EuroTeleSites

BUILDING EUROPE´S DIGITAL INFRASTRUCTURE

Annual Financial Report 2023

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CFO **Lars Mosdorf** CEO **Ivo Ivanovski**

DEAR SHAREHOLDERS!

As we conduct this interview, more than four months have already passed since EuroTeleSites was listed in the Prime Market of the Vienna Stock Exchange. It is time to evaluate the first 100 days in operations and to look what will be awaiting us and you, our shareholders, in the near future.

In the course of 2023, all the necessary approvals have been granted to start spinning-off the tower assets from A1 Group. The decision was based on the fact that the new company could offer strategically important perspectives and a long-term stable ownership structure. Also, it guaranteed a faster and more efficient network rollout, which will benefit both customers and the business location. Tower assets have been spun-off in many places and transferred to independent companies - outstanding is that EuroTeleSites is the third largest TowerCo in Europe to be listed on the stock exchange and it ranks among the top 30 companies worldwide.

In the last quarter of 2023, the European economy faced a slowdown due to elevated living costs, subdued external demand, and monetary tightening. In October, inflation in the Euro area hit a two-year low and is expected to continue decreasing in the forecasted period. Conversations regarding European tower companies (TowerCos) and their control over infrastructure assets have been initiated. In recent years, there has been a noticeable trend towards independent tower ownership, propelled by significant M&A transactions. Simultaneously, the European tower market is essentially closed due to market saturation and rising inflation, making it challenging to finance new deals amid diminishing assets. Success in the future lies with TowerCos that can adeptly balance speed and efficiency, offering a streamlined and cost-effective solution beyond what Communication Service Providers (CSPs) can achieve independently. The upcoming business year will be both an interesting and challenging one with EuroTeleSites as a leading provider in a fast-growing and highly attractive market that affects all areas of life and operating in an environment with a high degree of stability and predictability, being able to guarantee strong cash flows and well equipped towards upcoming challenges.

In its first financial statement as a listed company, EuroTeleSites showcased robust performance, with key financial indicators reflecting strength. Revenue amounted to TEUR 71,916, driven by the strong anchor tenant A1 and rising third party revenues, and EBITDAaL at TEUR 40,084. EBITDAaL margin demonstrated resilience at 56%, underscoring operational efficiency. Noteworthy KPIs included CAPEX of TEUR 27,273, 13,465 sites and a Free Cashflow of TEUR 17,219, emphasizing the company's strategic focus with a planned CAPEX of 20% from revenues for 2024. The outlook remains optimistic, with management projecting sustained growth fueled by the construction of new sites, 5G upgrades for A1 and expanding third party revenues. Shareholders can expect continued value creation, as EuroTeleSites positions itself for long-term success in the dynamic market landscape.

With regards to 2024, EuroTeleSites is acting within an evolving telco landscape, which is driven by technological advancements and market demands. We will do everything in our power to embrace innovation, adapt to changing market dynamics and explore new avenues to successfully cope with challenges and be well prepared for the future. As the responsible management board, we will capitalize on opportunities and strategically manage risks to be well-positioned to thrive in an industry that plays a pivotal role in supporting the growing demand for connectivity and emerging technologies. Collaboration with telecom operators, innovation in services and a commitment to sustainability will be crucial for EuroTeleSites´ long-term success.

On behalf of all our employees, we would like to thank you for your trust and your investment in our company. Your commitment is crucial to our success!

We hope you enjoy reading this report and immerse yourself in the exciting world of the European tower industry and EuroTeleSites in particular!

Best regards!

CEO **Ivo Ivanovski**

CFO **Lars Mosdorf**

Talking with CEO Ivo Ivanovski & CFO Lars Mosdorf

September 22, 2023 was a very special day: not only was it exceptionally warm for the time of year, but Wallnerstrasse 19, the headquarters of the Vienna Stock Exchange, was already very busy early in the morning as the second listing of the year was about to take place: EuroTeleSites, which was spun-off from A1 Group, was listed on the stock exchange and we could hear the famous bell ringing right after 9 AM: EuroTeleSites had successfully launched on the stock exchange. How do you recapture this memorable moment?

Ivo Ivanovski

"It was an extraordinary moment! All the hard work and dedication of multiple teams across all countries for over two years was acknowledged by the ringing of the bell at the Vienna Stock Exchange. It was the finale of a successful spin-off project and the commencement of EuroTeleSites. Reaching this goal was not easy. The bare fact that EuroTeleSites is in six countries, the unique jurisdictions multiplied the complexity of the execution. Gratefully we had a very competent team of internal experts, supported by external advisors, that made this happen.

Preceding this milestone was an intensive period of the collaboration with the rating agencies in order to receive two positive investment grade ratings, followed by an investor road show and a successful MEUR 500 bond listing, alongside in parallel preparing the company for its independency and selecting the team to run EuroTeleSites. It has been quite a ride, an emotional roller-coaster ride."

The listing was a milestone and the finale of the successfully implemented spin-off project. CEO **Ivo Ivanovski**

Lars Mosdorf

"The listing marked the 'birth' of EuroTeleSites. We became an independent company and a neutral host, providing passive infrastructure to our anchor tenant but likewise to all other interested customers. Surely, the bell ringing was a memorable day. We are the third largest listed European TowerCo. Personally, I am full of gratitude for a strong and experienced team and honoured to be part of this journey."

How come it took more than two years to implement the „spin-off and listing" project? After all, this industrial strategy has already been successfully implemented for many years globally.

Ivo Ivanovski

"Such a transaction is not common in the jurisdictions that we operate. Obtaining the approvals from all authorities was not a straightforward process. In a few countries this was the first spin-off case and they took their time. After we were successful with the spin-offs in the CEE countries, we began the Austrian case. The primary objective was an unconditional approval and not so much the elapsed time."

ON THE ECONOMIC ENVIRONMENT SURROUNDING THE LISTING

The situation in Europe in particular, has been quite tense in recent years, partly due to the pandemic and global supply chain problems. The war in Ukraine has further created tougher conditions for the economy. As a cause of this, inflation has been galloping in some areas, energy costs have risen, and interest rates are high. Did the listing come at the right time and what criteria were decisive for going public?

Lars Mosdorf

"Indeed, the framework conditions were not in a gloomy mood: we faced a rather challenging stock market environment. However, the overall demand for telecommunication services has been stable and steadily growing. Furthermore, the spin-off was a strategic decision based on the benefits of such a separation: Many European telcos have already realized value creation from the split of the radio tower business. In our case, the value creation overreached more than one billion Euros combining value creation of A1 Group and EuroTeleSites since February 6, 2023, since the announcement of the spin-off. During our roadshows and investor conversations we sensed a big interest in long-term oriented and profitable infrastructure investments. Therefore, EuroTeleSites offers a well-established tower infrastructure in combination with potentials of growth and long-lasting anchor tenant contracts."

We will continue to boost our growth with prime locations and top services.

