group's cash management (see Note (2). A reconciliation from cash and cash equivalents in the Condensed Combined Statement of Financial Position to the Condensed Combined Statement of Cash Flows is presented in the following tabl e:

in TEUR, at December 31	2022	2021
Cash in the Condensed Combined Statement of Financial Position	4,258	1,513
Financing receivables due from related parties resulting from cash-pooling	15,487	93
Cash and cash equivalents in the Condensed Combined Statement of Cash Flows	19,745	1,606

Statement of Cash Flows

At the reporting date the Austrian Tower BU is still not legally separated from the operating Austrian A1 company. Therefore, as described in Note (1) and in the Statement of Changes in Equity, the payments for the Austrian Tower BU are made by A1 Group. Payments of the A1 Group are presented in the following table:

in TEUR	Note	2022	2021
Operating cashflow Austrian Tower BU	(16)	11,220	11,993
Capital expenditures paid	(7)	26,363	26,048
Interest paid	(6)	511	381
Lease principal paid	(9)	30,758	29,988
Total payments of A1 Group		68,853	68,411

The other reconciliation items in the Condensed Combined Statement of Cash Flows result mainly from interest expense (see Note (6) but also from non-cash effects of the asset retirement obligation and the release of lease liabilities recognized in other operating income (see Note (4)).

(17) Financial Instruments

Financial assets and financial liabilities are classified at initial recognition.

Financial assets and financial liabilities are recognized when the Towers Group becomes a party to a financial instrument. The Towers Group uses the settlement date for recording regular purchases and sales of financial assets. Financial assets and financi al liabilities are initially recognized at the fair value of the consideration paid 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.

Financial assets include in particular cash and cash equivalents, accounts receivable trade, net, as well as other receivables and receivables due from related parties, which are measured at the lower of cost or net realizable value. The contractual cash f lows of non-derivative financial instruments consist mainly of principal and interest.

Financial liabilities include, in particular, accounts payable trade 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 the Towers Group has a contractual right to offset the recognized amounts and intends to settle on a net basis.

(18) Financial risk management

Overview

The Towers 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 Towers Group treasury function centrally manages the Group's funding requirement as well as the exposure to financial risks in accordance with the framework of policies and guidelines. The Group's accounting function provides regular update reports of treasury activity to the Management Board.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial asset leading to a financial loss for the Group. The Towers Group is exposed to counterparty risk from its operating activities and from its financing activities. The Towers Group considers its maximum exposure to counterparty risk as of December 31, 2022 and 2021 to be cash and cash equivalents and trade receivables and receivables due from related parties as disclosed in the statement of financial position.

Expected credit loss

The Towers Group has financial assets classified and measured at amortized cost that are subject to the expected credit loss model requirements of IFRS 9. Cash at bank and in hand and trade and other receivables are classified and measured at amortized cost and subject to these impairment requirements. However, the identified expected credit loss is considered to be immaterial as of December 31, 2022 and 2021 as the A1 Group makes up a large amount of the receivables (see Note (2). As Telekom Austria AG is rated by Moody's and S&P with Baa1 and A- with stable company outlook, the credit risk is minimized.

Liquidity risk

Liquidity risk is the risk that the Towers Group will not be able to meet its financial obligations as they fall due. Liquidity is reviewed on a monthly basis and stress tested on the assumption that any liabilities outstanding mature and are not extended. The Towers Group manages liquidity risk through cash pooling with the financing company of the A1 Group (Telekom Finanzierungsmanagement GmbH) as well as liquidity planning and -management, minimizing the risk exposure.

At December 31, 2022 and 2021 all financial liabilities of the Towers Group shown in the Condensed Combined Statement of Financial Position are current and fall due within 12 months after the respective balance sheet date. Regarding the maturity analysis for lease liabilities refer to Note (9).

Market risks

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

Interest rate risk

Interest rate risk is the risk of change in an asset's value due to volatility in interest rates. Other than for short term working capital and where it is envisaged loan debt shall be repaid prior to maturity, the Towers Group's policy is to maintain interest rates on indebtedness on a fixed rate basis where possible, and establishes financing as well as operations steering of the business to manage volatile interest environments.

Foreign exchange risk

The Towers Group predominantly maintains the currency of debt and interest charges in euros. The Towers Group's policy to minimize the foreign exchange risk is to apply natural hedges and netting of FX positions whenever possible.

(19) Subsequent events

On January 1, 2023, the euro was introduced in Croatia and thus replaces the Croatian kuna as the functional currency of the Croatian Tower Company. The exchange rate for one euro was set at 7.53450 Croatian kuna. The translation reserve recognized in equity until December 31, 2022 remains unchanged.

Vienna, June 21, 2023
The Management Board of Telekom Austria Aktiengesellschaft

CEO Thomas Arnoldner | COO Alejandro Plater | CFO Siegfried Mayrhofer

AUDITOR'S REPORT *)

Audit Opinion

We have audited the "Special Purpose Condensed Combined Financial Statements of Towers Group" of

Towers Group, Vienna,

for the period January 1, 2022 to December 31, 2022. These "Special Purpose Condensed Combined Financial Statements of Towers Group" comprise the condensed combined statement of financial position as of December 31, 2022, the condensed combined statement of comprehensive income, the condensed combined statement of cash flows and the condensed combined statement of changes in equity for the 12 month period ended December 31, 2022 and selected explanatory notes thereto.

Based on our audit the "Special Purpose Condensed Combined Financial Statements of Towers Group" for the period January 1, 2022 to December 31, 2022 were, in all material respects, prepared in accordance with the basis of preparation as outlined in the selected explanatory notes in section "(1) Basis of Preparation of the Condensed Combined Financial Statements".

Basis for Opinion

We conducted our audit in accordance with the Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under those regulations and standards are further described in the "Auditor's Responsibilities for the Audit of the Special Purpose Condensed Combined Financial Statements of Towers Group" section of our report. We are independent of Telekom Austria Aktiengesellschaft respectively the Towers Group in
accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained until the date of this auditor's report is sufficient and appropriate to provide a basis for our opinion by this date.

Our responsibility and liability as auditor is guided by Section 275 (2) Austrian Company Code UGB (liability regulations for the audit of large-sized companies which exceed ten times one of the size characteristics of a large company expressed in Euro) and is limited to a total of 12 million Euros towards Telekom Austria Aktiengesellschaft and towards third parties.

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

Emphasis of Matter – Basis of Preparation

We refer to section 1 of the selected explanatory notes which outlines the basis of preparation. We specifically refer to the disclosures in relation to the first time combination of the individual entities respectively reporting units in the "Special Purpose Condensed Combined Financial Statements of Towers Group" and the accounting of goodwill. The "Special Purpose Condensed Combined Financial Statements of Towers Group" for the period January 1, 2022 to December 31, 2022 were prepared to support Telekom Austria Aktiengesellschaft in the planned listing of the tower infrastructure in a separate entity. Therefore the "Special Purpose Condensed Combined Financial Statements of Towers Group" might not be suitable for any other purpose. Our audit opinion is not modified in this regard.

Responsibilities of Management for the "Special Purpose Condensed Combined Financial Statements of Towers Group"

Management is responsible for the preparation of the "Special Purpose Condensed Combined Financial Statements of Towers Group" in accordance with the basis of preparation as outlined in the selected explanatory notes in section "(1) Basis of Preparation of the Condensed Combined Financial Statements". Furthermore, management is responsible for such internal controls as management determines are necessary to enable the preparation of "Special Purpose Condensed Combined Financial Statements of Towers Group" that are free from material misstatement, whether due to fraud or error.

In preparing the "Special Purpose Condensed Combined Financial Statements of Towers Group", management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the "Special Purpose Condensed Combined Financial Statements of Towers Group"

Our objectives are to obtain reasonable assurance about whether the "Special Purpose Condensed Combined Financial Statements of Towers Group" as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Austrian Standards on Auditing, which require the application of ISA, always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the "Special Purpose Condensed Combined Financial Statements of Towers Group".

As part of an audit in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the "Special Purpose Condensed Combined Financial Statements of Towers Group", whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the "Special Purpose Condensed Combined Financial Statements of Towers Group" or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Vienna, June 22, 2023

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. (FH) Severin Eisl mp	ppa Mag. Marion Raninger mp
Wirtschaftsprüfer / Certified Public Accountant	Wirtschaftsprüferin / Certified Public Accountant

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

Unaudited condensed combined interim financial statements of the Towers Group as prepared by Telekom Austria in relation to the Towers Business as of and for the six-months ended 30 June 2023

Content

Condensed Combined Interim Financial Statements Towers Group

Condensed Combined Interim Statement of Comprehensive Income

in TEUR	Note	1-6/2023	1-6/2022
Revenues from leases		47,265	23,807
Other operating income		1,326	1,473
Total revenues (incl. other operating income)	(4)	**48,591**	25,280
Total cost and expenses	(5)	**-14,660**	-9,549
Earnings before interest, tax, depreciation and amortization - EBITDA		**33,931**	15,731
Depreciation and amortization	(7)	-11,454	-21,976
Depreciation of right-of-use assets	(9)	-29,326	-23,007
Operating income - EBIT		**-6,849**	-29,252
Interest income		129	-
Interest expense	(6)	-4,835	-1,299
Foreign currency exchange differences, net		5	-53
Financial result		**-4,701**	-1,351
Earnings before income tax - EBT		**-11,549**	-30,603
Income tax	(12)	-3,995	484
Net result		**-15,544**	-30,119
Other comprehensive income items:			
Items that may be reclassified to profit or loss:			
Effect of translation of foreign entities		2	-8
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit obligations, net of tax		-3	-1
Total other comprehensive income (loss)		**-1**	-9
Total comprehensive income (loss)		**-15,545**	-30,128

Income and expenses of the individual companies are included from the date of the demerger or formation (see Note (1)).

Condensed Combined Interim Statement of Financial Position

in TEUR	Note	June 30, 2023	Dec. 31, 2022
ASSETS			
Current assets			
Cash	(16)	20,482	4,258
Accounts receivable trade, net		2,203	2,531
Receivables due from related parties	(2)	31,774	34,372
Income tax receivable	(12)	61	215
Other current assets, net		3,144	983
Total current assets		**57,664**	42,358
Non-current assets			
Property, plant and equipment, net	(7)	228,754	210,229
Right-of-use assets, net	(9)	185,908	204,794
Intangible assets, net		190	156
Goodwill	(8)	239,964	239,964
Deferred income tax assets	(12)	3,668	3,727
Other non-current assets, net		70	37
Total non-current assets		**658,555**	658,907
TOTAL ASSETS		**716,219**	701,265
LIABILITIES AND EQUITY			
Current liabilities			
Lease liabilities short-term	(9)	57,631	56,034
Accounts payable	(10)	24,872	22,360
Accrued liabilities and current provisions		257	243
Income tax payable	(12)	1,904	892
Payables due to related parties	(2)	4,767	2,409
Total current liabilities		**89,430**	81,938
Non-current liabilities			
Lease liabilities long-term	(9)	121,433	152,871
Deferred income tax liabilities	(12)	2,151	1,316
Asset retirement obligation	(11)	100,020	92,163
Employee benefits		906	737
Total non-current liabilities		**224,510**	247,086
Equity			
Net investment of parent		402,279	372,241
Total equity		**402,279**	372,241
TOTAL LIABILITIES AND EQUITY		**716,219**	701,265

Assets and liabilites of the individual companies are included from the date of the demerger or formation (see Note (1)).

Condensed Combined Interim Statement of Cash Flows

in TEUR	Note	1-6/2023	1-6/2022
Earnings before income tax - EBT		-11,549	-30,603
Depreciation	(7)	11,448	21,971
Amortization of intangible assets		5	5
Depreciation of right-of-use assets	(9)	29,326	23,007
Other reconciliation items	(15)	6,630	1,273
Working capital changes		1,464	2,936
Income taxes paid		-1,934	-1,016
Net cash flow from operating activities		**35,390**	**17,572**
Capital expenditures paid	(7)	-22,014	-14,961
Proceeds from sale of property, plant and equipment		714	4
Net cash flow from investing activities		**-21,299**	**-14,956**
Interest paid	(6)	-5,559	-911
Financing with related parties	(2)	-	-7
Lease principal paid	(9)	-38,865	-31,392
Net cash flow from financing activities		**-44,423**	**-32,310**
Adjustment to cash flows due to exchange rate fluctuations, net		-9	-2
Net change in cash and cash equivalents		**-30,342**	**-29,697**
Cash and cash equivalents beginning of period	(16)	19,745	1,606
Payments of A1 Group	(16)	48,556	40,893
Cash and cash equivalents end of period	(16)	37,960	12,802

Condensed Combined Interim Statement of Changes in Equity

in TEUR	Net investment of parent
At January 1, 2022	**289,867**
Net Result	-30,119
Other comprehensive income (loss)	-9
Total comprehensive income (loss)	**-30,128**
Shareholder contribution by way of transfer of A1 Companies into the Group	-
Shareholder contribution A1 Group in Austrian Tower BU *)	44,474
At June 30, 2022	**304,214**
At January 1, 2023	**372,241**
Net Result	-15,544
Other comprehensive income (loss)	-1
Total comprehensive income (loss)	**-15,545**
Shareholder contribution by way of transfer of A1 Companies into the Group	688
Shareholder contribution A1 Group in Austrian Tower BU *)	44,894
At June 30, 2023	**402,279**

*) Includes payments made by A1 Group for additions to property, plant and equipment, payments of lease liabilities and the ongoing operating costs of the Austrian Tower business unit ("Austrian Tower BU"), as the business unit does not yet have its own revenues until the demerger into the Tower Group (see Note (1))

Selected Explanatory Notes to the Condensed Combined Interim Financial Statements

(1) Basis of Preparation of the Condensed Combined Interim Financial Statements

A1 Towers Holding GmbH (the "Company") is incorporated and domiciled in Austria. The registered address is Lassallestraße 9, 1020 Wien. In 2022 and 2021, the so-called "Tower companies" and "Tower holding companies" were established by Telekom Austria Aktiengesellschaft ("Telekom Austria AG"). Telekom Austria AG is headquartered in Austria. The Telekom Austria AG Group is hereinafter referred to as the "A1 Group" and its operating subsidiaries as the "A1 companies".

Telekom Austria AG plans a listing of its European tower business under a yet to be incorporated parent company EuroTeleSites Aktiengesellschaft ("EuroTeleSites AG") as a separate group (the "Towers Group"). In preparation of the listing, the European tower businesses are being demerged from the local operating A1 companies and restructured under the Company which will finally be contributed to EuroTeleSites AG before the listing. The shares in EuroTeleSites AG will be transferred to Telekom Austria AG shareholders on a pro rata basis by way of a demerger for the purpose of the new formation and will be listed on the Vienna Stock Exchange. The stock exchange prospectus intended for the listing requires the preparation of Condensed Combined Financial Statements for the tower business as of and the half-year ended June 30, 2023 (see Commission Delegated Regulation (EU) 2019/980 of March 14, 2019, Annex I, item 18.1.1., supplementing Regulation (EU) 2017/1129, Commission Delegated Regulation (EU) 2019/980 of March 14, 2019, Article 18 para 1 in connection with Article 18 para 3, the Towers Group, has a "Complex Financial History"). The intended users of the Condensed Combined Financial Statements includes both owners and investors.

In order to achieve the separation of these tower infrastructure assets, the tower infrastructure assets in each local market were grouped into a business unit within the A1 companies in that country and then carved out of the operating company into a separate legal entity (i.e. Tower companies) controlled by A1 Group by way of a demerger. Thus, parts of the passive infrastructure of the radio towers of the operative A1 companies were transferred into the tower companies. 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. Regarding the towers business in Austria, a separate Austrian Tower BU was established on January 1,2021 comprising the assets and liabilities of the tower business together with the corresponding operating costs (see Note (5)). This Austrian Tower BU was legally separated by way of an upstream spin-off of from A1 Telekom Austria AG into Telekom Austria AG in July 2023 (see "Subsequent events").