CFO **Lars Mosdorf**

ON FINANCING THE LISTING

Let's stick to the figures. EuroTeleSites received around 13.200 towers as dowry from A1 Telekom Austria Group. This leads to one billion euros in debt. How can you not only float a company on the stock exchange under a leverage of around 8 times, but also get it up and running? How was the financing arranged?

Lars Mosdorf

"The locations of the towers have been established over many years. Our existing footprint allows us to market prime locations with potential for additional tenants. Therefore, we believe that a solid revenue growth is achievable. Profitable margins with potential for further improvements, high revenue visibility and predictable cash flow bring stability. Through growth and a four year no-dividend policy we are optimistic to deleverage significantly in the next four years, including a certain reduction in debt.

For now, we are solidly financed: a 5-year MEUR 500 bond (2023-2028), coupon: 5.25% and MEUR 500 bullet syndicated loan build the fundament. In addition, we signed a MEUR 75 revolving credit facility.

Furthermore, we strive to keep our investment grade rating from Moody's (Baa2) and Fitch (BBB-)."

ON THE NECESSITY TO FOLLOW ESG GUIDELINES

EuroTeleSites emphasizes sustainability. On the one hand, radio towers consume a lot of resources, on the other hand, smart planning helps to save some of them.

Lars Mosdorf

"The underlying idea of TowerCos as infrastructure providers is that it is more sustainable to operate towers by increasing the number of tenants per radio tower. We need to keep in mind that our overall data consumption is expected to double every 2-3 years. This leads to a higher usability of each tower and therefore to a more sustainable resource consumption per tenant.

Due to the massive usage of concrete and steel, TowerCos play a significant role in reducing their carbon footprint. The reduction in the usage of materials like steel and concrete lead to a decrease in CO_2 emissions during construction and maintenance of telecom infrastructure.

Additionally, higher efficiency promotes the reduction of soil sealing, preserving natural landscapes and biodiversity. They also prioritize landscape protection by encouraging the use of environmentally friendly materials and practices during infrastructure deployment.”

ON THE MARKET ENVIRONMENT IN CEE

Let us evaluate EuroTeleSites´ position within its footprint: where does the company stand in the European ranking, what is the market environment like and who are the customers or which customers would you like to bring on board?

Ivo Ivanovski

“We own the largest portfolio of towers within our footprint. With now over 13,400 strategically placed sites, well balanced greenfield and rooftops, understandably we are a leading provider. A large percentage of our towers are in countries where A1 Group is a clear mobile market leader. A1, our anchor tenant, is a leading provider of telecommunications infrastructure in CEE with a strong track record of excellence and ambitions growth plans. Thus, we are in the position to support the expansion plans of our anchor tenant and provide equal quality of service for all of the other customers, telcos or non-telcos.

In the European perspective, we are the third largest listed tower company in Europe. We have seen other TowerCos arising within our footprint and a few more will come. The valuations of the TowerCos have significantly decreased from the 2020 highs and are near the 2016 valuations. However, as inflation normalizes and interest rates decrease, valuations of the infrastructure companies are expected to increase and the investors will reposition again.”

ON THE USP OF EUROTELESITES

For more than 20 years, radio towers have been deployed, making a valuable contribution to and supporting modern economies with digitalization. They play a key role in the introduction of 5G and the further expansion of nationwide mobile network coverage. EuroTeleSites is the youngest TowerCo in Europe – what makes it unique compared to its competitors and why should customers choose EuroTeleSites?

Ivo Ivanovski

“In our largest market, Austria, we have the passive infrastructure of the incumbent telecom so it is a fair assumption that we enjoy the prime locations and a very solid geographical coverage - similarly in the countries where A1 Group is mobile market leader. Aside from the technical advantage we are fortunate that the majority of our employees are senior experts that came from the telco and they do possess the knowledge necessary to improve EuroTeleSites. Since historically telcos were not sharing their sites, keeping them as advantage vs. its peers, now our intentions are the opposite. I strongly believe in our team and that we will significantly increase the tenancy ratio which translates to higher revenues and a better EBITDAaL.

We have a solid lease agreement with the anchor tenant in place. The indexation cap amounts to 3% or 85% of the local inflation. A1 Group has plans to build another 1,000 mobile sites within the next five years and I believe EuroTeleSites will be the most competitive in this area.

Besides the towers we invest in sustainable solutions such as solar and wind. Our business model is characterized to be strong and stable, offering significant visibility on reliable and growing revenues and cash flows. We expect to deliver a solid revenue growth in 2024 of around 5%.”

ON THE RELEVANT FINANCIAL FIGURES

Can you already give an outlook on the future business in terms of investments and guidance, but also on innovative developments and systems. Let us take a look into the future and discuss your expectations and challenges for 2024!

Ivo Ivanovski

“We have had a solid start and delivered results that were in line with our expectations. We had successfully dealt with the challenges after the listing and we can now focus all of our attention on delivering quality service for our customers, being more efficient in the processes and generate additional revenues from MNOs as well as non-MNOs. Regarding the investments we will have a stable CAPEX of approximately 20% from revenues which will be utilized for new towers as well as upgrading the existing ones. In 2024, we will not see a 5G spectrum auction in Serbia, which means we will reshuffle our investment plans within EuroTeleSites. In the rest of the countries, 5G coverage obligations are yet to be achieved, so we are preparing our towers to service the requirements of the MNOs to be successful.

Regarding EBITDAaL, we will be growing in line with the peers, and we shall end 2024 with a strong Free Cashflow. Our intentions are to deleverage the company as fast as possible while performing in line or better than our peers. Inflation shall normalize and the TowerCos that have no inflationary limits in their service agreements cannot stand out as much.

We are exploring alternative energy solutions, and we will continue with our solar and wind investments. In Serbia we have reached a milestone with 306 solar panels on the sites. The energy is used for the tower operations. The dependency of the backup generators will continue to decrease, we are building hybrid solutions and there will be completely a removal when the electricity grid connectivity is possible.”

Lars Mosdorf

“EuroTeleSites has the privilege to own an infrastructure in the ‘pole position’: Our strategically located tower network has been developed systematically over many years. EuroTeleSites’ second privilege is its people: a combination of longstanding knowledge and experience on the one hand, and an agile spirit, being hungry to create Central Europe’s digital infrastructure, on the other. Ivo Ivanovski mentioned our perspective for 2024: a year in which we will continue to grow with our anchor tenant, strengthen third party business and explore additional business opportunities. Internally, we will further digitalize our asset management with the help of forward-looking IT solutions, and we will foster efficient processes, like group wide procurement. Building up a new company is exciting: one can transfer from strategy and concept to reality, to shape and design and to adapt alongside the way to come to a sustainable and favorable long-lasting solution. I believe to speak on behalf of our team, that this is what drives us – for the benefit of our shareholders, customers and the company itself.”

ON THE STRATEGIC DIRECTION

The management boards of corporate companies play a special role, as they navigate their companies through geopolitical headwinds with foresight and prudence. How does the strategic direction look like, in order to be appropriately positioned for the near future and where would the shareholders recognize your signature?