Following this separation, the various Tower companies and Tower holding companies as well as the Austrian Tower BU are in the process of reorganization under the Company to form the sub-group to be finally contributed to EuroTeleSites AG before the listing. Presentation of the history of these transactions, in the Condensed Combined Interim Financial Statements, has been considered in conjunction with the expected presentation of those same transactions in the Consolidated Financial Statements for December 31, 2023 of EuroTeleSites AG to ensure consistency of reporting in accordance with International Financial Reporting Standards as adopted by the EU.

In considering the presentation of those Consolidated Financial Statements of EuroTeleSites AG as of December 31, 2023, Management Board has considered the guidance in IFRS 10 "Consolidated Financial Statements" ("IFRS 10") relating to individual transactions. The Management Board has considered that the commercial purpose of separating certain of A1's tower infrastructure assets into a standalone tower infrastructure business, and the related legal steps undertaken to achieve this, have taken place in contemplation of each other solely to achieve a single purpose, being the public listing of the shares of EuroTeleSites AG. The Management Board has therefore concluded that the various steps undertaken should be accounted for as a single transaction. As the single transaction comprises the combination of the separate European tower businesses, the reorganization of the Tower companies and Tower holding companies under the Company meets the definition of a business combination. However, as the transaction is under common control, the accounting does not fall in the scope of any existing IFRS. Consequently, in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", the Management Board must employ judgement to develop and apply an appropriate accounting policy.

Accordingly, the Management Board has concluded that it is appropriate to account for the combination of the European tower assets that make up the Towers Group by applying the pooling of interests method based on historical carrying values as though the current structure had always been in place, a method of accounting for business combinations. These historical carrying values are determined by reference to the carrying amounts recorded under the A1 Group accounting policies immediately preceding the transaction in accordance with the pooling of interests approach. In applying the pooling of interests method, the Management Board has considered the requirements of

IFRS 10 which, in the absence of specific IFRS guidance, is considered to be analogous and relevant for the purposes of accounting for the combination.

IFRS 10 mandates that the Consolidated Financial Statements of the receiving entity cannot include financial information of a subsidiary prior to the date it obtains control. Accordingly, in applying the pooling of interests method, the Management Board does not consider it appropriate to present financial information of the combining businesses, for periods prior to the combination. In considering the presentation of the Condensed Combined Interim Financial Statements for the period ended June 30, 2023, the Management Board is required to apply judgement given that the Towers Group is only part way through the single transaction. In applying judgement, the Management Board has also considered that the application of IAS 34 in the Condensed Combined Interim Financial Statements requires continuity with the basis of preparation for the Consolidated Financial Statements of EuroTeleSites AG. Whilst the basis of preparation cited above is referenced to principles embodied within Consolidated Financial Statements, the Management Board has concluded that in the absence of specific IFRS guidance, the approach to presenting comparative information should be consistent with the proposed approach for the Consolidated Financial Statements for EuroTeleSites AG. Consequently, these Condensed Combined Interim Financial Statements have basically been prepared on the basis that the financial history of the Towers Group commences on the date of legal separation for each Tower company within the Towers Group or foundation of Tower holding companies with the exception for the Austrian Tower BU, which is explained in more detail below.

The Condensed Combined Interim Financial Statements for the period ended June 30, 2023 have been prepared in accordance with IAS 34 as issued by the International Accounting Standards Board and as adopted by the European Union with the basis of preparation. The financial statements are presented on a condensed basis as permitted by IAS 34 and therefore do not include all disclosures that would otherwise be required in a full set of financial statements prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union. The basis of preparation is basically aligned with IFRS with the following exceptions:

- Based on the analysis above the principles of IFRS would require the Condensed Combined Interim Financial Statements to be prepared on the basis that the financial history of the Towers Group commences on the date of legal separation for each Tower company within the combined group. Consequently, Tower companies and Tower holding companies are included in the Condensed Combined Interim Financial Statements from the date of their legal separation or foundation (for the actual dates for each of the Tower companies refer to the table below). However, the Condensed Combined Interim Financial Statements inter alia also include the Austrian Tower BU starting from January 1, 2021. Hence, as the Austrian Tower BU does not legally exist before its demerger into the Company which is planned to happen not before Q3 2023, the inclusion of the Austrian Tower BU in the Condensed Combined Interim Financial Statements as of June 30, 2023 is not in compliance with the accounting treatment under IFRS described above. Consequentially the Condensed Combined Interim Financial Statements are not prepared in accordance with IFRS in this respect.
- Goodwill included in the Condensed Combined Interim Financial Statements was allocated between the Towers Group and A1 Group using a relative value approach as required by IAS 36 "Impairment of Assets" on the basis of the respective cash-generating units which correspond with the segments of the Towers Group (for further details refer to Note (8) below). Consistently with the basis of preparation for the Condensed Combined Interim Financial Statements described above, the allocation of goodwill should be calculated at the date of the legal separation of each Tower company, that is at the date when the respective Tower company is included in the Condensed Combined Interim Financial Statements of the group. However, allocation of goodwill was based on a calculation conducted as of December 31, 2022 for all cash-generating units regardless of their date of inclusion in the Condensed Combined Interim financial statements. Therefore, the actual allocation of goodwill to the individual cash-generating units in the Condensed Combined Interim Financial Statements might differ from an allocation based on the calculation performed at the respective demerger date for the individual Tower companies.

The following Tower companies and Tower holding companies have been included in the Condensed Combined Interim Financial Statements from the effective date of their demerger from the respective A1 companies or their foundation with the exception of the Austrian Tower BU (refer to the exceptions from IFRS in the basis of preparation above):

Name and company domicile	Date of demerger
Tower companies	
Austrian Tower Business Unit, Vienna	*)
A1 Towers Bulgaria EOOD, Sofia	February 2, 2021
A1 Towers d.o.o., Zagreb	November 2, 2021
A1 TOWERS DOOEL Skopje, Skopje	June 30, 2022
A1 Towers d.o.o., Ljubljana	October 3, 2022
A1 TOWERS INFRASTRUCTURE d.o.o., Belgrade	November 4, 2022

Name and company domicile	Date of foundation
Tower holding companies	
A1 Towers Holding GmbH, Vienna	November 11, 2020
A1 Towers Austria GmbH, Vienna	January 30, 2021
A1 Towers Bulgaria Holding GmbH, Vienna	December 15, 2022
A1 Towers Croatia Holding GmbH, Vienna	December 2, 2022
A1 Towers Macedonia Holding GmbH, Vienna	December 15, 2022
A1 Towers Slovenia Holding GmbH, Vienna	December 15, 2022
A1 Towers Serbia Holding GmbH, Vienna	December 15, 2022

*) establishment on January 1, 2021 by transferring the corresponding assets and liabilities. Furthermore, the corresponding employee expenses and all other expenses related to the BU are presented in the Austrian Tower BU (see Note (5)). No legal separation has taken place until June 30, 2023.

Due to the different dates of inclusion in the Condensed Combined Interim Financial Statements of the entities comprising the combined group there is only limited comparability between the periods presented in the financial statements. In addition, as the Austrian Tower BU is not yet legally separated, no Master Lease Agreement with A1 Austria has been concluded until June 30, 2023 and hence the Austrian Tower BU lacks own lease revenues to be allocated to it. The resulting loss is covered by shareholders' contributions from the A1 Group (see Statement of Changes in Equity and Note (16)). As the Austrian Tower BU does not represent a taxable entity no current taxes are presented.

The Condensed Combined Interim Financial Statements have been prepared on the historical cost basis. The principal accounting policies are set out below and in the notes to the Condensed Combined Interim Financial Statements.

Basis of the combination

The assets and liabilities of the above companies have been combined into the Towers Group as of June 30, 2023 and December 31, 2022. The results are included for the first six months of the financial years 2023 and 2022 ("1-6/2023" and "1-6/2022") from the date of the demerger/establishment or formation as shown in the table above. All transactions and balances between these companies were eliminated. Transactions with A1 Group companies are classified as related party transactions and are disclosed in the Notes (2) and (4).

Going concern

The Management Board is satisfied that, at the time of the release for publication of the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements.

Current or non-current classification

Assets are classified as current in the Condensed Combined Interim Statement of Financial Position where recovery is expected within 12 months of the reporting date. All assets where recovery is expected more than 12 months from the reporting date and all deferred tax assets and property, plant and equipment are reported as non-current.

Liabilities are classified as current unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. For provisions, where the timing of settlement is uncertain, amounts are classified as non-current where settlement is expected more than twelve months from the reporting date. In addition, deferred tax liabilities and post-employment benefits are reported as non-current.

(2) Related Party Transactions

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

Through Telekom Austria AG, the Towers Group has a close relationship with the subsidiaries of the A1 Group. Therefore, the A1 companies are classified as related parties.

Related party transactions with A1 Group companies include the formation of the Group as described in Note (1) presented as "Additions on combination of Tower Companies into the Towers Group" in the Notes.

Revenues and expenses to related parties included in the statement of comprehensive income are shown in the following table:

in TEUR	1-6/2023	1-6/2022
Revenues from site rentals - related parties	42,468	21,091
Total cost and expenses	922	510
Interest income on financial assets at amortized cost	129	-
Interest expense on financial liabilities at amortized cost	10	9

Further details for revenues from site rentals are disclosed in Note (4). Cost and expenses include expenses charged for services rendered by A1 companies to the Tower companies, which mainly relate to employee expenses (see Note (5)). Further details on interest expense can be found in Note (6).

The receivables from and payables to related parties reported in the Condensed Combined Interim Statement of Financial Position are as follows:

in TEUR	June 30, 2023	Dec. 31, 2022
Receivables operating	11,220	18,885
Receivables financing	20,554	15,487
Receivables due from related parties	**31,774**	**34,372**
Payables operating	1,690	2,409
Payables financing	3,076	-
Payables due to related parties	**4,767**	**2,409**

Receivables operating relate to the rents charged from the Tower companies to the A1 companies in Bulgaria, Croatia, North-Macedonia, Slovenia and Serbia. Furthermore these receivables include charges to A1 companies, mainly relating to energy cost reported on a net basis in expenses (see Note (5)).

Receivables and payables financing include balances from cash pooling arrangements with the financing company of the A1 Group (Telekom Finanzierungsmanagement GmbH - "TFG"). Cash pooling participants hold accounts with TFG, which are drawn on a daily basis. As balances are daily due they are qualified as cash and cash equivalents in the Condensed Combined Interim Statement of Cash Flow (see Note (16)).

Payables operating relate to charges for services provided by A1 companies to the Tower companies.

(3) Basis of Presentation

The Condensed Combined Interim Financial Statements in the opinion of Management, include all adjustments necessary for a fair presentation of the financial position and performance and should be read in connection with the audited Towers Group's Condensed

Combined Financial Statements for the year ended December 31, 2022. The results for the interim periods are not necessarily indicative of results for the full year.

Compared to other economic sectors, the tower business is not cyclical. The seasonality of the Towers Group's segments shows high prepayments made for leased sites at the beginning of the year (see Notes (9) and (16)), while revenue from leases is recognized on a straight line basis over the term of the lease (see Note (4).

All amounts are stated in thousands of euros (TEUR) unless otherwise indicated. The use of automated calculation systems may give rise to rounding differences. Values of 0 shown in tables result from amounts lower than EUR 500.

Functional currency
The Condensed Combined Interim Financial Statements are presented in euro, which is also the Group's functional currency. Financial statements of the respective foreign Tower Companies where the functional currency is a currency other than the euro are translated using the functional currency principle. For these companies, 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 company presented in the translation reserve in stockholders' equity.

On January 1, 2023, the euro was introduced in Croatia and thus replaces the Croatian kuna as the functional currency of the Croatian Tower Company. The exchange rate for one euro was set at 7.53450 Croatian kuna. The translation reserve recognized in equity until December 31, 2022 in the amount of 23 TEUR remains unchanged.

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

As set out above, in determining the presentation basis of the Condensed Combined Interim Financial Statements, Management Board is required to apply various judgements and have concluded that the legal steps undertaken in combining the European tower businesses should be accounted for as a single transaction.

Lessor accounting
Lessor classification of arrangements as either operating or finance lease, Management judgement is required in determining whether leases where the Towers Group is lessor are classified as operating or finance leases. This has a significant impact on revenue recognition. Operating lease revenue is recognized on a straight line basis (or similar) over the lease term, while finance lease income is recognized largely up front, with interest income recognized over the remainder of the term.

IFRS 16 contains a number of indicators that a lease may be a finance lease. The relevant indicators considered in the context of the leases of tower space to telecommunication companies were:

- whether the lease term is for the major part of the economic life of the asset;
- whether the present value of payments are substantially all of the fair value of the asset.

Management Board considered the following factors when assessing lease classification:

- The lease term is significantly shorter than the useful life of tower assets. Where aged towers are being used to fulfil the Master Lease Agreement (" MLA"), it is expected that the assets will be maintained rather than replaced;
- High level analysis concluded that the present value of lease payments was not 'substantially all' of the fair value of the tower asset;
- Consideration of the nature of the arrangement, which is more consistent with short term hire agreement (operating lease) than financing the acquisition of assets (finance lease)

On the basis of the factors considered, Management determined that leases under the MLA should be classified as operating leases. See Note (9) for further details.

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.

- The estimated useful lives of property, plant and equipment subject to depreciation represent the estimated periods during which the assets will be in use. With respect to changes in depreciation resulting from changes in the useful lives, see Note (7).
- 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. For more information on the carrying amounts of property, plant and equipment, goodwill and right-of-use assets see Notes (7), (8) and (9).
- Goodwill: Goodwill previously attributed to A1 Group businesses in each market, recorded at cost less accumulated impairment, has been accounted under the pooling of interests approach. Goodwill has been allocated between the tower businesses and the remaining A1 operating business in proportion to the relative value of the cash generating units for each market, at December 31, 2022. The allocation of goodwill between cash generating units is assessed from the enterprise value of the relevant A1 Group operations (see Note (8)).
- 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 (9)).
- 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 (11))
- 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 the Towers Group does not generate sufficient taxable income, deferred tax assets cannot be recognized (see Note (12))

Significant accounting policies

The Towers Group has applied the same accounting policies and methods of computation in the Condensed Combined Interim Financial Statements as in the Condensed Combined Financial Statements for the year ended December 31, 2022. The general accounting policies are presented in the corresponding Selected Explanatory Notes to the Condensed Combined Interim Financial Statements

Changes in accounting policies

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

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

The initial application of the amendments to the standards (IAS, IFRS) mentioned above had an insignificant impact on the Condensed Combined Interim Financial Statements since the amendments were only partially applicable.

(4) Revenues

Total revenues consist of the following:

in TEUR	1-6/2023	1-6/2022
Revenues from site rentals - related parties	42,468	21,091
Revenues from site rentals - third parties	4,796	2,716
Revenues from leases	**47,264**	**23,807**
Other operating income	1,326	1,473
Total revenues (incl. other operating income)	**48,591**	**25,280**

The Towers Group operates a portfolio of tower sites across the below mentioned European countries, for which it receives revenues from site rentals mainly from the A1 Group under MLA (related parties) but also from other unrelated customers (third parties).

Further information on related parties is disclosed in Notes (1) and (2). Revenues from site rentals from the MLA are charged and settled on a monthly basis.

Master Lease Agreements (MLAs)

As of the date of the respective demerger, lease agreements (Master Lease Agreements 1.0 - "MLAs") were concluded between the five foreign Tower companies and the respective A1 companies. As of June 1, 2023 new MLAs ("MLA 2.0") were concluded between those companies amending the prices of the existing MLAs. The rent charged by the Tower companies to the A1 companies is shown in Note (4) in the item „Revenues from site rentals - related parties".