Ivo Ivanovski

“The CEO role is the intersection of all contradictions. Our strategy encompasses delivering short-term results versus investing in long-term performance, do we capture swift opportunities or long diligent analyses. You need to master apparent contradictions to create positive and mutually reinforcing outcomes. I strive to lead our team through effective task allocation to successfully implement the strategy we have defined.

With my previous job as the Director of M&A, International Affairs and Regulation in A1 Group and previously with my governmental experience, I have been fortunate to meet the current leaders of the region and understand the challenges and plans of their countries. Predictable and stable business environment is paramount in any business but especially in our infrastructure. The EU enlargement with Serbia and North Macedonia is necessary and a single market with uniformed legislation and regulation is something that we are looking forward. EuroTeleSites will drive technological advancements and address market demands while embracing proven innovation and adapting to the market dynamics. We are constantly striving for new revenue avenues while improving our efficiency. Our broad cultural people diversity provides us with opportunities where together we can do great things and enable EuroTeleSites to grow.

Respecting the past and creating continuity while disrupting the future – that is our strategy.”

Lars Mosdorf

“Mobile phone towers form the foundation of today’s digital life – they are so to speak the strategic backbone with a societal dimension. Infrastructure per se is of economic statewide relevance and serves general interests. Dependable leadership needs to orchestrate and meet the requirements of its stakeholders and shareholders. With nearly eighteen years of experience, I have navigated those infrastructural interfaces, developed and executed forward looking strategies, enhanced efficiency, drove digital transformation, and formed proficient teams to bolster organizational processes. I am dedicated to contributing all of that to further grow the prosperity of EuroTeleSites.”

The interview was held by Ursula Novotny, press spokesperson, EuroTeleSites.

GROUP MANAGEMENT REPORT

Key financial data of EuroTeleSites

	December 31, 2023
Number of sites	13,465
Number of tenants	16,521
Average number of tenants per site (Tenancy Ratio)	1.23

in TEUR	September 22 – December 31, 2023
Revenues	71,916
Earnings before interest, tax, depreciation and amortization – EBITDA	60,431
EBITDA Margin	84.0%
Total Leases (depreciation of right-of-use assets)	15,862
Interest on leases	4,485
EBITDAaL – after lease	40,084
EBITDAaL Margin	55.7%
Depreciation and amortisation	14,112
EBIT	30,457
Free Cashflow	17,219
CAPEX	27,273

Business environment

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

Starting from a high level at the end of 2022, inflation rates fell over the course of 2023 in both the U.S. and Europe. In the U.S., inflation fell from a high of 9.10% in June 2022 to 6.45% at the beginning of 2023, before reaching its lowest level since March 2021 at 3.20% in October 2023. In the Eurozone, inflation peaked at 10.60% in October 2022 and fell over the course of 2023, from 8.60% at the beginning of the year to 2.40% in November 2023.

In the year under review, the U.S. Federal Reserve raised its key short-term interest rate in four steps from a range of 4.25% to 4.50% to between 5.25% and 5.50%[1]. The European Central Bank carried out a total of six interest rate hikes in 2023, increasing the rates on the main refinancing operations, the rates on the marginal lending facility, and the deposit facility from 2.50%, 2.75% and 2.00% to 4.50%, 4.75% and 4.00%, respectively[2]. On June 15, 2023, the European Central Bank also announced that the reinvestment of assets in the Asset Purchase Program would be discontinued from July 2023[3].

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

According to the World Economic Outlook published by the International Monetary Fund in October 2023, global economic growth was expected to fall from 3.50% in 2022 to an average of 3.00% in 2023 and 2.90% in 2024. However, there are significant changes in the underlying growth curves of the major economies, with stronger forecasts for the U.S. and downward revisions for China and the Eurozone. Growth in the Eurozone is expected to fall from 3.30% in 2022 to 0.70% in 2023, before rising to 1.20% in 2024. The forecast has been revised downwards by 0.20 and 0.30 percentage points compared to previous projections from July 2023 for 2023 and 2024 respectively. Here, too, there is a divergence in growth between the major economies in the Eurozone in 2023.

A similar overall economic development could be seen in EuroTeleSites' operating countries.

Gross Domestic Product (GDP) growth and inflation in the operating markets[4]

	2022		2023 estimate		2024 estimate	
	GDP	Inflation	GDP	Inflation	GDP	Inflation
Austria	4.80%	8.60%	0.10%	7.80%	0.80%	3.70%
Bulgaria	3.40%	13.00%	1.70%	8.50%	3.20%	3.00%
Croatia	6.20%	10.70%	2.70%	8.60%	2.60%	4.20%
North Macedonia	2.10%	14.20%	2.50%	10.00%	3.20%	4.30%
Slovenia	2.50%	8.80%	2.00%	7.40%	2.20%	4.20%
Serbia	2.30%	12.00%	2.00%	12.40%	3.00%	5.30%

1 https://www.boerse-live.at/de/kurse-und-maerkte/zinsen/leitzinsen/zinsschritte-usa.html.
2 https://www.oenb.at/isawebstat/stabfrage/createReport?lang=DE&report=2.2.
3 https://www.ecb.europa.eu/mopo/implement/app/html/index.en.html.
4 https://www.imf.org/en/Publications/WEO/Issues/2023/10/10/world-economic-outlook-october-2023.

Inhabitants and GDP per capita[5]

	Inhabitants in thousand	GDP/capita in USD (2022)
Austria	9,042	52,085
Bulgaria	6,465	13,974
Croatia	3,856	18,570
North Macedonia	2,058	6,591
Slovenia	2,112	28,439
Serbia	6,664	9,538

Revenues and earnings performance in 2023

EuroTeleSites became independent on September 22, 2023, with the Spin-off and separation of the towers business from A1 Group. This separation was carried out in all A1 Group operating markets. The belarussian assets were not spun-off to EuroTeleSites, and are not intended to be spun-off in the nearer future. The fourth quarter of 2023 was therefore the first independent quarter in the company's history.

EuroTeleSites enjoyed revenues and earnings growth in its first reporting period despite a challenging macroeconomic environment. The 5G expansion is making progress in most EuroTeleSites segment markets. Higher inflation also resulted in index-based adjustments in the rental of passive infrastructure.

The tower infrastructure market is well developed in the countries in which EuroTeleSites operates. There are other tower companies in all countries except North Macedonia. Driven by the strong demand for data volume, EuroTeleSites expects a sales growth of 4-6% in the next years. Additionally, to generate further growth, EuroTeleSites also focuses on new business areas.

EuroTeleSites benefited from master lease agreements with A1 Group in the existing six markets in the reporting period. At the same time, EuroTeleSites remained a reliable partner for third parties. In an environment of rising costs, in particular workforce, energy and IT costs, the costs remained stable thanks to efficiency measures.