Services and terms of the MLAs 2.0 are the same as in MLAs 1.0 and described as follows:

The MLAs have a term of three times eight years, automatically prolonged after eight and 16 years if not terminated by the A1 companies. Tower companies can terminate earliest after 24 years. The following services are provided by the Towers Group to the relevant A1 companies:

Core services:

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

Additional services:

- New sites are built based on the rollout forecast and demands of the A1 companies (including the complete process from acquisition until the site will be on air)
- Costs for surveillance, (aviation) lights are born from A1 Tower Group. Energy costs for active equipment and cooling remain with A1 Group.

Revenues from site rentals - third parties are charged and settled on a monthly, quarterly or yearly basis, depending on the individual contracts with the third party. Lease payments are recognized as income on a straight-line basis over the lease term.

Other operating income mainly includes the reversal of the provision for asset retirement obligations due to changes in parameters and the reversal of lease liabilities due to changes in contracts (see Notes (11) and (9)).

Revenue from leases is recognized on a straight line basis over the term of the lease.

The following table shows the disaggregated revenues per segment:

in TEUR	Austria	Bulgaria	Croatia	Slovenia	Serbia	North Macedonia	Total
1-6/2023							
Revenues from leases	1,784	13,261	12,638	5,461	11,525	2,595	47,265
Other operating income	741	241	162	88	62	32	1,326
Total revenues (incl. other operating income)	**2,525**	**13,502**	**12,800**	**5,550**	**11,586**	**2,627**	**48,591**
1-6/2022							
Revenues from leases	1,432	11,542	10,833	-	-	-	23,807
Other operating income	1,186	118	169	-	-	-	1,473
Total revenues (incl. other operating income)	**2,618**	**11,660**	**11,002**	-	-	-	**25,280**

As the MLA between A1 Group and the Austrian Tower BU was not signed until June 30, 2023 segment Austria only includes revenues from site rentals with third parties.

(5) Cost and Expenses

Total cost and expenses consist of the following:

in TEUR	1-6/2023	1-6/2022
Employee expenses, including benefits and taxes	3,449	2,361
Electricity	3,375	1,676
Network maintenance	2,687	3,192
Other expenses	5,150	2,320
Total cost and expenses	**14,660**	**9,549**

(6) Financial Result

in TEUR	1-6/2023	1-6/2022
Interest expense on financial liabilities at amortized cost	10	9
Bank fees	733	0
Interest on employee benefits	2	1
Interest expense on lease liabilities	2,614	933
Interest expense on asset retirement obligations	1,475	356
Interest expense	**4,835**	**1,299**

Interest is recognized using the effective interest method. Interest expense on financial liabilities at amortized cost is due to transactions with the financing company of A1 Group. For interest expense on lease liabilities and on asset retirement obligations, see Notes (9) and (11).

(7) Property, Plant and Equipment

The disposals mainly result from changes in estimates of the asset retirement obligations (see Note (11)).

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 cost as well as the present value of estimated decommissioning and restoration obligations (see Note (11)). 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 total cost and expenses or other operating income.

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

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. The useful lives for Towers and equipment in years are:

	June 30, 2023	Dec. 31, 2022
Towers	15-25	15-25
Other equipment	2-10	2-10

In the fourth quarter 2022 the useful lives of towers were extended based on estimations of technical experts from 8 to 15-25 years. Therefore depreciation and amortization in the Condensed Combined Interim Statement of Comprehensive Income for 1-6/2023 is considerably lower than for 1-6/2022 leading to a limited comparability between the two periods in this respect.

(8) Goodwill

in TEUR	Austria	Bulgaria	Croatia	Slovenia	North Mace-donia	Total
June 30, 2023	141,607	25,532	24,327	44,303	4,195	239,964

Goodwill is based on the carrying amounts of goodwill in the Consolidated Financial Statements of A1 Group immediately prior to the respective demerger or the establishment of the Austrian Tower BU. Goodwill was allocated between Tower Group and the remaining A1 Group in proportion to the relative enterprise value of the cash-generating units for each segment at December 31, 2022 (refer also to Note (1) for further descriptions regarding the basis of preparation concerning goodwill).

Impairment test

Goodwill is tested for impairment in accordance with IAS 36 at least once a year in the fourth quarter, irrespective of whether there is any indication of impairment, by comparing their carrying amounts with their recoverable amounts. If an event or circumstance indicates that an asset may be impaired, impairment tests are also carried out.

As at June 30, 2023, the Towers Group's goodwill is not required to be assessed for impairment through the annual impairment test. Management have not identified any impairment indicators that would require an impairment test.

(9) Leases

Lessee

The Towers Group essentially leases sites for the construction of basic infrastructure for operators of mobile telephony and other operators of radio networks telecommunications sites for mobile telephony.

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

Right-of-use assets are depreciated on a straight-line basis from the commencement date to the end of the reasonably certain lease term, unless the useful life of the right-of-use asset is shorter than the reasonable certain lease term, in which case depreciation is set over the asset's useful life. The lease term is generally equal to the non-cancellable term of the contract. In addition, options to extend or terminate a contract are taken into account. For lease contracts containing options to extend or terminate a lease, the Towers Group assesses at lease commencement date whether it is reasonably certain to exercise the options. The Towers 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. The useful life of the asset is determined in a manner consistent to that for other property, plant and equipment.

Lease liabilities are initially measured at the value of the lease payments over the lease term that are not paid at the commencement date and are usually discounted using the incremental borrowing rates of the applicable Group entity (the rate implicit in the lease is used if it is readily determinable). Lease payments included in the lease liability include both fixed payments and in-substance fixed payments during the term of the lease.

After initial recognition, the lease liability is recorded at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate (e.g. an inflation related increase) or if the Group's assessment of the lease term changes; any changes in the lease liability as a result of these changes also results in a corresponding change in the recorded lease-related right-of-use asset or is recognized in other operating income if the related right-of-use assets were already fully depreciated.

For cancellable contracts with an indefinite term, the Towers Group determined a contract term of seven years which takes into account the planning period, technology, business strategy as well as probabilities. Within this period options to extend lease contracts are considered as exercised respectively options to terminate lease contracts are considered as not exercised.

Total cash outflow for leases is disclosed in the following table:

in TEUR	1-6/2023	1-6/2022
Lease principal paid	38,865	31,392
Lease interest paid	2,570	910
Prepaid right-of-use assets	269	186
Operating lease expense	43	31
Total cash outflow leases	**41,747**	**32,520**

As in January high prepayments of rents are made for the full year lease principal paid is not indicative for the full year.

The Towers Group does not apply the recognition exemptions for low-value assets and short-term leases for certain lease assets. Non-lease components in contracts such as electricity, maintenance, etc. are excluded from the right-of-use calculation.

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 the Towers Group (refer also to Note (3) for a description of the significant estimates by management concerning the classification of leases). Measurement of the leased asset is then based on the accounting policies applicable to that asset in accordance with IAS 16. In the Towers Group all leases are classified as operating.

The revenues of the Towers Group as a lessor are disclosed in Note (4). Payments under operating leases are recognized as revenue on a straight-line basis over the terms of the contracts.

(10) Accounts Payable

Accounts payable consists of the following:

in TEUR	June 30, 2023	Dec. 31, 2022
Fiscal authorities	1,699	1,259
Social security	44	40
Other non-financial liabilities	23	17
Current non-financial liabilities	**1,765**	**1,316**
Suppliers	21,602	19,999
Employees	195	117
Other current financial liabilities	1,310	929
Current financial liabilities	**23,107**	**21,044**
Accounts payable	**24,872**	**22,360**

(11) Asset Retirement Obligation

Provisions for asset retirement obligations are recognized at present value in accordance with IAS 37, the increase resulting from the accrued interest is recognized in profit or loss. The effects of changes in the measurement of existing provisions are accounted for in accordance with IFRIC 1.

The Towers 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, the Towers Group has made a number of assumptions such as the time of retirement or an early cancellation, the development of technology and the cost of remediating the sites.

The calculation of the provision is based on parameters such as estimated decommissioning costs, estimated period until dismantling, discount rate and inflation rate. Changes in these parameters may result in a higher or lower provision.

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

	June 30, 2023	Dec. 31, 2022
Discount rate	3.1%-8.2%	2.8%-7.1%
Inflation rate	3.0%-5.1%	2.6%-4.4%

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

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

In essence, the change in the specified parameters as well as the change in the estimated outflow of resources resulted in an increase in the obligation of TEUR 7,119 not affecting net result due to the corresponding adjustment of the carrying amount of the related property, plant and equipment.

(12) Income Tax

Current and deferred 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, the tax rates that have been enacted or substantively enacted at the reporting date are used. The effect on deferred tax assets and liabilities of a change in tax rates is recognized as expense or income in the period the tax rate is effectively enacted.

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 are 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	1-6/2023	1-6/2022
Current income tax	3,100	1,386
Deferred income tax	895	-1,870
Income tax	**3,995**	**-485**

Current income taxes only include the foreign Tower companies as the Austrian Tower BU does not represent a taxable entity (see Note (1)).

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. Deferred tax assets result from the following items:

- Deferred taxes 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.
- 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 assets on long-term provisions relate mostly to the provision for the asset retirement obligation, which may only be partly recognized for tax purposes.

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.

(13) Other current assets, net

Other current assets are broken down as follows:

in TEUR	June 30, 2023	Dec. 31, 2022
Prepaid expenses	3,035	850
Other current assets	109	133
Other current assets, net	**3,144**	**983**

The increase in prepaid expenses is mainly due to upfront fees paid for loan of EUR 500 million drawn in July (see Note (19)) which will be recognized using the effective interest method.

(14) Employee benefits

The Towers Group records employee benefit obligations under defined contribution and defined benefit plans.

In the case of defined contribution plans, the Towers 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	June 30, 2023	Dec. 31, 2022
Severance	837	674
Service awards	70	63
Employee benefits	**907**	**737**

Severance

As of June 30, 2023, 88% (December 31, 2022: 88%) of the severance obligation relate to the Austrian Tower BU for employees whose employment commenced before January 1, 2003. Upon termination of employment by the Towers 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 the Towers Group are salary increases and changes of interest rates.

Service awards

As of June 30, 2023, 97% (December 31, 2022: 96%) of the service awards obligation relate to the Austrian Tower BU. 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 the Towers Group is exposed to is the risk of development of salary increases and changes of interest rates.

Actuarial assumptions

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

	June 30, 2023	Dec. 31, 2022
Severance		
Discount rate	3.75%	3.75%
Rate of compensation increase	3.40%	3.40%
Service awards		
Discount rate	3.75%	3.75%
Rate of compensation increase	4.60%	4.60%

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.

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

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.

For severance the Towers 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 the Towers 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.

(15) Condensed Combined Interim Segment Reporting

The Towers Group has aligned its management structure and the resulting segment reporting on geographical markets and based on these reports six operating segments are reported: Austria, Bulgaria, Croatia, Slovenia, Serbia and North Macedonia. Refer to Note (1) for further details on the date of inclusion of the different Tower companies in these Condensed Combined Interim financial statements.

in TEUR	Austria	Bulgaria	Croatia	Slovenia	Serbia	North Macedonia	Other*	Total
1-6/2023								
External revenues	2,525	13,502	12,800	5,550	11,586	2,628	-	48,591
Total revenues (incl. other operating income)	**2,525**	**13,502**	**12,800**	**5,550**	**11,586**	**2,628**	-	**48,591**
Segment expenses	-8,697	-1,477	-1,715	-1,302	-870	-557	-42	-14,660
EBITDA	**-6,172**	**12,025**	**11,085**	**4,248**	**10,716**	**2,071**	**-42**	**33,931**
Depreciation and amortization	-23,300	-5,954	-4,600	-1,904	-4,499	-522	-	-40,779
Operating income - EBIT	**-29,473**	**6,071**	**6,485**	**2,344**	**6,218**	**1,550**	**-42**	**-6,848**
Interest income	-	119	-	-	-	-	10	129
Interest expense	-2,136	-743	-363	-175	-550	-135	-733	-4,835
Foreign currency exchange differences, net	-	2	-0	-	17	-13	-	5
Earnings before income tax - EBT	**-31,609**	**5,449**	**6,122**	**2,168**	**5,685**	**1,401**	**-765**	**-11,549**
Income taxes	-835	-548	-1,103	-434	-1,039	-210	175	-3,995
Net result	**-32,444**	**4,901**	**5,019**	**1,734**	**4,647**	**1,191**	**-590**	**-15,543**
EBITDA aL**	-23,602	7,345	7,155	3,051	6,519	1,565	-42	1,991
Capital expenditures***	15,300	2,446	972	1,011	2,634	79	-	22,443
1-6/2022								
External revenues	2,618	11,660	11,002	-	-	-	-	25,280
Total revenues (incl. other operating income)	2,618	11,660	11,002	-	-	-	-	25,280
Segment expenses	-7,563	-1,145	-841	-	-	-	-	-9,549
EBITDA	-4,945	10,515	10,161	-	-	-	-	15,731
Depreciation and amortization	-34,730	-5,813	-4,439	-	-	-	-	-44,983
Operating income - EBIT	-39,675	4,702	5,722	-	-	-	-	-29,252
Interest expense	-489	-369	-440	-	-	-		-1,299
Foreign currency exchange differences, net	-	-9	-44	-	-	-	-	-53
Earnings before income tax - EBT	-40,164	4,323	5,237	-	-	-	-	-30,604
Income taxes	1,864	-434	-946	-	-	-	-	484
Net result	-38,300	3,889	4,292	-	-	-	-	-30,119
EBITDA aL**	-20,702	6,238	6,255	-	-	-	-	-8,209
Capital expenditures***	11,775	1,720	1,393	-	-	-	-	14,888

*Other includes Holding Companies and eliminations between the Tower and Holding Companies.).

** EBITDA aL is defined as EBITDA reduced by depreciation of right-of-use assets and interest expense on lease liabilities.

***CAPEX include additions to property plant and equipment (see Note (7)), but do neither include additions to asset retirement obligation nor additions to right-of-use assets according to IFRS 16.

The Towers Group's operating segments are established on the basis of those components of the Towers Group that are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Towers Group has determined the chief operating decision maker to be the Management Board. The Towers Group has a single group of similar services and products, being the supplier of infrastructure leases and related services. Revenue is attributed to a country based on the location of the tower assets.

The Towers Group measures segment performance using revenues, EBITDA, EBITDA after lease (EBITDA aL), net result and capital expendiutres (CAPEX).

No material transactions took place between the individual operating segments.

Included in total revenue are revenues which arose from sales to the Towers Group's largest customer, the A1 Group (see Note(2)). No other single customers contributed 10 per cent or more to the Towers Group's revenue.

(16) Cash and Cash Flow Statement

Cash

Cash in the Condensed Combined Interim Statement of Financial Position comprise cash in banks. The financial resource fund in the Condensed Combined Interim Statement of Cash Flows also includes the balance from cash pooling arrangements with A1 Group as these form an integral part of the Towers Group's cash management (see Note (2). A reconciliation from cash and cash equivalents in the Condensed Combined Interim Statement of Financial Position to the Condensed Combined Interim Statement of Cash Flows is presented in the following table:

in TEUR	June 30, 2023	Dec. 31, 2022	June 30, 2022	Dec. 31, 2021
Cash in the Condensed Combined (Interim) Statement of Financial Position	**20,482**	**4,258**	**709**	**1,513**
Financing from cash-pooling with related parties	17,478	15,487	12,093	93
Cash and cash equivalents in the Condensed Combined (Interim) Statement of Cash Flows	**37,960**	**19,745**	**12,802**	**1,606**

Statement of Cash Flows

At the reporting date the Austrian Tower BU is still not legally separated from the operating Austrian A1 company. Therefore, as described in Note (1) and in the Statement of Changes in Equity, the payments for the Austrian Tower BU are made by A1 Group. Payments of the A1 Group are presented in the following table:

in TEUR	Note	1-6/2023	1-6/2022
Operating cashflow Austrian Tower BU	(16)	6,172	4,945
Capital expenditures paid	(7)	15,300	11,775
Interest paid	(6)	977	217
Lease principal paid	(9)	26,106	23,956
Payments of A1 Group		**48,556**	**40,893**

As in January high prepayments of rents are made for the full year lease principal paid is not indicative for the full year.

The other reconciliation items in the Condensed Combined Interim Statement of Cash Flows result mainly from interest expense (see Note (6) but also from non-cash effects of the asset retirement obligation and the release of lease liabilities recognized in other operating income (see Note (4)).

(17) Financial Instruments

Financial assets and financial liabilities are classified at initial recognition.

Financial assets and financial liabilities are recognized when the Towers Group becomes a party to a financial instrument. the Towers 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 paid 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.

Financial assets include in particular cash and cash equivalents, accounts receivable trade, net, as well as other receivables and receivables due from related parties, which are measured at the lower of cost or net realizable value. The contractual cash flows of non-derivative financial instruments consist mainly of principal and interest.

Financial liabilities include, in particular, accounts payable trade 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 the Towers Group has a contractual right to offset the recognized amounts and intends to settle on a net basis.

(18) Financial risk management

Overview

The Towers 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 Towers Group treasury function centrally manages the Group's funding requirement as well as the exposure to financial risks in accordance with the framework of policies and guidelines. The Group's accounting function provides regular update reports of treasury activity to the Management Board.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial asset leading to a financial loss for the Group. The Towers Group is exposed to counterparty risk from its operating activities and from its financing activities. The Towers Group considers its maximum exposure to counterparty risk as of June 30, 2023 and December 31, 2022 to be cash and cash equivalents and trade receivables and receivables due from related parties as disclosed in the statement of financial position.

Expected credit loss

The Towers Group has financial assets classified and measured at amortized cost that are subject to the expected credit loss model requirements of IFRS 9. Cash at bank and in hand and trade and other receivables are classified and measured at amortized cost and subject to these impairment requirements. However, the identified expected credit loss is considered to be immaterial as of June 30, 2023 and December 31, 2022 as the A1 Group makes up a large amount of the receivables (see Note (2). As Telekom Austria AG is rated by Moody's and S&P with Baa1 and A- with stable company outlook, the credit risk is minimized.

Liquidity risk

Liquidity risk is the risk that the Towers Group will not be able to meet its financial obligations as they fall due. Liquidity is reviewed on a monthly basis and stress tested on the assumption that any liabilities outstanding mature and are not extended. The Towers Group manages liquidity risk through cash pooling with the financing company of the A1 Group (Telekom Finanzierungsmanagement GmbH) as well as liquidity planning and -management, minimizing the risk exposure.

At June 30, 2023 and December 31, 2022 all financial liabilities of the Towers Group shown in the Condensed Combined Interim Statement of Financial Position are current and fall due within 12 months after the respective balance sheet date. Regarding the maturity analysis for lease liabilities refer to Note (9).

Market risks

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

Interest rate risk

Interest rate risk is the risk of change in an asset's value due to volatility in interest rates. Other than for short term working capital and where it is envisaged loan debt shall be repaid prior to maturity, the Towers Group's policy is to maintain interest rates on indebtedness on a fixed rate basis where possible, and establishes financing as well as operations steering of the business to manage volatile interest environments.

Foreign exchange risk

The Towers Group predominantly maintains the currency of debt and interest charges in euros. The Towers Group's policy to minimize the foreign exchange risk is to apply natural hedges and netting of FX positions whenever possible.

(19) Subsequent events

On July 4, 2023, the upstream spin-off of the Austrian Tower BU from A1 Telekom Austria AG into Telekom Austria AG was entered in the commercial register and the MLA 2.0 for Austria became effective. Services and terms of the MLA 2.0 are described in Note (4).

On July 13, 2023 the Company issued a bond with a face value of EUR 500 million, an issuance price of 99.477%, a maturity of five years and a coupon of 5,25%. On July 20, 2023 a term loan of EUR 500 million with a maturity of five years and a variable interest rate linked to the Euriobor with a fixed margin was drawn by the Company. Furthermore a revolving credit facility of EUR 75 million was signed, available for drawings after the listing of EuroTeleSites AG.

On July 24, 2023 Telekom Austria AG has been informed that América Móvil, through its subsidiary América Móvil, B.V., has acquired shares corresponding to 5.55% of the voting rights in Telekom Austria AG increasing its stake from 51.00% to 56.55%.

At the Extraordinary General Meeting on August 1, 2023 the spin-off for absorption of the Austrian Tower BU from Telekom Austria AG to its subsidiary A1 Towers Holding GmbH with no shares being granted and of the proportionate spin-off for new formation of the shares in A1 Towers Holding GmbH held by Telekom Austria AG to newly established EuroTeleSites AG was approved.

Following this the lease term of the leased sites had to be adjusted. This change resulted in an increase in the lease liability and in the corresponding right-of-use asset in the amount of EUR 208 million.

Vienna, September 18, 2023
The Management Board of Telekom Austria Aktiengesellschaft

CEO Alejandro Plater

Deputy CEO Thomas Arnoldner

Unaudited Towers Group *Pro Forma* Financial Information of the Towers Group for the year ended 31 December 2022 and the six-months ended 30 June 2023

Unaudited Pro Forma Financial Information

Introduction

A1 Group (Telekom Austria Aktiengesellschaft ("**Telekom Austria AG**" or "**TAG**") and its consolidated subsidiaries) is going to separate most of its tower infrastructure assets (both legally and operationally) into a new standalone tower infrastructure operator in order to create EuroTeleSites Group, consisting of EuroTeleSites AG and its subsidiaries including the already existing A1 Towers Holding GmbH (as explained further in "Reorganization"). EuroTeleSites AG will be established by spin-off by formation on September 22, 2023.

The process by which the EuroTeleSites Group will be established is referred to as the "**Reorganization**". Towers Group includes A1 Towers Holding GmbH together with the towers business companies and towers business holding companies comprising the European towers business being demerged from the local operating A1 Group companies and restructured under A1 Towers Holding GmbH including the Austrian towers business. The Reorganization will have a significant impact on the net assets, financial position and results of operations of the Towers Group and will substantially affect the results of operations going forward. Therefore, Telekom Austria AG prepared the following unaudited pro forma financial information consisting of:

- an unaudited pro forma consolidated income statement of Towers Group for the year ended December 31, 2022;
- an unaudited pro forma consolidated income statement of Towers Group for the six months ended June 30, 2023;
- an unaudited pro forma consolidated statement of financial position of Towers Group as of June 30, 2023

accompanied by the related unaudited pro forma notes thereto (together the "**Unaudited Pro Forma Financial Information**").

The purpose of the Unaudited Pro Forma Financial Information is to illustrate the material effects that the Reorganization would have had on the audited special purpose condensed combined financial statements of Towers Group as of and for the year ended December 31, 2022 (the "**Audited Condensed Combined Financial Statements 2022**") and unaudited special purpose condensed combined interim financial statements of Towers Group as of and for the six months ended June 30, 2023 (the "**Unaudited Condensed Combined Interim Financial Statements**") as if the Reorganization had occurred (i) on January 1, 2022 for purposes of the unaudited pro forma consolidated income statement of Towers Group for the year ended December 31, 2022 and the unaudited pro forma consolidated income statement of Towers Group for the six months ended June 30, 2023 or (ii) on June 30, 2023 for purposes of the unaudited pro forma consolidated statement of financial position of Towers Group as of June 30, 2023.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and does not purport to be indicative of the results and financial position of the Towers Group that would have actually been reported if the Reorganization had occurred on January 1, 2022 for purposes of the unaudited pro forma consolidated income statement of Towers Group for the year ended December 31, 2022 and the unaudited pro forma consolidated income statement of Towers Group for the six months ended June 30, 2023 or on June 30, 2023 for purposes of the unaudited pro forma statement of financial position of the Towers Group as of June 30, 2023. The Unaudited Pro Forma Financial Information includes direct cost relating to the Reorganization for which the Towers Group is responsible. However, it does not reflect the one-off costs relating to the Reorganization because such one-off costs are borne by Telekom Austria AG.

The Unaudited Pro Forma Financial Information is based on factually supportable pro forma adjustments as well as on certain pro forma assumptions described in the accompanying pro forma notes, which Telekom Austria AG considers reasonable. It does not reflect the results of any future initiatives other than those outlined in "Reorganization".

Future results of operations of Towers Group may differ materially from those presented in the Unaudited Pro Forma Financial Information. As a result, it may not give a true picture of Towers Group's financial position of results nor is it indicative of the results that may, or may not, be expected to be achieved in the future.

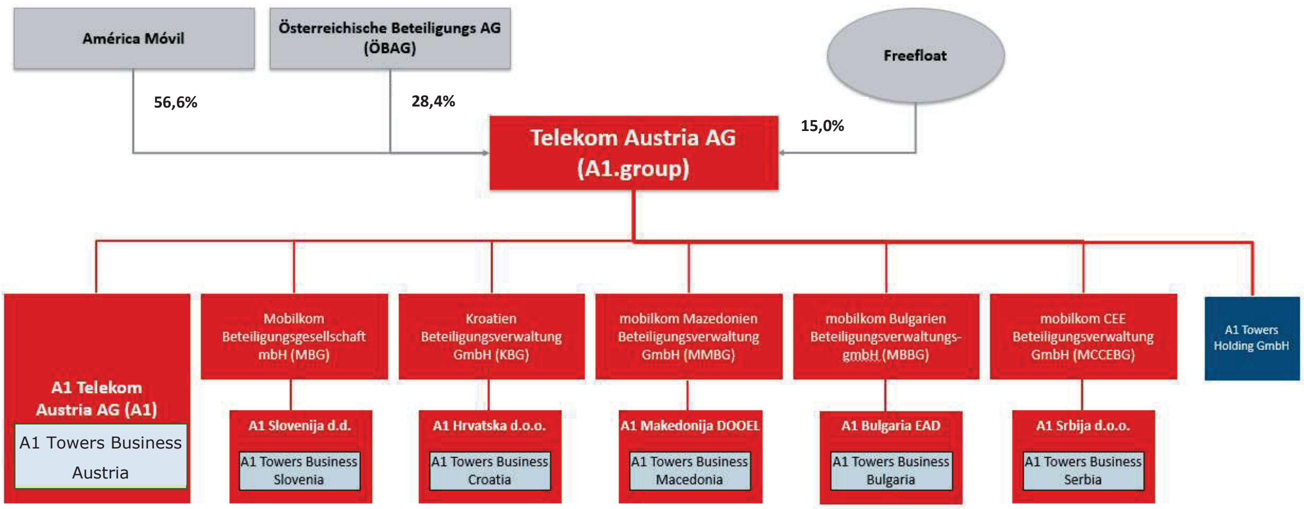
The Unaudited Pro Forma Financial Information should be read in conjunction with the Towers Group's Audited Condensed Combined Financial Statements 2022, prepared in accordance with the basis of preparation as outlined in the selected explanatory notes to the Audited Condensed Combined Financial Statements 2022 in section "(1) Basis of Preparation of the Condensed Combined Financial Statements", and the Towers Group's Unaudited Condensed Combined Interim Financial Statements, prepared in accordance with the basis of preparation as outlined in the selected explanatory notes to the Unaudited Condensed Combined Interim Financial Statements in section "(1) Basis of Preparation of the Condensed Combined Interim Financial Statements"..

Given its nature, the Unaudited Pro Forma Financial Information merely describes a hypothetical situation and is based on assumptions, and it therefore does not represent the actual net assets, financial position and results of operations of Towers Group. It is also not intended to forecast the net assets, financial position and results of operations of Towers Group on any future date.

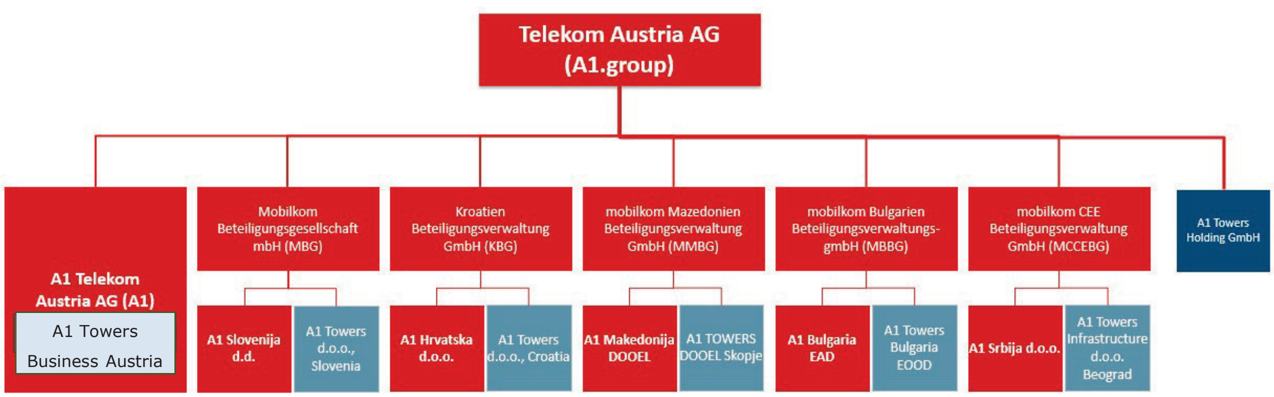
Reorganization

Prior to the Reorganization, the businesses that comprised the Austrian towers business, as such partial business (*Teilbetrieb*) has been defined in the agreement governing its spin-off, the shares held by Telekom Austria AG in its Austrian tower holding companies and its towers business in Croatia, Bulgaria, North Macedonia, Serbia and Slovenia (together the "**Towers Business**") were part of the operating entities of A1 Group ("**A1 Companies**") in their respective markets.

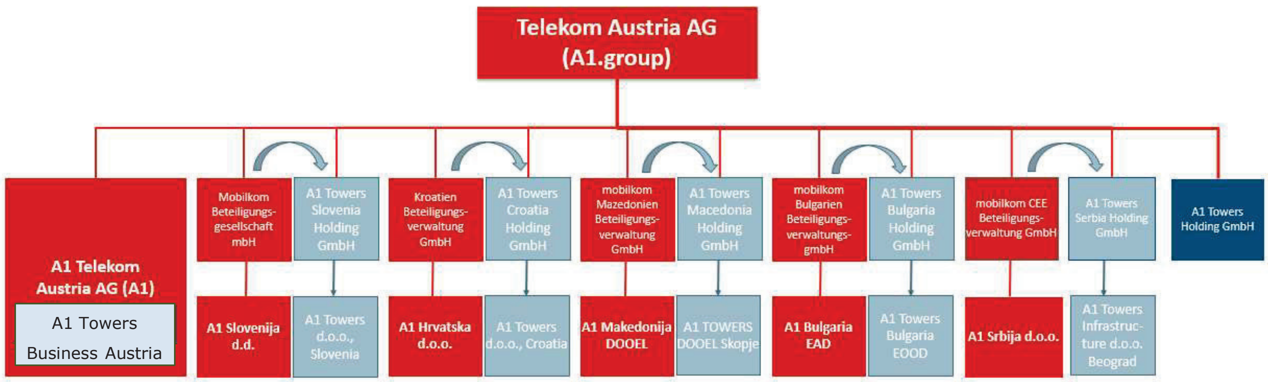
The structure diagram below shows the simplified structure of A1 Group prior to the Reorganization:



As part of the Reorganization, A1 Group decided to separate its European tower infrastructure assets located in Austria, Bulgaria, Croatia, North Macedonia, Serbia and Slovenia both legally and operationally into a new standalone tower infrastructure operator holding and operating the Towers Business. In order to separate the Towers Business from the other parts of the A1 Group, local A1 tower companies in Bulgaria, Croatia, North Macedonia, Serbia and Slovenia (the "**Tower Companies**", each a "**Tower Company**") were created, as shown in the diagram below:



Thereafter, the intermediate holding companies were split up so that the shares in each Tower Company are held by an intermediate holding company holding exclusively the shares in the respective Tower Company as shown in the diagram below:



The following Reorganization steps described as regards the Tower Companies (except for the Austrian tower business) were fully implemented in December 2022.