The following factors should be considered in the analysis of EuroTeleSites' operating results in the fiscal year 2023:

- Revenues in the reporting period from September 22, 2023 to December 31, 2023 amounted to TEUR 71,916.
- In November 2023, changes in contracts from the transformation to a tower company business model and charges from previous periods, led to one time revenues 3rd parties.
- Total cost and expenses were TEUR 11,485, resulting in EBITDA of TEUR 60,431.
- An additional 118 A1 Group sites were sold to EuroTeleSites in the period under review. 85 sites in North Macedonia, 25 in Croatia and eight in Slovenia were acquired.
- The number of sites thus rose to a total of 13,465 in the period under review.

[5] https://data.worldbank.org/?locations=AT-BG-HR-SI-RS-MK.

The share of revenues generated in Austria compared to international business amounted to 61% as of December 31, 2023.

The breakdown of radio towers by country as of the reporting date was as follows:

Total sites at December 31,	2023	% of Greenfield sites	% of Rooftop sites
Austria	6,094	50%	50%
Bulgaria	2,741	34%	66%
Croatia	1,573	53%	47%
North Macedonia	573	47%	53%
Slovenia	782	44%	56%
Serbia	1,702	38%	62%
Total sites	**13,465**	**45%**	**55%**

Tenancy ratio at December 31,	2023
Austria	1.28
Bulgaria	1.18
Croatia	1.15
North Macedonia	1.05
Slovenia	1.22
Serbia	1.23
Group Tenancy Ratio	**1.23**

The tenancy ratio as of December 31, 2023, was 1.23.
EBIT as of December 31, 2023 was TEUR 30,457.
EBITDA as of December 31, 2023 was TEUR 60,431.
EBITDAaL as of December 31, 2023 was TEUR 40,084.

Cost and expenses in the reporting period amounted to TEUR 11,485, and were determined primarily by increased workforce costs due to collective agreement negotiations and services provided by A1 Group in the areas of finance, IT as well as the increase in additional resources. Maintenance costs and other costs such as IT expenses for SAP and costs for the “Sitetracker” project are also included here.

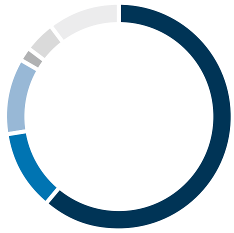
CAPEX amounted to TEUR 27,273 in the reporting period, in line with expectations as a result of the newly completed sites. CAPEX is generally strongest in the fourth quarter due to the business cycle. Less is built in the winter; construction work is carried out in the second and third quarters and the radio towers are generally accepted by customers in the fourth quarter. The CAPEX was also characterized by the purchase of 118 sites from A1 Group.

As of December 31, 2023, EuroTeleSites, through its 100% subsidiary A1 Towers Holding GmbH, also had the following ratings:

- Moody’s: Baa2
- Fitch Ratings: BBB-

Further key ratios	2023
Earnings per share (in EUR)	0.18
Free cash flow per share (in EUR)	0.10

AUSTRIA HAS THE LARGEST REVENUE SHARE



61% Austria

11% Bulgaria

11% Croatia

2% North Macedonia

4% Slovenia

10% Serbia

Net assets and financial position

The major drivers of the balance sheet are related to the Spin-off from A1 Group. While in the opening balance the cash from the bond and bank loan were not released (due to the respective contracts), EuroTeleSites was financed by A1 Group. These finance liabilities and the cash were cleared in the days after the Spin-off. Another major change in this respect was the revaluation of the fixed assets in accordance with International Accounting Standard 16, which heavily increased property, plant and equipment and equity. The revaluation also drove the change in the asset retirement obligations and the change in deferred tax assets and liabilities.

Another change in respect of the Spin-off were the non-financing receivables and payables due to related parties. These were paid in the fourth quarter of 2023.

Balance sheet structure

in TEUR	September 22, 2023	As % of the balance sheet total	**December 31, 2023**	As % of the balance sheet total
Current assets	1,083,209	56%	56,153	3%
Property, plant and equipment, net	239,530	12%	1,303,444	66%
Goodwill	209,075	11%	209,076	11%
Intangibles, net	584	0%	565	0%
Deferred income tax assets	8,552	0%	0	0%
Other assets, net	403,097	21%	393,977	20%
Total assets	**1,944,047**	**100%**	**1,963,215**	**100%**
Short-term debt	1,152,498	59%	120,189	6%
Long-term debt	994,587	51%	994,895	51%
Lease liabilities long-term	338,881	17%	336,971	17%
Employee benefits	1,529	0%	1,983	0%
Accrued long-term liabilities	98,978	5%	61,772	3%
Other non-current liabilities	0	0%	213,331	11%
Stockholders' equity	-642,425	-33%	234,073	12%
Total liabilities and stockholders´ equity	**1,944,047**	**100%**	**1,963,215**	**100%**

Cash flow

in TEUR	**September 22 – December 31, 2023**
Net cash flow operating activities	51,715
Net cash flow investing activities	-9,299
Net cash flow financing activities	-1,054,268
Adjustment to cash flows due to exchange rate fluctuations, net	-2
Net change in cash and cash equivalents	**1,011,854**

Key performance indicators

Net debt

in TEUR	December 31, 2023
Long-term debt	994,895
Lease liability long-term	336,971
Short-term debt	0
Lease liability short-term	49,378
Cash and cash equivalents	21,026
Net debt (including Leases)	**1,360,219**
Net debt (excluding Leases)	**973,869**

Free Cash Flow

in TEUR	September 22 – December 31, 2023
Earnings before income tax - EBIT	10,227
Non cash and other reconciliation items	50,629
Change working capital and other changes	-7,862
Interest received	601
Income taxes paid	-1,879
Net cashflow from operating activities	**51,715**
Capital expenditures	-34,496
Free Cashflow	**17,219**

CAPEX

in TEUR	September 22 – December 31, 2023	As % of the total CAPEX
Austria	13,322	49%
Bulgaria	2,185	8%
Croatia	3,695	14%
North Macedonia	3,647	13%
Slovenia	1,934	7%
Serbia	2,489	9%
Corporate & Other, Eliminations	0	0%
Total capital expenditures	**27,273**	**100%**

Segment development

EuroTeleSites reports in six business segments: Austria, Bulgaria, Croatia, North Macedonia, Serbia, and Slovenia. The “Holding & Other, Eliminations” division is comprised mainly of holding companies.