Bulgarian Reorganization

A1 Bulgaria EAD ("**A1 Bulgaria**") spun-off its assets and liabilities that formed its towers business, including 2,662 Macro Sites, to A1 Towers Bulgaria EOOD (the "**Bulgaria A1 Tower Company**") by resolution of the sole shareholder mobilkom Bulgarien BeteiligungsverwaltungsgmbH dated December 23, 2020. The transfer became effective on February 2, 2021 by registration of the transfer in the commercial registry of Bulgaria and resulted in the transfer of the towers business of A1 Bulgaria through spin-off by incorporation of the Bulgarian A1 Tower Company. mobilkom Bulgarien BeteiligungsverwaltungsgmbH, the sole shareholder of A1 Bulgaria, also became the sole shareholder of the Bulgaria A1 Tower Company.

Pursuant to the terms of the spin-off plan dated October 27, 2022, mobilkom Bulgarien BeteiligungsverwaltungsgmbH spun-off its shareholding in the Bulgarian A1 Tower Company, thereby establishing A1 Towers Bulgaria Holding GmbH as fully-owned subsidiary of A1 Group. The spin-off was registered with the Austrian companies register on December 15, 2022 and A1 Towers Bulgaria Holding GmbH became the sole shareholder of the Bulgarian A1 Tower Company.

Croatian Reorganization

A1 Hrvatska d.o.o. ("**A1 Croatia**") transferred its assets and liabilities that formed its towers business, including 1,540 Macro Sites, to A1 Towers d.o.o. (the "**Croatian A1 Tower Company**") under a spin-off and transfer agreement (Ugovor o podjeli i preuzimanju) dated August 27, 2021. The transfer became legally effective on November 2, 2021 and resulted in the transfer of the towers business by partial universal succession. Kroatien Beteiligungsverwaltung GmbH, the sole shareholder of A1 Croatia, also became the sole shareholder of the Croatian A1 Tower Company.

Pursuant to the terms of the spin-off plan of October 27, 2022, Kroatien Beteiligungsverwaltung GmbH spun-off its shareholding in the Croatian A1 Tower Company, thereby establishing A1 Towers Croatia Holding GmbH as fully-owned subsidiary of A1 Group. The spin-off was registered with the Austrian companies register on December 2, 2022 and A1 Towers Croatia Holding GmbH became the sole shareholder of the Croatia A1 Tower Company.

North Macedonian Reorganization

A1 Makedonija DOOEL Skopje ("**A1 North Macedonia**") transferred its assets and liabilities that formed its towers business, including 484 Macro Sites, to A1 TOWERS DOOEL (the "**North Macedonian A1 Tower Company**") under an agreement on status change - spin-off by acquisition (Spogodba za podelba – izdvojuvanje so prezemanje na trgovski drushtva) dated May 9, 2022. The transfer became effective on June 30, 2022 by means of completion of the registration with the commercial registry of North Macedonia and resulted in the transfer of the towers business. The sole shareholder of A1 North Macedonia, mobilkom Mazedonien Beteiligungsverwaltung GmbH, also became the sole shareholder of the North Macedonian A1 Tower Company.

Pursuant to the terms of the spin-off plan dated October 27, 2022, mobilkom Mazedonien Beteiligungsverwaltung GmbH spun-off its shareholding in the North Macedonian A1 Tower Company, thereby establishing A1 Towers North Macedonia Holding GmbH as fully-owned subsidiary of A1 Group. The spin-off was registered with the Austrian companies register on December 15, 2022 and A1 Towers North Macedonia Holding GmbH became the sole shareholder of the North Macedonian A1 Tower Company.

Serbian Reorganization

A1 Srbija d.o.o. Beograd, a limited liability company incorporated in the Republic of Serbia ("**A1 Serbia**") transferred its assets and liabilities that formed its towers business, including 1,566 Macro Sites, to A1 Towers Infrastructure d.o.o. Beograd-Novi Beograd (the "**Serbian A1 Tower Company**") under the agreement on status change - spin-off by acquisition (Ugovor o statusnoj promeni izdvajanje uz pripajanje) dated October 28, 2022. The transfer became legally effective on November 4, 2022, by means of a completion of the registration with the Serbian commercial registry and resulted in the transfer of the towers business by partial universal succession. The shareholder of A1 Serbia also became the sole shareholder of the Serbian A1 Tower Company.

Pursuant to the terms of the spin-off plan of November 7, 2022, mobilkom CEE Beteiligungsverwaltung GmbH (old) spun-off its shareholding in A1 Srbija d.o.o., thereby establishing mobilkom CEE Beteiligungsverwaltung GmbH (new) as fully-owned subsidiary of A1 Group. Mobilkom CEE Beteiligungsverwaltung GmbH (old) was renamed into A1 Towers Serbia Holding GmbH and kept its shareholding in the Serbian A1 Tower Company. The spin-off was registered with the commercial register on December 15, 2022 and A1 Towers Serbia Holding GmbH became the sole shareholder of the Serbian A1 Tower Company.

Slovenian Reorganization

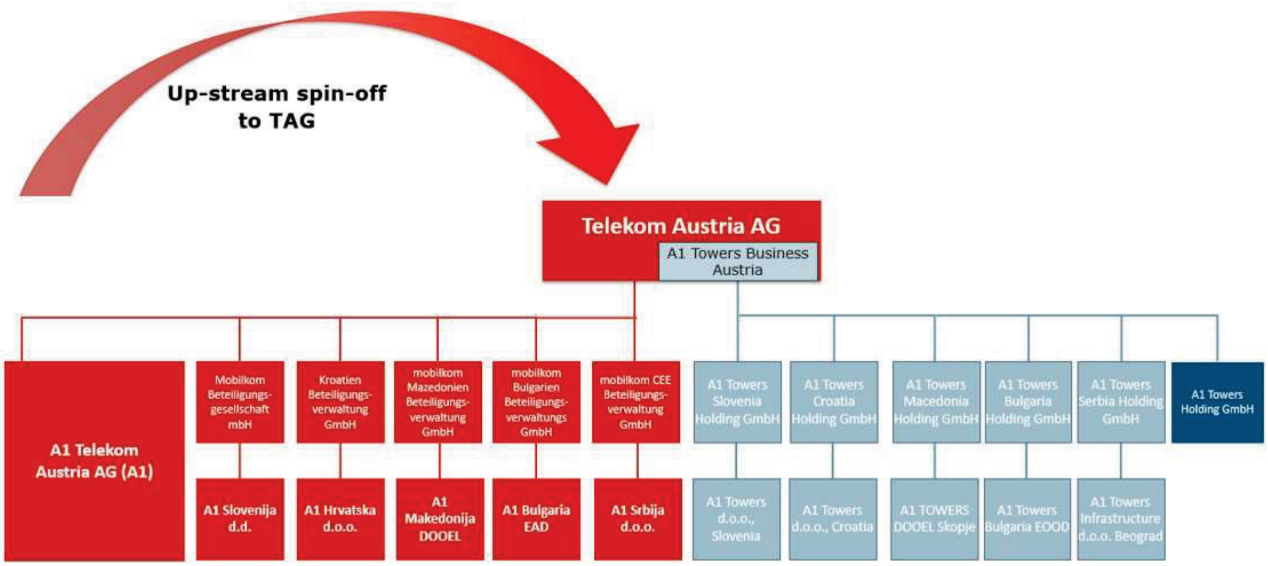
A1 Slovenija, telekomunikacijske storitve, d. d. ("**A1 Slovenia**") transferred its assets and liabilities that formed its towers business, including 752 Macro Sites, to A1 Towers, upravljanje komunikacijske infrastrukture, d.o.o. (the "**Slovenia A1 Tower Company**") under a spin-off and transfer agreement (Delitveni načrt po 624. Členu ZGD-1) dated July 19, 2022. The transfer became legally effective on October 3, 2022 and resulted in the transfer of the towers business by partial universal succession. Mobilkom Beteiligungsgesellschaft mbH, the sole shareholder of A1 Slovenia, also became the sole shareholder of the Slovenia A1 Tower Company.

Pursuant to the terms of the spin-off plan dated November 7, 2022, Mobilkom Beteiligungsgesellschaft mbH spun-off its shareholding in the Slovenia A1 Tower Company, thereby establishing A1 Towers Slovenia Holding GmbH as fully-owned subsidiary of A1 Group. The spin-off was registered with the Austrian companies register on December 15, 2022 and A1 Towers Slovenia Holding GmbH became the sole shareholder of the Slovenia A1 Tower Company.

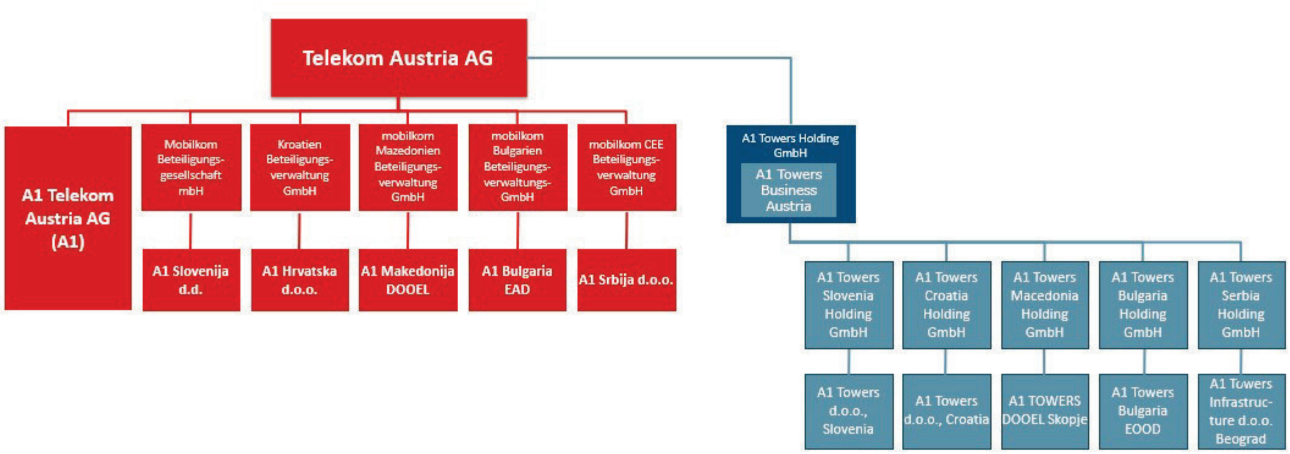
Austrian Reorganization

The following Austrian Reorganization measures have been carried out:

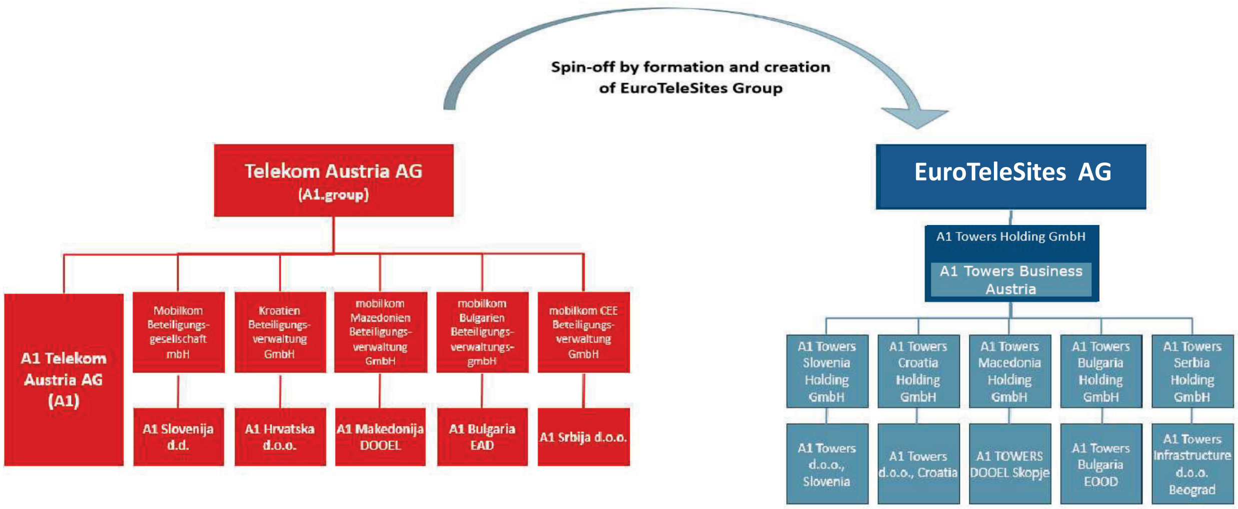
Under the spin-off and transfer agreement dated June 12, 2023, A1 Telekom Austria AG has arranged the Austrian up-stream spin-off by spinning-off and transferring its Austrian towers business to Telekom Austria AG. The registration of the Austrian up-stream spin-off occurred on July 4, 2023, and the master lease agreement ("**MLA**") between the Austrian A1 Telekom mobile network operator and Telekom Austria has entered into force with effect as of such registration. This reorganization measure is shown in the diagram below:



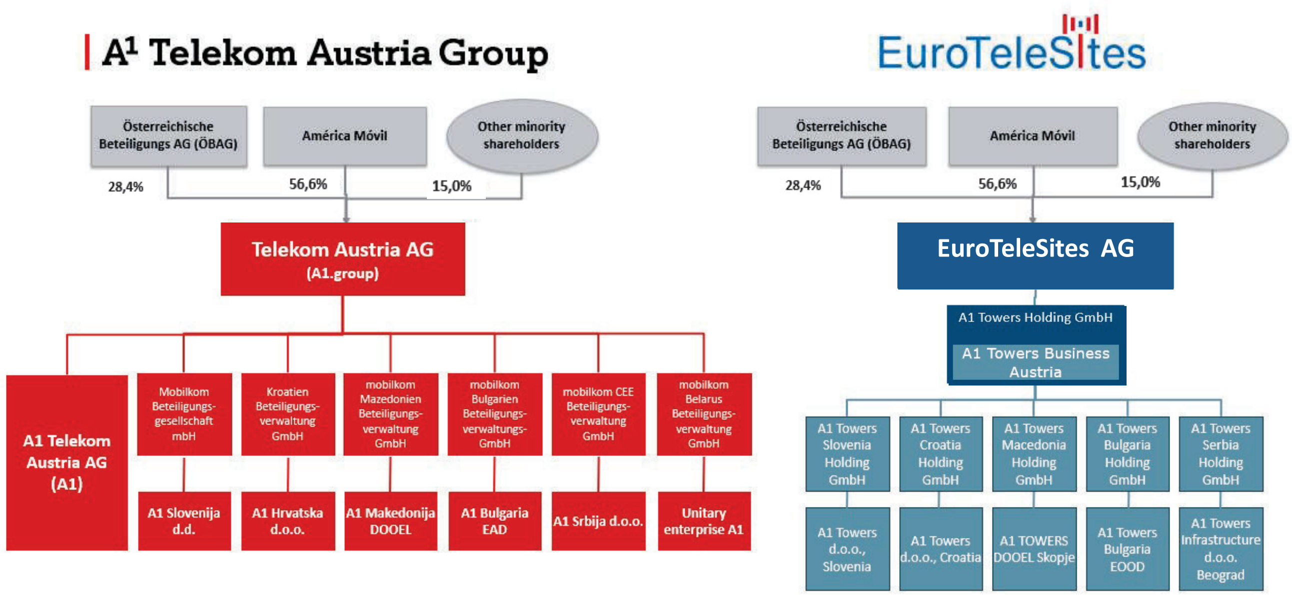
Based on the spin-off and transfer agreement including spin-off plan dated June 28, 2023, Telekom Austria AG will spin-off and transfer the Austrian towers business (including the MLA, its shareholdings in (i) Towers Slovenia Holding, (ii) Towers Croatia Holding, (iii) Towers Macedonia Holding, (iv) Towers Bulgaria Holding, and (v) Towers Serbia Holding ((i) to (v) together the "**Towers Holding Companies**") and intra-group debt owed to Telekom Finanzierungsmanagement GmbH – "**TFG**") by way of spin-off by assumption (*Spaltung zur Aufnahme*) (the "**Towers Business Spin-off**") to its fully owned subsidiary A1 Towers Holding GmbH. A1 Towers Holding GmbH was founded on November 11, 2020, but so far has not carried out any operations. The Towers Business Spin-off has received the approval by the extraordinary shareholders' meeting of Telekom Austria AG dated August 1, 2023 and will become effective on its registration in the Austrian companies register on September 22, 2023. This reorganization measure is shown in the diagram below:



Concurrently with the Towers Business Spin-off, the shareholding of A1 Group in A1 Towers Holding GmbH will spun-off by way of a spin-off by formation (*Spaltung zur Neugründung*) thereby creating EuroTeleSitesAG (the "**Towers Holding Spin-off**") , and the shares in EuroTeleSites AG will be distributed to the shareholders of A1 Group pro rata to the number of shares held by them at the day before the Towers Holding Spin-off will become effective by its registration in the Austrian companies register ("**Cum Date**"). The Towers Holding Spin-off has received the approval by the extraordinary shareholders' meeting of Telekom Austria AG dated August 1, 2023. By registration of the Towers Holding Spin-off in the Austrian companies register EuroTeleSites AG will be established as of September 21, 2022. This reorganization measure is shown in the diagram below:



Following completion of the Towers Holding Spin-off by its registration in the Austrian companies register, EuroTeleSites AG will be established and incorporated. The completion of the reorganization measures by separation of the Towers Business will result in two separate groups, as shown in the diagrams below:



Historical Financial Information Included in the Unaudited Pro Forma Financial Information

The Unaudited Pro Forma Financial Information for the year ended December 31, 2022 and for the six months ended June 30, 2023 was prepared on the basis of the following historical financial information:

- Audited special purpose condensed combined financial statements of Towers Group as of and for the year ended December 31, 2022 (the Audited Condensed Combined Financial Statements 2022), prepared in accordance with the basis of preparation as outlined in the selected explanatory notes to the Audited Condensed Combined Financial Statements 2022 in section "(1) Basis of Preparation of the Condensed Combined Financial Statements", included in this prospectus (the "**Prospectus**") and
- Unaudited special purpose condensed combined interim financial statements of Towers Group as of and for the six months ended June 30, 2023 (the Unaudited Condensed Combined Interim Financial Statements), prepared in accordance with the basis of preparation as outlined in the selected explanatory notes to the Unaudited Condensed Combined Interim Financial Statements in section "(1) Basis of Preparation of the Condensed Combined Interim Financial Statements, included in this Prospectus

The following Tower Companies and towers holding companies have been included in the Condensed Combined Financial Statements 2022 and Unaudited Condensed Combined Interim Financial Statements from the effective date of their demerger from the respective A1 Companies or their foundation with the exception of the Austrian towers business unit:

Name and company domicile	Date of demerger
Tower Companies/Business Unit	
Austrian Towers Business Unit, Vienna	*)
A1 Towers Bulgaria EOOD, Sofia	February 2, 2021
A1 Towers d.o.o., Zagreb	November 2, 2021
A1 TOWERS DOOEL Skopje, Skopje	June 30, 2022
A1 Towers d.o.o., Ljubljana	October 3, 2022
A1 TOWERS INFRASTRUCTURE d.o.o., Belgrade	November 4 2022

Name and company domicile	Date of foundation
Tower holding companies	
A1 Towers Holding GmbH, Vienna	November 11, 2020
A1 Towers Austria GmbH, Vienna	January 30, 2021
A1 Towers Bulgaria Holding GmbH, Vienna	December 15, 2022
A1 Towers Croatia Holding GmbH, Vienna	December 2, 2022
A1 Towers Macedonia Holding GmbH, Vienna	December 15, 2022
A1 Towers Slovenia Holding GmbH, Vienna	December 15, 2022
A1 Towers Serbia Holding GmbH, Vienna	December 15, 2022

*) Establishment of the Austrian towers business unit, Vienna ("**Austrian Towers BU**") on January 1, 2021 by transferring the corresponding assets and liabilities. Furthermore, the corresponding employee expenses and all other expenses related to the business unit are presented in the Austrian Towers BU. A1 Telekom Austria AG spun off and transferred its Austrian Towers BU by July 4, 2023, which became effective with the registry in the Austrian Company Register. No legal separation has taken place until June 30, 2023.

The Unaudited Pro Forma Financial Information includes direct costs relating to the Reorganization for which the Towers Group is responsible. However, it does not reflect the one-off costs relating to the Reorganization because such one-off costs are borne by Telekom Austria AG.

Basis of Preparation

The Unaudited Pro Forma Financial Information was prepared in accordance with the principles described in the Commission Delegated Regulation (EU) 2019/980 of March 14, 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004, Annex 20 Pro Forma Information.

The Unaudited Pro Forma Financial Information was prepared consistently in all material aspects on the basis of the applicable recognition, measurement and consolidation principles of International Financial Reporting Standards as adopted by the European Union ("**IFRS**") and the accounting policies of Towers Group as described in the selected explanatory notes to the Towers Group's Audited Condensed Combined Financial Statements 2022 and in the selected explanatory notes to the Towers Group's Unaudited Condensed Combined Interim Financial Statements unless otherwise stated. The pro forma assumptions and pro forma adjustments are described in these pro forma notes.

The pro forma adjustments made for the purposes of the Unaudited Pro Forma Financial Information are based on the information available at the time of the preparation of the Unaudited Pro Forma Financial Information and on preliminary estimates as well as on certain pro forma assumptions, which are described in these pro forma notes and which Telekom Austria AG considers to be reasonable. The pro forma adjustments are directly attributable to the Reorganization, including transaction-related costs and the related financing, determinable and factually supportable. The Unaudited Pro Forma Financial Information contains neither potential synergies, cost savings, normalization of any restructuring nor additional future expenses or any future effects that could result from the Reorganization.

Pro Forma Assumptions

Date of Transaction

For the purposes of the Unaudited Pro Forma Financial Information completion of the Reorganization is assumed to have occurred on January 1, 2022 for purposes of the unaudited pro forma consolidated income statements of Towers Group for the year ended December 31, 2022 and for the six months ended June 30, 2023 and on June 30, 2023 for purposes of the unaudited pro forma consolidated statement of financial position of Towers Group as of June 30, 2023.

Master Lease Agreements (MLAs)

In the course of the Reorganization, the Towers Group and all respective A1 Companies as its anchor tenants using the tower infrastructure of the Tower Companies have entered into new master lease agreements for each country (the "**MLAs**", each a "**MLA**"). The MLAs replaced previous agreements in place by June 1, 2023 for all Towers Business except for the Austrian towers business, where it came in place by July 4, 2023.

Each MLA has an initial term of eight years which will automatically be extended upon expiry of the initial eight and sixteen years term, if not terminated by the respective A1 company. Revenues from the MLAs are charged and settled on a monthly basis.

For the purpose of the unaudited pro forma consolidated income statements of Towers Group for the year ended December 31, 2022 and for the six months ended June 30, 2023, the effective date of each MLA is assumed to have occurred on January 1, 2022 for all Tower Companies and the Austrian Towers BU. For the purpose of the unaudited pro forma consolidated statement of financial position of Towers Group as of June 30, 2023 the effective date of each MLA is assumed to have occurred on June 30, 2023 for all Tower Companies and the Austrian Towers BU. Hence, the revenues of the Towers Business as presented in the unaudited pro forma consolidated income statements of Towers Group for the year ended December 31, 2022 and for the six months ended June 30, 2023 are based on the terms and conditions of the MLAs, the prices were adjusted to the price levels 2022 (the now valid 3 % cap was retrospectively applied by reducing prices according to the MLAs for 2023 by the inflation for 2022).

Electricity cost in the MLAs borne by the Towers Group is limited to electricity consumed by aviation lights and surveillance cameras / transmission. This represents a change to the previous agreements, where consumed electricity included cooling of containers (equipment), meaning that revenues and costs were reduced by electricity costs to be borne by the telecommunications ("**Telco**") operator in future. The change was triggered to keep the incentive to replace cooled space with outdoor installations with the Telco operator.

Additional Service Agreements (ISAs)

In the course of the Reorganization, the Towers Group and all respective A1 Companies that are Mobile Network Operators ("**MNO**") using the tower infrastructure will enter into additional service agreements (the "**ISAs**", each an "**ISA**"). For the purpose of the unaudited pro forma consolidated income statements of Towers Group for the year ended December 31, 2022 and for the six months ended June 30, 2023, the effective date of each ISA is assumed to have occurred on January 1, 2022. For the purpose of the unaudited pro forma consolidated statement of financial position of Towers Group as of June 30, 2023, the effective date of each ISA is assumed to have occurred on June 30, 2023.

Ground Lease Liability

With the decision of Telekom Austria AG's Extraordinary General Meeting on August 1, 2023 to separate the Towers Business, the lease liabilities and right-of-use assets are going to be reassessed. An pro forma adjustment has been calculated in order to quantify the impact of the reassessment on the IFRS 16 lease liabilities, right-of-use assets and associated amortization and interest expense. The pro forma adjustment was based upon the lease term reassessment on January 1, 2022 for the pro forma consolidated income statements of Towers Group for the year ended December 31, 2022 and the six months ended June 30, 2023 and on June 30, 2023 for the pro forma consolidated statement of financial position of Towers Group as of 30 June 2023, using interest rates corresponding to blended 7-10 year rates for infrastructure operations, ranging between 3.7% (Austria) and 9.2% (North Macedonia); calculated with payments in arrears, the non-cancellable periods of the leases (including extension options/termination options within an eight year term). For the purpose of the preparation of the unaudited pro forma consolidated income statement of Towers Group for the year ended December 31, 2022 the lease payments for 2022 were used. For the purpose of preparing the unaudited pro forma consolidated income statement of Towers Group for the six months ended June 30, 2023 and the unaudited pro forma financial statement of position of Towers Group as of June 30, 2023, lease payments for 2023 were used. The pro forma adjustments in the unaudited pro forma statement of financial position of Towers Group as of June 30, 2023 reflect the reassessment of the lease liabilities and right-of-use assets as of June 30, 2023 (assumption completion of the Reorganization on June 30, 2023) , the pro forma adjustments in the unaudited pro forma consolidated income statements of Towers Group for the year ended December 31, 2022 and for the six months ended June 30, 2023 correspond to the recalculated depreciation as well as interest expense to reflect the re-assessment of lease liabilities and right-of-use-assets as of January 1, 2022 (assumption completion of the Reorganization on January 1, 2022).

Revaluation and Extension of the Useful Economic Life of Tower Assets

The pro forma adjustments on property, plant and equipment, net as well as related depreciation are based on the revaluation of the tower assets in accordance with IAS 16 and an extension of the useful life to 24 years. For the extension of the useful life an expert opinion was base for the change. Towers Group will use the revaluation method according to IAS 16.31 ff for its tower infrastructure.

To calculate the fair value, the Discounted Cash Flow Method (DCF) with the weighted average cost of capital (WACC) as a discounting parameter is used, with the WACC ranging between 6.0% (Austria) and 9,43% (North Macedonia) as of June 30, 2023.

The following WACCs have been used to calculate the revaluation:

June 30, 2023	Austria	Bulgaria	Croatia	Slovenia	Serbia	North Macedonia
WACC	6.00%	7.32%	7.43%	6.65%	8.47%	9.43%

All tower assets are valued based on discounted cash flows on individual asset basis.

For the revenues from A1 Group as anchor tenant, the cash flow for the next 24 years (the contract period) is considered. The same method is used for cash flows regarding collocation partners.

The costs include core operating expenses (including holding cost), rental costs as well as maintenance expenses. With the ongoing 5G extension, all locations are also subject to improvement works that will extend the physical lifetime of the towers to be used for the next 24 years.

In addition, a tax benefit due to depreciation ("**tax amortization benefit**" or "**TAB**") was taken into account, since the fiction of an individual purchase or individual sale price is assumed. The TAB results from the tax advantage of a buyer from the depreciation of the difference between the market value and the previous book value.

The useful economic lifes of the tower assets were re-estimated at December 31, 2022 to reflect the period of time that the towers are expected to operate. The lifes of the towers were extended to 24 years, based on an external independent expert opinion and the investment activities planned on existing infrastructure related to 5G network extension. The pro forma adjustments for the purpose of the unaudited pro forma consolidated income statements of Towers Group for the year ended December 31, 2022 and for the six months ended June 30, 2023 includes the decrease in depreciation of tower infrastructure assets applying the effects of extended useful life only for the year ended December 31, 2022 and on the other hand increases in depreciation due to the asset revaluation.

The other operating income resulting from changes in ARO shown in the Towers Group's Audited Condensed Combined Financial Statements 2022 and the Towers Group's Unaudited Condensed Combined Interim Financial Statements was eliminated as this change is part of the revaluation of assets.

Transaction–Related Financing and Interest Expense

This pro forma adjustment to financial result reflects the cost of the financing which A1 Tower Holding GmbH entered into by June 30, 2023. For the purposes of the Unaudited Pro Forma Financial Information, it is assumed that the borrowings would have been in place as of January 1, 2022 and remained unchanged till June 30, 2023.

The pro forma adjustments in the financial result for the year ended December 31, 2022 as well as the six months ended June 30, 2023 concerns the interest expense of the transferred debt of 1.031bn EUR, which was assessed with a 5% interest cost for the year ended December 31, 2022 and with an adapted 5.1% interest cost for the six months ended June 2023, as well as the changed interest expense due to the re-assessment of lease liabilities. The interest expense will have a continuing impact on Towers Group's income statement until the borrowings have been repaid in full.

Transaction-Related Effects on Costs

Operating expenses include the spun-off organization and its personnel and related costs (from rent to cars to equipment), contracted services for sites maintenance, insurance, audit, HR services, financial services including legal expertise amongst others. In respect to employee expenses the targeted staffing for the spin-off was taken as basis for the calculation. For the already fully established Tower Companies the actuals for personnel costs were calculated for the full period of the unaudited pro forma consolidated income statements of Towers Group for the year ended December 31, 2022.