Total revenues

in TEUR	September 22 – December 31, 2023	As % of the total revenues
Austria	44,119	61%
Bulgaria	8,186	11%
Croatia	7,659	11%
North Macedonia	1,498	2%
Slovenia	3,140	4%
Serbia	7,314	10%
Corporate & Other, Eliminations	-1	-0%
Total revenues	**71,916**	**100%**

EBITDA

in TEUR	September 22 – December 31, 2023	As % of the total EBITDA
Austria	38,838	64%
Bulgaria	7,069	12%
Croatia	6,703	11%
North Macedonia	1,105	2%
Slovenia	2,239	4%
Serbia	6,580	11%
Corporate & Other, Eliminations	-2,101	-3%
Total EBITDA	**60,431**	**100%**

EBITDAaL

in TEUR	September 22 – December 31, 2023	As % of the total EBITDAaL
Austria	27,700	69%
Bulgaria	4,206	10%
Croatia	4,168	10%
North Macedonia	796	2%
Slovenia	1,524	4%
Serbia	3,793	9%
Corporate & Other, Eliminations	-2,101	-5%
Total EBITDAaL	**40,084**	**100%**

Lease expenses

in TEUR	September 22 – December 31, 2023
Austria	-8,946
Bulgaria	-2,125
Croatia	-2,020
North Macedonia	-202
Slovenia	-604
Serbia	-1,964
Total Leases (depreciation of right-of-use assets)	**-15,862**

Lease interest

in TEUR	September 22 – December 31, 2023
Austria	-2,192
Bulgaria	-738
Croatia	-514
North Macedonia	-106
Slovenia	-111
Serbia	-823
Total leases interest	**-4,485**

EBIT

in TEUR	September 22 – December 31, 2023	As % of the total EBIT
Austria	20,316	67%
Bulgaria	4,213	14%
Croatia	3,247	11%
North Macedonia	624	2%
Slovenia	863	3%
Serbia	3,296	11%
Corporate & Other, Eliminations	-2,101	-7%
Total EBIT	**30,457**	**100%**

Austria

Revenues in the Austria segment amounted to TEUR 44,119 in the 2023 reporting period, representing 61% of total EuroTeleSites revenues. Positive developments include the fulfilment of the master lease agreement with the anchor tenant A1 for additional orders and the Built-to-Suit program, although these are non-binding.

Revenues from rentals were also shored up by contractual inflation adjustments and the transformation of third party business relationships from an integrated telecom operator to a long-term neutral operator of passive infrastructure. Third party revenues are revenues from tenants other than the anchor tenant. The Austrian market is comprised of three radio tower companies: EuroTeleSites, GD Towers and Cellnex.

With regards to third party revenues, there were already contracts with all larger customers in Austria before the Spin-off. Accordingly, a significant portion of operating work in the first three months focused on the preparation of further development of the business relationships under the new company structure. All in all, the 2023 reporting year was thus dominated by the transformation of the business model.

Capital expenditure (CAPEX) amounted to TEUR 13,322 in the reporting year and was considerably affected by the 5G upgrades and the ongoing roll-out with the anchor tenant A1 under the master lease agreement.

EBITDAaL amounted to TEUR 27,700 in the period under review, which is a result of lease payments in conjunction with strict cost discipline in connection with high inflation. EuroTeleSites is impacted of inflation primarily in existing landlord rents and workforce costs.

Bulgaria

Revenues in the Bulgaria segment amounted to TEUR 8,186, in the 2023 reporting period, representing 11% of total EuroTeleSites revenues.

The demand for 5G in Bulgaria remained at a stable level. The three mobile network operators continued to upgrade their mobile networks to meet 5G requirements and have very similar network coverage and overlapping mobile infrastructure throughout Bulgaria. The joint use of sites by competitors is limited and decided on a case-by-case basis.

There are three independent radio tower companies on the Bulgarian market in the reporting period: EuroTeleSites, the Cetin Group and TAWAL, which took over the Bulgarian, Croatian and Slovenian mobile tower infrastructure from United Group BV in 2023.

EuroTeleSites provided the mandatory 5G upgrades for anchor tenant A1 as agreed in the master lease agreement. In collaboration with A1, the company also implemented additional telecommunications systems in the reporting period. EuroTeleSites made progress in acquiring tenants and developing infrastructure. EuroTeleSites also successfully rolled out new sites in the reporting period. This resulted in a CAPEX of TEUR 2,185.

EBITDAaL in the 2023 reporting period was TEUR 4,206.

Croatia

Revenues in the Croatia segment amounted to TEUR 7,659, in the 2023 reporting period, representing 11% of total EuroTeleSites revenues. This improvement was largely due to the new master lease agreement signed with the anchor tenant A1. This included a new pricing system.

Following the frequency auctions in 2022, the use of small cells is planned for urban areas. At the same time, the coverage obligations outline the need for network densification in rural and suburban areas.

There are three tower companies on the Croatian market: EuroTeleSites, TAWAL and Hrvatski Telekom. The latter still has an integrated radio tower business line.

The market has an interesting customer profile that responds to the quality of the mobile network and the continual demand for higher internet speeds. Considerable customer demand for higher data transfer rates in conjunction with the government's efforts to increase internet speeds throughout the country is a key driver of growth in the mobile infrastructure sector and, in turn, represents major potential for EuroTeleSites.

In addition, new towers were built for the anchor tenant A1 in the reporting period, and the obligatory 5G upgrades were carried out as planned. This resulted in a CAPEX of TEUR 3,695.

EBITDAaL was TEUR 4,168, benefiting from the increase in revenues, offsetting changes in operating costs.

Serbia

Revenues in the Serbia segment amounted to TEUR 7,314 in the 2023 reporting period, representing 10% of total EuroTeleSites revenues. This development mainly reflects the constant monthly contribution of the anchor tenant A1 and increasing revenues from third parties.

Serbia is a mature mobile communications market with three mobile network operators. No 5G auction has yet been held and one is expected for 2025. The regular roll-out activities are expected to coincide with network densification after the auction and present an opportunity for radio tower companies to increase the tenancy ratio. There are three major players on the mobile towers market: EuroTeleSites, Cetin and the integrated tower and telecommunications company Telekom Srbija.

CAPEX in the 2023 reporting year was TEUR 2,489.

EBITDAaL reflects improved income and amounted to TEUR 3,793.

Slovenia

Revenues in the Slovenia segment amounted to TEUR 3,140 in the 2023 reporting period, representing 4% of total EuroTeleSites revenues. Most of this was generated with the anchor tenant A1.

Considerable customer demand for higher data transfer rates in conjunction with the government's efforts to increase internet speeds throughout the country is considered a key driver of growth in the mobile infrastructure sector.

The mobile communications market in Slovenia is served by the two radio tower companies EuroTeleSites and TAWAL. The mobile network operator Telekom Slovenije and T-2 also have their own radio tower portfolio that they passively market to other mobile network operators.

In the 2023 reporting year, EuroTeleSites successfully maintained and expanded contracts with all mobile network operators (MNO) and additional non-MNOs. EuroTeleSites also serviced the anchor tenant A1 in the introduction of 5G by way of location upgrades and adjustments. The 5G upgrades were carried out in the reporting period as agreed in the master lease agreement.

CAPEX in the 2023 reporting year amounted to TEUR 1,934 and comprised material strategic investments in the new sites and the modernization of existing sites.

Rising workforce costs due to additional hires did not negatively impact EBITDAaL, as they were offset by revenues growth. EBITDAaL in the 2023 reporting period was TEUR 1,524.