Unaudited Pro Forma Consolidated Income Statements of Towers Group for the year ended December 31, 2022 and for the six months ended June 30, 2023

2022 in TEUR	Condensed Combined Income Statement of Towers Group	Pro Forma Adjustments	Pro Forma Notes	Unaudited Pro Forma Consolidated Income Statement
Revenues from leases	57,864	172,402	(1)	230,266
Other operating income	2,878	−1,631	(1)	1,247
Total revenues (incl. other operating income)	60,742	170,772		231,514
Total cost and expenses	−22,537	−7,215	(2)	−29,752
Earnings before interest, tax, depreciation and amortization - EBITDA	38,205	163,557		201,763
Depreciation and amortization	−39,141	−16,600	(3)	−55,741
Depreciation of right-of-use assets	−48,352	−2,830	(4)	−51,182
Operating income - EBIT	−49,287	144,127		94,840
Interest expense	−3,873	−72,938	(5)	−76,812
thereof interest expense on lease liabilities	*-2,397*	*−21,388*	*(5)*	*−23,785*
thereof other interest expense	*-1,477*	*−51,550*	*(5)*	*−53,027*
Foreign currency exchange differences, net	−55	-		−55
Financial result	−3,928	−72,938		−76,866
Earnings before income tax - EBT	−53,215	71,189		17,974
Income tax	−1,761	27	(6)	−1,733
Net result	−54,976	71,215		16,239

1-6/2023 in TEUR	Unaudited Condensed Combined Income Statement of Towers Group	Pro Forma Adjustments	Pro Forma Notes	Unaudited Pro Forma Consolidated Income Statement
Revenues from leases	47,265	73,270	(7)	120,535
Other operating income	1,326	−736	(7)	589
Total revenues (incl. other operating income)	48,591	72,534		121,125
Total cost and expenses	−14,660	−3,299	(8)	−17,959
Earnings before interest, tax, depreciation and amortization - EBITDA	33,931	69,234		103,165
Depreciation and amortization	−11,454	−17,204	(9)	−28,658
Depreciation of right-of-use assets	−29,326	2,086	(10)	−27,240
Operating income - EBIT	−6,849	54,116		47,267
Interest income	129	-		129
Interest expense	−4,835	−35,968	(11)	−40,802
thereof interest expense on lease liabilities	*−2,614*	*−8,727*	*(11)*	*−11,342*
thereof other interest expense	*−2,220*	*−27,240*	*(11)*	*−29,460*
Foreign currency exchange differences, net	5	-		5
Financial result	−4,701	−35,968		−40,668
Earnings before income tax - EBT	−11,549	18,149		6,599
Income tax	−3,995	3,594	(12)	−401
Net result	−15,544	21,742		6,198

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

Unaudited Pro Forma Consolidated Statement of Financial Position of Towers Group as of June 30, 2023

June 30, 2023 in TEUR	Unaudited Condensed Combined Interim Statement of Financial Position of Towers Group	Pro Forma Adjustments	Pro Forma Notes	Unaudited Pro Forma Consolidated Statement of Financial Position
ASSETS				
Current assets				
Cash	20,482	-		20,482
Accounts receivable trade, net	2,203	-		2,203
Receivables due from related parties	31,774	14,250	(13)	46,024
Income tax receivable	61	-		61
Other current assets, net	3,144	-		3,144
Total current assets	57,664	14,250		71,914
Non-current assets				
Property, plant and equipment, net	228,754	1,142,263	(14)	1,371,017
Right-of-use assets, net	185,908	210,435	(15)	396,344
Intangibles assets, net	190	-		190
Goodwill	239,964	-		239,964
Deferred income tax assets	3,668	−3,668	(16)	-
Other non-current assets, net	70	-		70
Total non-current assets	658,555	1,349,030		2,007,585
TOTAL ASSETS	716,219	1,363,280		2,079,499
LIABILITIES AND EQUITY				
Current liabilities				
Lease liabilities short-term	57,631	−9,368	(15)	48,263
Accounts payable	24,872	2,404	(17)	27,276
Accrued liabilities and current provisions	257	-		257
Income tax payable	1,904	-		1,904
Payables due to related parties	4,767	-		4,767
Total current liabilities	89,430	−6,964		82,467
Non-current liabilities				
Long-term debt	-	1,031,000	(18)	1,031,000
Lease liabilities long-term	121,433	230,640	(15)	352,073
Deferred income tax liabilities	2,151	220,143	(16)	222,294
Asset retirement obligation	100,020	-		100,020
Employee benefits	906	-		906
Total non-current liabilities	224,510	1,481,782		1,706,293
Net investment of parent	402,279	−111,538	(19)	290,740
Total equity	402,279	−111,538		290,740
TOTAL LIABILITIES AND EQUITY	716,219	1,363,280		2,079,499

Pro Forma Adjustments to the Unaudited Pro Forma Financial Information

Pro Forma Adjustments to the Unaudited Pro Forma Consolidated Income Statement of Towers Group for the year ended December 31, 2022

in TEUR

Pro Forma Adjustments	Austria	Bulgaria	Croatia	Slovenia	Serbia	North Macedonia	Other*	Total Pro Forma Adjustments	Pro Forma Notes
2022									
Revenues from leases	137,942	3,143	3,609	8,004	17,129	2,575	-	172,402	(1)
Other operating income	−1,297	−298	−17	−18	-	-	-	−1,631	(1)
Total revenues (incl. other operating income)	136,646	2,845	3,591	7,986	17,129	2,575	-	170,772	
Total cost and expenses	202	−322	-	−649	−480	−758	−5,207	−7,215	(2)
Earnings before interest, tax, depreciation and amortization - EBITDA	136,846	2,524	3,591	7,336	16,648	1,817	−5,206	163,557	
Depreciation and amortization	−4,144	−1,770	−3,501	−1,928	−4,393	−863	-	−16,600	(3)
Depreciation of right-of-use assets	944	1,370	975	−1,210	−4,673	−236	-	−2,830	(4)
Operating income - EBIT	133,647	2,124	1,064	4,198	7,582	718	−5,207	144,127	
Interest expense	−11,851	−2,688	−2,207	−776	−3,537	−327	−51,552	−72,938	(5)
thereof interest expense on lease liabilities	*−11,851*	*−2,688*	*−2,207*	*−776*	*−3,537*	*−327*	-	*−21,386*	*(5)*
thereof other interest expense	-	-	-	-	-	-	*−51,552*	*−51,552*	*(5)*
Foreign currency exchange differences, net	-	-	-	-	-	-	-	-	
Financial result	−11,851	−2,688	−2,207	−776	−3,537	−327	−51,551	−72,938	
Earnings before income tax - EBT	121,795	−564	−1,143	3,422	4,045	391	−56,756	71,189	
Income tax	−12,658	61	213	−25	−598	−33	13,068	27	(6)
Net result	109,137	−503	−930	3,397	3,447	357	−43,689	71,215	

*Other includes Holding Companies and eliminations between the Tower and Holding Companies.

The pro forma adjustments with the respect to the unaudited pro forma consolidated income statement of Towers Group for the year ended December 31, 2022 have a continuing effect.

(1) Total revenues (incl. other operating income) for 2022

Revenues from site rentals - related parties

For all Tower Companies that were not active for the whole year of 2022, based on the MLAs the pro forma revenues including the mandatory upgrade fee were adjusted to a twelve months perspective. For pro forma adjustments related to prices for 2022, the rates agreed in the MLAs for 2023 were discounted with the indexation clause from MLAs, as the clause differs to the version of the lease agreements in place in 2022. Any additional energy cost included in the revenues was adjusted (see Pro Forma Note (2)).

Collocation Partner Revenues

Pro forma adjustments add up the missing periods of collocation partner revenues for generating the pro forma revenues for a full year result.

Provision for Asset Retirement Obligations (ARO)

The effect of the reversal of the provision for asset retirement obligations due to changes in parameters is eliminated as the carrying amount of the related items of property, plant and equipment was revaluated.

Pro Forma Adjustments per Country

Austria

The towers business in Austria was spun-off and run as a business unit within the MNO as of July 4, 2023, including 6,110 Macro Sites. Resulting no intercompany charging was done for the year ended December 31, 2022. This leads based on the MLA to a pro forma adjustment for revenues from leases of 137,942 TEUR. The elimination of income from changes in ARO lead to a pro forma adjustment in other operating income of -1,297 TEUR.

Bulgaria

A1 Bulgaria spun-off its assets and liabilities, including 2,662 Macro Sites, effective on February 2, 2021. For the pro forma revenues, revenue adjustments were made for different indexation clause as part of the MLA (the now valid 3 % cap was retrospectively applied by reducing prices according to MLA for 2023 by the inflation for 2022). This leads to a pro forma adjustment for revenues from leases of 3,143 TEUR. The elimination of income from changes in ARO lead to a pro forma adjustment in other operating income of -298 TEUR.

Croatia

A1 Croatia transferred its assets and liabilities, including 1,540 Macro Sites, effective on November 2, 2021. For the pro forma revenues, revenue adjustments were made for different indexation clause as part of the MLA (the now valid 3 % cap was retrospectively applied by reducing prices according to MLA for 2023 by the inflation for 2022). This leads to a pro forma adjustment for revenues from leases of 3,609 TEUR. The elimination of income from changes in ARO lead to a pro forma adjustment in other operating income of -17 TEUR.

Slovenia

A1 Slovenia transferred its assets and liabilities, including 752 Macro Sites, effective on October 3, 2022. For the pro forma revenues, revenue adjustments were made for different indexation clause as part of MLA (the now valid 3 % cap was retrospectively applied by reducing prices according to MLA for 2023 by the inflation for 2022) and for 2022 revenues from January 1, 2022 to October 2, 2022 were included. This leads to a pro forma adjustment for revenues from leases of 8,004 TEUR. The elimination of income from changes in ARO lead to a pro forma adjustment in other operating income of -18 TEUR.

Serbia

A1 Serbia transferred its assets and liabilities, including 1,566 Macro Sites, effective on November 4, 2022. For the pro forma revenues, revenue adjustments were made for different indexation clause as part of the MLA (the now valid 3 % cap was retrospectively applied by reducing prices according to MLA for 2023 by the inflation for 2022) and for 2022 revenues from January 1, 2022 to November 3, 2022 were included. Furthermore energy cost which will be borne by the Telco operator were excluded from revenues and costs. This leads to a pro forma adjustment for revenues from leases of 17,129 TEUR.

North Macedonia

A1 North Macedonia transferred its assets and liabilities, including 484 Macro Sites, effective on June 30, 2022. For the pro forma revenues, revenue adjustments were made for different indexation clause as part of MLA (the new valid 3 % cap was retrospectively applied by reducing prices according to MLA for 2023 by the inflation for 2022) and for 2022 revenues from January 1, 2022 to June 29, 2022 were included. This leads to a pro forma adjustment for revenues from leases of 2,575 TEUR.

(2) Total cost and expenses for 2022

Pro forma costs and expenses are considered additionally to the Condensed Combined Interim Financial Statements built on top of the condensed combined statement of comprehensive income which present the core operating expenses. Pro forma adjustments add up the missing periods for generating a full year result, and add costs that are not yet accounted for in the Towers Group. The positions of costs and expenses include:

For the employee expenses the targeted staffing for the spin-off was taken as basis for the calculation, including around 20 FTEs working across the Towers Group and holding organization. The delta of the target size of organization and the missing periods for a twelve months database were calculated as a pro forma adjustment.

For the already fully established Tower Companies the actuals for personnel costs were calculated into the full year pro forma results of 2022. In case of not yet established organizational units and functions (e.g. EuroTeleSites AG), the expenses were adjusted via targeted staffing and average planned cost for the respective positions and modelled into the year 2022. Employee related expenses as training, voluntary social expenditure, taxes are included.

The following tables set out expected breakdowns of the employees following the registration of the Austrian Towers Business Spin-off by geography respectively.

Country	Number of full-time equivalents (FTEs)
Austria	74
Bulgaria	36
Croatia	26
Slovenia	8
Serbia	19
North Macedonia	10
Total	173

Pro forma adjustments relate to around 20 FTEs working across the Towers Group as well as two Board Members, all placed in Austria that will only be effective from Q3 2023.

The A1 Group Global Business Service Center in Bulgaria is providing a major part of the revolving finance and accounting activities. These are presented as costs for external workforce in the unaudited pro forma consolidated income statements of Towers Group for the year ended December 31, 2022.

In MLA energy for active equipment including cooling and ventilation is provided by the anchor tenant (A1 Group companies) or fully compensated (and netted in operating expenses). The clause has been changed from the lease agreements in place in 2022 when Towers Group was presenting energy cost also for cooling and ventilation in operating expenses. The pro forma adjustments therefore reduce energy costs by costs which are borne by the Telco operator under the MLAs.

Other expenses include costs for shared IT services, external services such as audit or tax and legal support, cover insurance costs (for network insurance) as well as office space. The pro forma adjustments are adding additional costs for the missing periods of operation, and adding additional expenses located in the holding for services yet to be established (insurances, audit).

This leads to pro forma adjustments for total costs and expenses for Austria of -202 TEUR, Bulgaria of 322 TEUR, Slovenia of 649 TEUR, Serbia of 480 TEUR, North Macedonia of 758 TEUR and Other of 5,207 TEUR.

(3) Depreciation and amortization for 2022

The pro forma adjustments for depreciation and amortization result from the change in useful lifes as well as the higher depreciation base due to the asset revaluation and are as follows: Austria 4,144 TEUR, Bulgaria 1,770 TEUR, Croatia 3,501 TEUR, Slovenia 1,928 TEUR, Serbia 4,393 TEUR and North Macedonia 863 TEUR.

(4) Depreciation of right-of-use assets for 2022

The pro forma adjustments for depreciation of right-of-use assets result from the reassessment of right-of-use assets and are as follows: Austria -944 TEUR, Bulgaria -1,370 TEUR, Croatia -975 TEUR, Slovenia 1,210 TEUR, Serbia 4,673 TEUR and North Macedonia 236 TEUR.

(5) Financial result for 2022

The pro forma adjustment of interest expense of 51,552 TEUR for Other on financial liabilities at amortized cost presents the annual interest expenses of the transferred debt of 1.031bnEUR, which was assessed with a 5% interest rate.

The pro forma adjustment of interest expense for Austria (11,851 TEUR), Bulgaria (2,688 TEUR), Croatia (2,207 TEUR), Slovenia (776 TEUR), Serbia (3,537 TEUR) and North Macedonia (327 TEUR) result from the interest expense on the reassessed lease liabilities.

(6) Income tax for 2022

The income tax presented in the unaudited pro forma consolidated income statement for the year ended December 31, 2022 was calculated by applying the current tax rate per country to the pre-tax income of the respective country.

Following effective tax rates per country for the year ended December 31, 2022 were used:

	Austria	Bulgaria	Croatia	Slovenia	Serbia	North Macedonia
December 31, 2022	25%	10%	18%	19%	15%	10%

This lead to a pro forma adjustment in income tax of 12,658 TEUR for Austria, -61 TEUR for Bulgaria, -213 TEUR for Croatia, 25 TEUR for Slovenia, 598 TEUR for Serbia, 33 TEUR for North Macedonia and -13,068 TEUR for Other.

Pro Forma Adjustments to the Unaudited Pro Forma Consolidated Income Statement of Towers Group for the six months ended June 30, 2023

in TEUR

Pro Forma Adjustments	Austria	Bulgaria	Croatia	Slovenia	Serbia	North Macedonia	Other*	Total	Pro Forma Notes
1-6/2023									
Revenues from leases	71,249	247	942	114	653	65	-	73,270	(7)
Other operating income	−571	−105	−3	−22	−37	1	-	−736	(7)
Total revenues (incl. other operating income)	70,679	143	939	93	616	66	-	72,534	
Total cost and expenses	−797	−145	−12	492	−169	−40	−2,629	−3,299	(8)
Earnings before interest, tax, depreciation and amortization - EBITDA	69,881	−2	927	585	447	24	−2,629	69,234	
Depreciation and amortization	−11,568	−1,001	−1,974	−510	−1,747	−404	-	−17,204	(9)
Depreciation of right-of-use assets	199	624	401	173	655	33	-	2,086	(10)
Operating income - EBIT	58,512	−379	−646	247	−645	−347	−2,629	54,116	
Interest income	-	-	-	-	-	-	-	-	
Interest expense	−4,954	−1,403	−1,405	−395	−1,736	−233	−25,841	−35,968	(11)
thereof interest expense on lease liabilities	*−4,954*	*−1,021*	*−1,069*	*−333*	*−1,239*	*−111*	-	*−8,728*	*(11)*
thereof other interest expense	-	*−382*	*−337*	*−62*	*−497*	*−121*	*−25,841*	*−27,240*	*(11)*
Foreign currency exchange differences, net	-	-	-	-	-	-	-	-	
Financial result	−4,954	−1,403	−1,405	−395	−1,736	−233	−25,841	−35,968	
Earnings before income tax - EBT	53,558	−1,782	−2,051	−148	−2,381	−580	−28,470	18,149	
Income tax	−4,213	194	370	51	543	128	6,522	3,594	(12)
Net result	49,345	−1,588	−1,681	−97	−1,838	−452	−21,948	21,742	

*Other includes Holding Companies and eliminations between the Tower and Holding Companies.

The pro forma adjustments with the respect to the unaudited pro forma consolidated income statement of Towers Group for the six months period ended June 30, 2023 have a continuing effect.

(7) Total revenues (incl. other operating income) for 1-6/2023

Revenues from site rentals - related parties

For all Tower Companies revenues were adjusted to the MLAs. Any additional energy cost included in the revenues was adjusted (see Pro Forma Note (8)).

Provision for Asset Retirement Obligations (ARO)

The effect of the reversal of the provision for asset retirement obligations due to changes in parameters is eliminated as the carrying amount of the related items of property, plant and equipment was revaluated.

Pro Forma Adjustments per Country

Austria

The towers business in Austria was spun-off and runs as a business unit within the MNO as of July 4, 2023, including 6,110 Macro Sites. Resulting no intercompany charging was done until six months ended June 30, 2023. This leads based on the MLA to a pro forma adjustment for revenues from leases of 71,249 TEUR. The elimination of income from changes in ARO leads to a pro forma adjustment in other operating income of -571 TEUR.

Bulgaria

The changed MLA leads to a pro forma adjustment for revenues from leases of 247 TEUR. The elimination of income from changes in ARO lead to a pro forma adjustment in other operating income of -105 TEUR.

Croatia

The changed MLA leads to a pro forma adjustment for revenues from leases of 942 TEUR. The elimination of income from changes in ARO lead to a pro forma adjustment in other operating income of -3 TEUR.

Slovenia

The changed MLA leads to a pro forma adjustment for revenues from leases of 114 TEUR. The elimination of income from changes in ARO lead to a pro forma adjustment in other operating income of -22 TEUR.

Serbia

The changed MLA leads to a pro forma adjustment for revenues from leases of 653 TEUR. The elimination of income from changes in ARO lead to a pro forma adjustment in other operating income of -37 TEUR.

North Macedonia

The changed MLA leads to a pro forma adjustment for revenues from leases of 65 TEUR. The elimination of income from changes in ARO lead to a pro forma adjustment in other operating income of 1 TEUR.

(8) Total cost and expenses for 1-6/2023

Pro forma adjustments refer to costs that are not yet accounted for in the Towers Group. The positions of costs and expenses include:

For the employee expenses the targeted staffing for the spin-off was taken as basis for the calculation, including around 20 FTEs working across the Towers Group and holding organization. The delta of the target size of organization was calculated as a pro forma adjustment.

In case of not yet established organizational units and functions (e.g. EuroTeleSites AG), the expenses were adjusted via targeted staffing and average planned cost for the respective positions and modelled into the six months ended June 30, 2023. Employee related expenses as training, voluntary social expenditure, taxes are included.

The following tables set out expected breakdowns of the employees.

Country	Number of full-time equivalents (FTEs)
Austria	74
Bulgaria	36
Croatia	26
Slovenia	8
Serbia	19
North Macedonia	10
Total	173

Pro forma adjustments relate to around 20 FTEs working across the Towers Group as well as two Board Members, all placed in Austria that will only be effective from Q3 2023.

The A1 Group Global Business Service Center in Bulgaria is providing a major part of the revolving finance and accounting activities. These are presented as costs for external workforce in the unaudited pro forma consolidated income statement of Towers Group for the six months ended June 30, 2023.

In MLA energy for active equipment including cooling and ventilation is provided by the anchor tenant (A1 Group companies)- or fully compensated (and netted in operating expenses). The clause has been changed from the lease agreements in place before the conclusion of the MLAs when Towers Group was presenting energy cost also for cooling and ventilation in operating expenses. The pro forma adjustments therefore reduce energy costs by costs which are borne by the Telco operator under the MLA.

Other expenses include costs for shared IT services, external services such as audit or tax and legal support, cover insurance costs (for network insurance) as well as office space. The pro forma adjustments include adding additional expenses located in the holding for services yet to be established (insurances, audit).

This leads to pro forma adjustments for total costs and expenses for Austria of 797 TEUR, Bulgaria of 145 TEUR, Croatia of 12 TEUR, Slovenia of -492 TEUR, Serbia of 169 TEUR, North Macedonia of 40 TEUR and Other of 2,629 TEUR.

(9) Depreciation and amortization for 1-6/2023

The pro forma adjustments for depreciation and amortization result from the higher depreciation base due to the asset revaluation and are as follows: Austria 11,568 TEUR, Bulgaria 1,001 TEUR, Croatia 1,974 TEUR, Slovenia 510 TEUR, Serbia 1,747 TEUR and North Macedonia 404 TEUR.

(10) Depreciation of right-of-use assets for 1-6/2023

The pro forma adjustments for depreciation of right-of-use assets result from the reassessment of right-of-use assets and are as follows: Austria -199 TEUR, Bulgaria -624 TEUR, Croatia -401TEUR, Slovenia -173 TEUR, Serbia -655 TEUR and North Macedonia -33 TEUR.

(11) Financial result for 1-6/2023

The pro forma adjustment of interest expense of 25,841 TEUR for Other on financial liabilities at amortized cost presents the annual interest expenses of the transferred debt of 1.031bn EUR, which was assessed with a 5.1% interest rate.

The pro forma adjustment of interest expense for Austria (4,954 TEUR), Bulgaria (1,403 TEUR), Croatia (1,405 TEUR), Slovenia (395 TEUR), Serbia (1,736 TEUR) and North Macedonia (233 TEUR) result from the interest expense on the reassessed lease liabilities.

(12) Income tax for 1-6/2023

The income tax presented in the unaudited pro forma consolidated income statement for the six months ended June 30, 2023 was calculated by applying the current tax rate per country to the pre-tax income of the respective country.

Following effective tax rates per country for the six months ended June 30, 2023 were used:

	Austria	Bulgaria	Croatia	Slovenia	Serbia	North Macedonia
June 30, 2023	24%	10%	18%	19%	15%	10%

This lead to a pro forma adjustment in income tax of 4,213 TEUR for Austria, -194 TEUR for Bulgaria, -370 TEUR for Croatia, -51 TEUR for Slovenia, -543 TEUR for Serbia, -128 TEUR for North Macedonia and -6,522 TEUR for Other.

Pro Forma Adjustments to the Unaudited Pro Forma Consolidated Statement of Financial Position of Towers Group as of June 30, 2023

Pro Forma Adjustments in TEUR, as of June 2023	Austria	Bulgaria	Croatia	Slovenia	Serbia	North Macedonia	Other*	Total Pro Forma Adjustments	Pro Forma Notes
ASSETS									
Current assets									
Receivables due from related parties	14,250	-	-	-	-	-	-	14,250	(13)
Total current assets	14,250	-	-	-	-	-	-	14,250	
Non-current assets									
Property, plant and equipment, net	712,806	127,771	123,788	49,952	104,239	23,708	-	1,142,263	(14)
Right-of-use assets, net	138,671	19,512	20,781	5,151	27,060	−741	-	210,435	(15)
Deferred income tax assets	-	−358	−1,493	−1,167	−367	−106	−177	−3,668	(16)
Total non-current assets	851,477	146,924	143,076	53,936	130,932	22,861	−177	1,349,030	
TOTAL ASSETS	865,727	146,924	143,076	53,936	130,932	22,861	−177	1,363,280	
LIABILITIES AND EQUITY									
Current liabilities									
Lease liabilities short-term	−3,390	−2,775	−1,441	−373	−1,257	−133	-	−9,368	(15)
Accounts payable	2,375	-	-	-	-	-	29	2,404	(17)
Total current liabilities	−1,015	−2,775	−1,441	−373	−1,257	−133	29	−6,964	
Non-current liabilities									
Long-term debt	-	-	-	-	-	-	1,031,000	1,031,000	(18)
Lease liabilities long-term	154,859	20,035	23,303	7,248	25,885	−691	-	230,640	(15)
Deferred income tax liabilities	161,002	12,644	20,594	7,997	15,633	2,273	-	220,143	(16)
Total non-current liabilities	315,861	32,680	43,897	15,245	41,518	1,582	1,031,000	1,481,782	
Equity									
Net investment of parent	550,881	117,020	100,621	39,065	90,670	21,412	−1,031,206	−111,538	(19)
Total equity	550,881	117,020	100,621	39,065	90,670	21,412	−1,031,206	−111,538	
TOTAL LIABILITIES AND EQUITY	865,727	146,924	143,076	53,936	130,932	22,861	−176	1,363,280	

*Other includes Holding Companies and eliminations between the Tower and Holding Companies.

(13) Receivables due from related parties

MLA includes a 30 day payment term therefore 1/12 of the yearly revenues generated in Austria in the pro forma adjustments was considered as additional receivables (including the related VAT). This leads to a pro forma adjustment in receivables due from related parties for Austria of 14,250 TEUR.

(14) Property, plant and equipment net

The pro forma adjustments for property, plant and equipment, net relate to the revaluation of the transferred infrastructure assets in accordance with IAS 16 that is planned to be done by Towers Group. All transferred assets had their asset value adjusted with the discounted cash flows generated over the 24 years overall contract period, considering the MLA revenues, lowered by operating expenses, cash leases and investments that are required to keep the infrastructure in good shape. An external expert opinion was obtained to assess and confirm the extension of the useful life of the infrastructure to the upcoming 24 years. The assessment considers MLA prices, an inflation assumption that is in line with the inflation target of the European Union with a long term 2.0% inflation target (and the translation into the annual leases), and discounts it using WACCs as of June 30, 2023 ranging between 6.0% (Austria) and 9.43% (North Macedonia). In total adjustments sum up to around 1.1 bn euro. The methodology was applied throughout all markets based on MLA prices all operational costs and investments.

The following table illustrates the effects on property, plant and equipment, net caused by the revaluation as of June 30, 2023:

as of June 30, 2023 in TEUR	Austria	Bulgaria	Croatia	Slovenia	Serbia	North Macedonia	Total
Property, plant and equipment, net revaluated assets	879,338	139,269	143,529	61,300	121,542	26,039	1,371,017
Property, plant and equipment, net Unaudited Condensed Combined Interim Financial Statements	166,532	11,499	19,741	11,348	17,303	2,332	228,754
Revaluation as of June 30, 2023	712,806	127,771	123,788	49,952	104,239	23,708	1,142,263

(15) Right-of-use assets, net, Lease liabilities short-term and Lease liabilities long-term

Following the spin-off approval by the Extraordinary General Meeting on August 1, 2023 a re-assessment of the lease liabilities and right-of-use assets is required. For quantification of the pro forma adjustments in relation to this re-assessment the following assumptions were made: non-cancellable periods of the leases (including extension options/termination options within an eight year term), an interest rate range between 3.7% (Austria) and 9.2% (North Macedonia) and payment in arrears.

The following table illustrates the pro forma adjustments of right-of-use (“**RoU**”) assets and lease liabilities as of June 30, 2023:

in TEUR, as of June 30, 2023		**Pro forma adjustments**	
	Right-of-use assets, net	Lease liabilities short-term	Lease liabilities long-term
Austria	138,671	−3,390	154,859
Bulgaria	19,512	−2,775	20,035
Croatia	20,781	−1,441	23,303
Slovenia	5,151	−373	7,248
Serbia	27,060	−1,257	25,885
North Macedonia	−741	−133	−691
Group	210,435	−9,368	230,640

(16) Deferred income tax assets and Deferred income tax liabilities

The pro forma adjustment in deferred tax assets and liabilities is related to the revaluation of the towers, which is not recognized for tax purposes by adjusting deferred taxes with the pro forma change for property, plant and equipment, net multiplied by the applicable tax rate in the relevant country, as well as the change related to the right-of-use assets and lease liabilities.

This leads to a pro forma adjustment in deferred income tax assets in Bulgaria of -358 TEUR, in Croatia -1,493 TEUR, in Slovenia -1,167 TEUR, in Serbia -367 TEUR, in North Macedonia -106 TEUR and Others -177 TEUR as well as changes in the deferred income tax liabilities in Austria of 161,002 TEUR, in Bulgaria of 12,644 TEUR, in Croatia 20,594 TEUR, in Slovenia 7,997 TEUR, in Serbia 15,633 TEUR and in North Macedonia 2,273 TEUR.

(17) Accounts Payable

The pro forma adjustment of the accounts payables relate to additional VAT liabilities from additional MLA revenues. This leads to a pro forma adjustment of 2,375 TEUR for Austria and Others 29 TEUR for Other.

(18) Long-term Debt

The pro forma adjustment of the long-term debt results from the transferred debt of 1.031bn EUR included in Other.

(19) Net investment of parent

The pro forma adjustment of net investment of parent represents the effect of the pro forma adjustments outlined above on the equity and amount to 550,881 TEUR for Austria, 117,020 TEUR for Bulgaria, 100,621 TEUR for Croatia, 39,065 TEUR for Slovenia and 90,670 TEUR for Serbia 21,412 TEUR for North Macedonia and -1,031,206 TEUR for Others.

Vienna, September 18, 2023
The Management Board of Telekom Austria Aktiengesellschaft

CEO Alejandro Plater

Deputy CEO Thomas Arnoldner

INDEPENDENT PRACTITIONERS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS

To Telekom Austria Aktiengesellschaft, Vienna

We have completed our assurance engagement to report on the compilation of pro forma financial information as of June 30, 2023 of Towers Group (the "Group") as of June 30, 2023 by Telekom Austria Aktiengesellschaft. The pro forma financial information comprises a pro forma consolidated income statement for the year ended December 31, 2022, a pro forma consolidated income statement for the six months ended June 30, 2023, a pro forma consolidated statement of financial position as of June 30, 2023 and the related pro forma notes. The applicable criteria on the basis of which Telekom Austria Aktiengesellschaft has compiled the pro forma financial information are described in the Commission Delegated Regulation (EU) 2019/980 of March 14, 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004, Annex 20 Pro Forma Information and are described in the pro forma notes.

The pro forma financial information has been compiled by Telekom Austria Aktiengesellschaft to illustrate the impact of the transaction set out in the pro forma notes, Section "Reorganization", on the Group's financial position as at June 30, 2023 and its financial performance for the six months ended June 30, 2023 and the year ended December 31, 2022, as if the transaction had taken place at January 1, 2022, respectively. As part of this process, information about the Group's financial position and financial performance has been extracted by Telekom Austria Aktiengesellschaft from the Group's condensed combined financial statements as of and for the year ended December 31, 2022 on which an independent auditor's report has been published.

Telekom Austria Aktiengesellschaft's Responsibility for the Pro Forma Financial Information

Telekom Austria Aktiengesellschaft is responsible for compiling the pro forma financial information on the basis stated in the pro forma notes and that this basis is consistent with the accounting policies of the Group.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

The firm applies International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioners' responsibilities

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by Telekom Austria Aktiengesellschaft on the basis stated in the pro forma notes and whether this basis is consistent with the accounting policies of the Group.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the International Auditing and Assurance Standards Board. This standard requires that the practitioner plan and perform procedures to obtain reasonable assurance about whether Telekom Austria Aktiengesellschaft has compiled the pro forma financial information on the basis stated in the pro forma notes and whether this basis is consistent with the accounting policies of the Group.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction at January 1, 2022 as well as at June 30, 2023 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by Telekom Austria Aktiengesellschaft in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the practitioner's judgment, having regard to the practitioner's understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances. The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma financial information has been properly compiled on the basis stated in the pro forma notes and that basis is consistent with the accounting policies of the Group.

Vienna, September 19, 2023

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.

Unterschrieben
Marion Raninger
qualifiziert elektronisch unterfertigt

Unterschrieben
Severin Eisl
qualifiziert elektronisch unterfertigt

Mag. Marion Raninger
Wirtschaftsprüferin / Certified Public Accountant

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Prüfinformation	Informationen zur Prüfung des elektronischen Siegels bzw. der elektronischen Signatur finden Sie unter: https://www.signaturpruefung.gv.at Informationen zur Prüfung des Ausdrucks finden Sie unter: https://www.fma.gv.at/amtssignatur	
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