North Macedonia

Revenues in the North Macedonia segment amounted to TEUR 1,498 in the 2023 reporting period, representing 2% of total EuroTeleSites revenues.

Besides EuroTeleSites, there are currently no independent tower companies operating in the market. However, several companies have radio towers in their portfolio. EuroTeleSites holds the position of the second largest company in the North Macedonian radio tower market. Other companies in the market include A1 Makedonija, along with various operators from the field of TV, radio, and state bodies.

During the reporting period, the potential for new tenant acquisitions was limited and impacted by the complex process to obtain necessary permits for new sites.

CAPEX in the reporting period amounted to TEUR 3,647 and essentially included new roll-outs, sites upgrades and investments, such as the cost of the acquisition of 85 sites by EuroTeleSites from A1 Group.

EBITDAaL amounted to TEUR 796 in the 2023 reporting period.

Outlook for the financial year 2024

In the 2024 financial year, the EuroTeleSites group will continue to focus on its core business, the rental of passive infrastructure, expand new macro-sites and set up new sites for third parties and non-MNO customers. EuroTeleSites is aiming for revenue growth of around 4-6% and plans to further increase the tenancy ratio. Growth is characterized by the strong increase in data volume in Austria and Central Eastern Europe (CEE), an economically well-developed region with a population of around 30 million.

As part of the “Sitetracker” transformation project, EuroTeleSites aims to establish an integrated software solution for assets and marketing. This will enable seamless and efficient management and marketing of the passive infrastructure through the use of Salesforce software for EuroTeleSites.

In 2024, there will also be a focus on further developing the ESG agenda to ensure that EuroTeleSites is prepared for the future and can fully comply with the regulatory requirements of the European Union. These efforts are already reflected in EuroTeleSites value chain.

The management anticipates additions to assets (CAPEX) of around 20% of the revenues. EuroTeleSites will fulfil its obligations under the master lease agreements with A1 Group, 5G upgrade for existing towers, construct new sites and carry out the corresponding maintenance. Contrary to expectations, there will be no 5G auction in Serbia in 2024, so EuroTeleSites will adjust the investments for 2024 in Serbia.

Risk and opportunity management

Principles and methods

EuroTeleSites' risk management system analyses risk areas, assesses potential impact, and improves risk avoidance and risk remediation measures. EuroTeleSites relies on close cooperation between Group managers and local risk owners.

The starting point for EuroTeleSites' Enterprise Risk Management (ERM) are strategic discussions with the Supervisory Board. In these discussions, the Management Board presents business risks and their relevance to EuroTeleSites as well as mitigating activities. It also presents planning assumptions (strategic orientation for the coming business plan period, priority setting, and planned measures for realizing opportunities).

Subsequently, the business plan maps out the expectations for business success (and necessary costs and investments) and evaluates assumed risks of higher-level goals. Risks and opportunities are then evaluated by assessing two dimensions:

1. the potential impact; and
2. the likelihood that this impact materializes.

For risk management, the development of effective risk awareness and risk reduction measures is critical. Updates are made, among other things, on the basis of monthly performance calls or leadership meetings with the Management Board and following analysis of critical deviations from the targets set or the effectiveness of countermeasures taken.

The risk management system is divided into four risk categories:

1. Risks and opportunities related to our business strategy.
2. Risks and opportunities related to the operation of our business.
3. Risks and opportunities related to our financial performance or general economic conditions.
4. Risks and opportunities related to ESG, laws and regulations.

EuroTeleSites is active in Austria and five other countries, this means a geographical diversification. The risks in the respective markets vary, which is why risk management (and above all the mitigation of risks) is the responsibility of the local operating units. Risk management is coordinated by EuroTeleSites AG and monitored by the Audit Committee of the Supervisory Board.

Internal control system for financial reporting

EuroTeleSites has an internal control system (ICS) for financial reporting in accordance with applicable legal requirements. The listing of the (indirect) majority owner América Móvil on the New York Stock Exchange (NYSE) requires compliance with the Sarbanes-Oxley Act (SOX). The internal control system is designed to provide reasonable assurance regarding the reliability and accuracy of external financial reporting in accordance with international and national standards. Regular internal reporting to management as well as audits of the internal control system by Internal Audit also ensure that weaknesses are identified in good time and communicated and remedied accordingly. The most important contents and principles apply to all companies of EuroTeleSites Group.

The effectiveness of the internal control system is analyzed and evaluated at periodic intervals. At the end of each year, an evaluation of the internal control system is carried out by the management for relevant Group companies with the involvement of the responsible specialist departments. Based on the findings of this assessment and the defined criteria, management has assessed the internal control system over financial reporting as effective.

Risks and opportunities

From all the risks identified for EuroTeleSites, the most important risk categories and single risks that could have a significant impact on net assets, financial position and results of operations are explained below.

1. Risks and opportunities related to our business strategy

Revenue and tenancy growth

EuroTeleSites 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.

EuroTeleSites is also exploring growth through investments based on an ambitious business plan to increase the number of the sites. Key drivers of growth are the following: growing mobile data volumes, acceleration of 5G rollout; change in user profiles, regulatory requirements and investments. EuroTeleSites' 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 CEE.

Despite the focus of the experienced management on growth, EuroTeleSites 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 flow.

Market/Competitors

To achieve its target, EuroTeleSites will need to add further tenancies in addition to those for which it already has commitments. EuroTeleSites' 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 operates. 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 mobile network operators as customers while tower companies seek to increase their tenancy ratios, which may lead to downward pressure on prices for hosting services.

EuroTeleSites' 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 demand, 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 such as satellite internet (including satellite-based 5G) and Radio Access Network ("RAN") sharing 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 mobile network operators that could result in a decrease in the tenancy requirements of those consolidated companies.

In 2023, Hutchison Drei Austria GmbH and T-Mobile Austria GmbH have agreed on a cooperation regarding national roaming / active sharing as well as frequency pooling which has received the approval of the Austrian regulatory authority Telekom-Control-Kommission. This cooperation may reduce EuroTeleSites' Austrian market share and availability of additional tenancies.

Last but not least some or more mobile network operators might take a strategic decision to again build more towers or particularly smaller form factors like microsites and indoor sites themselves.

Business Plan/Budget

In addition to regular management meetings and strategic discussions, EuroTeleSites has a multi-year plan. The close integration of the multi-year plan with risk management ensures adequate risk management.

Lease contracts

Leases are EuroTeleSites' single largest cost. The renewal of a large proportion of EuroTeleSites' lease contracts within a particular year could require significant upfront rent payments to be made upon such renewal, which in turn could decrease EuroTeleSites' operating cash flow for that particular year.

EuroTeleSites could face the risk of having agreements with landlords that are shorter in duration than the master lease agreements with A1 Group. This scenario may require EuroTeleSites to either enter into new leases or pursue term extensions, which might not be achieved or could incur higher costs.

Landlord concentration also poses a risk to EuroTeleSites' possibility to manage the site leases. Although the overall landlord landscape across all markets is not very concentrated, landlords with 3%-10% of total site leases exist in some markets. If these landlords abuse their market power or an agreement cannot be reached for some other reasons, this could negatively impact EuroTeleSites result from the short term need of either paying more or substituting a big number of sites at the same time.

In addition, companies of EuroTeleSites may in the future become involved in disputes with their landlords, which could interfere with EuroTeleSites' operation of a given infrastructure site or force EuroTeleSites to construct new infrastructure sites in order to continue providing services to its customers.

Maintenance costs

EuroTeleSites' 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' ability to assess the condition of its passive infrastructure assets and obtain sufficient financing for these projects.

Capital expenditure amounts related to the maintenance of EuroTeleSites' 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.

2. Risks and opportunities related to the operation of our business

Macroeconomic Risks / Inflation risk

Any increases exceeding the limits of the inflation-indexed fee escalators under the master lease agreements with companies of A1 Group (which allow for an increase of up to 3% per year) or other customer contracts could reduce EuroTeleSites' operating margins and cash flows and may have a material adverse effect on its financial condition and results of operations.

Low levels of inflation could adversely affect EuroTeleSites' revenues growth because, under the terms of the master lease agreements concluded with companies of A1 Group, annual revenues are subject to inflation indexation.

Natural disasters, force majeure events, physical attacks or other unforeseen events or damage

EuroTeleSites' sites and other facilities as well as the network operation center ("NOC") and the shared services center maintained by companies of A1 Group under service agreements with EuroTeleSites, are subject to risks associated with natural disasters such as earthquakes, extreme weather (such as on-going heatwaves), storms or floods (in each case, when damaging or disabling EuroTeleSites' sites and other facilities, the NOC or shared service center), acts of terrorism (when threatening, damaging or disabling EuroTeleSites' 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. While insurance for assets is in place and service levels are agreed with partners, due to the nature of such events there is no guarantee that EuroTeleSites' insurance coverage will adequately cover all costs of repairs or that its recovery plans will be sufficiently effective.

Computer system failure, cyber risks and data security

A computer system failure, security breach or cyberattack could significantly disrupt EuroTeleSites' ability to operate its business. EuroTeleSites 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 relies which could damage assets. Any such disruption could have a material adverse impact on EuroTeleSites' business.

3. Risks and opportunities related to our financial performance or general economic conditions

Repayment of outstanding debt

EuroTeleSites has incurred considerable liabilities because of the towers business Spin-off and may be unsuccessful in deleveraging and keeping investment grade rating. EuroTeleSites via A1 Towers Holding GmbH as its wholly-owned subsidiary issued notes in the amount of TEUR 500,000 in July 2023 and has entered into a term loan in the amount of TEUR 500,000 in June 2023. In addition, A1 Towers Holding GmbH entered in a revolving credit facility in June 2023, providing a TEUR 75,000 revolving credit loan facility.

The strategy of EuroTeleSites is to deleverage over a period of up to four years and to keep investment grade rating. This strategy currently envisages no dividend payments in the first four years by EuroTeleSites.

Interest rate, refinancing and liquidity risk

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

Due to the general shift from a low interest rate environment to the interest levels contemplated by the European Central Bank (and potentially other central banks in jurisdictions where EuroTeleSites operates), EuroTeleSites 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' 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' ability to refinance its existing and future liabilities.

4. Risks and opportunities related to ESG, laws and regulations

Failure to comply with environmental, social and governance ("ESG") standards and expectations

EuroTeleSites 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. EuroTeleSites currently expects the new Corporate Sustainability Reporting Directive (CSRD) to apply to EuroTeleSites for the first time in the financial year 2025 (for reports published in 2026).

Regulation

EuroTeleSites' business, and that of its customers, is subject to laws, regulations, administrative and judicial decisions. EuroTeleSites' costs could increase, and its revenues could decrease due to changes thereto, that could restrict its ability to operate our business as we currently do or impact our or our customers' competitive landscape. In particular, access regulations coupled with price regulations may have a negative impact on EuroTeleSites.

Tax Risk

Changes in tax laws, regulations or treaties or adverse determinations by taxing authorities could increase EuroTeleSites' tax burden or otherwise affect its financial condition and results of operations. EuroTeleSites' tax calculations and its interpretation of laws will be reviewed by tax authorities which may disagree with EuroTeleSites' tax estimates or judgments and challenge EuroTeleSites' assessments in relation to tax filings or other tax-related documentation and their compliance with applicable tax laws. Although EuroTeleSites believes that those tax estimates are reasonable, any additional tax liabilities resulting from these risks or any interest or any penalties or any regulatory, administrative, or other sanctions relating thereto could have a material adverse effect on EuroTeleSites' business, financial condition and results of operations.

Compliance risks

EuroTeleSites has compliance and risk management systems in place to observe all applicable legal regulations on an ongoing and sustainable basis. Therefore, EuroTeleSites 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' risk management system operates group-wide and is a fundamental part of its corporate governance system.

There are, however, inherent limitations on the effectiveness of any risk management system that could have a material adverse effect on the business prospects and EuroTeleSites' financial standing.

Other information

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

The share capital of EuroTeleSites AG amounts to EUR 166,125,000 and is divided into 166,125,000 no-par value bearer shares. The share capital was paid in full in the form of a contribution in kind. On the basis of the Spin-off and Transfer Agreement including the Spin-off plan dated June 28, 2023 (file no 9.536 of the public notary Dr. Christian Mayer), Telekom Austria AG with its registered office in Vienna, FN 144477t, as the transferring company, transferred, as a contribution in kind, a share in A1 Towers Holding GmbH with its registered office in Vienna, FN 543743y, which corresponds to a fully paid-in share capital contribution of EUR 35,000 and 100% of the share capital, to EuroTeleSites AG in the course of a Spin-off for formation (§ 1 para 2 no 2 and 2 ff Austrian Spin-off Act) as of the Spin-off date March 31, 2023. As consideration for the transfer of the Spin-off assets to EuroTeleSites the shareholders of Telekom Austria AG were allocated one share in EuroTeleSites for every four shares in Telekom Austria AG upon effectiveness of the Spin-off on September 22, 2023. The entire share capital of EuroTeleSites was allocated to the existing shareholders of Telekom Austria AG on a pro rata basis as part of this allocation of shares. With the issuance of 166,125,000 no-par value bearer shares, the entire share capital of EuroTeleSites amounting to EUR 166,125,000 was allocated. At the end of 2023, 56.96% or 94,630,948 shares of EuroTeleSites were held by América Móvil B.V., Netherlands (“América Móvil B.V.”), a wholly owned subsidiary of América Móvil, S.A.B. de C.V. (“América Móvil”). The Republic of Austria held 28.42% of the shares via Oesterreichische Beteiligungs AG (“OeBAG”). The remaining 14.62% of the shares were in free float. This included 1,229 employee shares that were held in a collective custody account.

The company’s main financing agreements include market-standard “change of control”-clauses that provide for termination rights of the financing parties in the event of a change of control. None of these clauses became effective in the 2023 financial year or up to the reporting date.

The following information concerning the shareholders’ agreement is based solely on publicly available information. The company does not have any additional information. On 6 February 2023, América Móvil, América Móvil B.V. and OeBAG agreed to extend their shareholders’ agreement from 2014 regarding Telekom Austria AG for further ten years. As part of this extension, agreements were also reached regarding EuroTeleSites AG (subject to its subsequent formation). Accordingly, América Móvil, América Móvil B.V. and OeBAG have concluded a shareholders’ agreement with rules for the joint exercise of voting rights in the company’s bodies, for the election of Supervisory Board and Management Board members and for restrictions on the sale of shares. The company’s Supervisory Board shall consist of ten members, of which eight are nominated by América Móvil and two by OeBAG. The company’s Management Board shall consist of at least two and no more than three members. At least one member of the Management Board with the function of CEO (Chief Executive Officer) shall be nominated by América Móvil; one member of the Management Board, namely the CFO (Chief Financial Officer), shall be nominated by OeBAG. América Móvil shall nominate a possible third member of the Management Board. The company’s Articles of Association stipulate that as long as the Republic of Austria directly or indirectly holds at least 25% plus one share of the company’s share capital, resolutions on capital increases and the issue of instruments containing a conversion right or a conversion obligation for shares of the company, as well as amendments to these provisions of the Articles of Association, shall require a majority of at least three quarters of the share capital represented at the vote on the respective resolution. As long as OeBAG holds more than 25% plus one share of the share capital of EuroTeleSites, OeBAG shall be entitled, inter alia, to the following rights of codetermination under the shareholders’ agreement: the right to veto capital increases of EuroTeleSites and its subsidiaries, the issue of certain convertible instruments, the appointment of the auditor, the conclusion of related party transactions, the relocation of the company's headquarters and core business functions, including research and development, changes to the dividend policy. In addition, OeBAG receives the veto rights of a minority shareholder holding 25% plus one share according to mandatory applicable law. Even if OeBAG's shareholding falls below 25 % but remains above 10%, OeBAG shall retain certain veto rights.

Diversity of employees

Employees with different backgrounds, religions and education are working at EuroTeleSites in six countries in a wide range of roles for many years. Overall, EuroTeleSites has 165 employees with ten different nationalities.

EuroTeleSites encourages diversity at all levels. At management level, EuroTeleSites currently has eight female and 17 male managers. Women amount to 32% of managers, currently underscoring the company's ambition of achieving greater gender diversity and EuroTeleSites' aim of creating a balanced and inclusive management level.

EuroTeleSites has set itself the target of continuously increasing the proportion of women by 2030. Special emphasis will be placed on encouraging women in technical professions.

As well as promoting the individual development of EuroTeleSites employees, there are also mandatory training sessions for all employees covering compliance, information security and employee protection.

Value is also placed on workplace health and safety and on employee wellbeing. For this purpose, the company carries out regular safety assessments, has a culture of open communication about safety issues and reviews and refines its emergency plans on an ongoing basis.

Corporate Governance report

According to C-Rule 61 of the Austrian Corporate Governance Code, please note that the Consolidated Corporate Governance Report can be accessed on the internet at https://eurotelesites.com/en/corporate-governance.

Non-financial statement

EuroTeleSites does not meet the criteria for a reporting obligation under the Nachhaltigkeits- und Diversitätsverbesserungsgesetz (NaDiVeG), so that no non-financial statement will be prepared for the 2023 financial year.

Research and development

In the reporting period, no research and development projects were carried out on a scale that is material for EuroTeleSites.

Glossary of alternative performance measures

CAPEX	Capital Expenditures	Total additions to intangible assets + total additional to property plant and equipment (excluding right of use additional according to IFRS 16)
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization	EBIT + depreciation + amortization
EBITDA Margin		EBITDA / total revenues
EBITDAaL		EBITDA - depreciation of lease assets according to IFRS 16 - interest expenses pursuant (EBITDA after Leases) to IFRS 16
EBITDAaL Margin		EBITDA aL / total revenues
EBIT	Earnings Before Interest and Tax	EBIT equals the operating income according to IFRS
Net debt		Debt (long-term and short-term) + lease liability (long-term and short-term) - cash and cash equivalents
Site		The Passive Infrastructure on which Active Equipment is mounted as well as its physical location
Third party revenues		Third party revenues are revenues from tenants other than the anchor tenant

Vienna, February 19, 2024

The Management Board of EuroTeleSites AG

Ivo Ivanovski
Chief Executive Officer

Lars Mosdorf
Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Comprehensive Income

in TEUR	Notes	September 22 – December 31, 2023
Revenues	**6**	**71,916**
Cost of service	7	-9,023
Selling, general & administrative expenses	7	-2,302
Other expenses	7	-159
Total cost and expenses	**7**	**-11,485**
Earnings before interest, tax, depreciation and amortization – EBITDA		**60,431**
Leases (Depreciation of right-of-use assets)	24	-15,862
Depreciation and amortization	(14), (15)	-14,112
Operating income – EBIT		**30,457**
Interest on leases	8	-4,485
Interest income	8	601
Interest expense	8	-15,919
Other financial result	8	-426
Foreign currency exchange differences, net	8	-1
Financial result	**8**	**-20,230**
Earnings before income tax – EBT		**10,227**
Income tax	23	-2,296
Net result		**7,931**
Thereof attributable to:		
Equity holders of the parent		7,931
Other comprehensive income, net of tax		
Items that may be reclassified to profit or loss		
Effect of translation of foreign entities		4
Items that will not be reclassified to profit or loss		
Revaluation of assets and change in revaluation reserve (net of tax)		868,663
Remeasurement of defined benefit obligations, net of tax		-100
Total other comprehensive income, net of tax		**868,567**
Total comprehensive income		**876,498**
Thereof attributable to:		
Equity holders of the parent		876,498

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

Consolidated Statement of Financial Position

in TEUR	Notes	September 22, 2023	December 31, 2023
Current assets			
Cash and cash equivalents	10	1,032,880	21,026
Accounts receivable (net)	11	2,911	9,627
Receivables due from related parties	12	45,712	23,295
Income tax receivable	23	90	119
Other current assets, net	13	1,615	2,085
Total current assets		**1,083,209**	**56,153**
Non-current assets			
Property, plant and equipment, net	14	239,530	1,303,444
Right-of-use assets, net	24	401,118	392,166
Intangibles, net	15	584	565
Goodwill	16	209,075	209,076
Deferred income tax assets	23	8,552	0
Other non-current assets	17	1,979	1,811
Total non-current assets		**860,838**	**1,907,062**
TOTAL ASSETS		**1,944,047**	**1,963,215**
Current liabilities			
Lease liabilities short-term	24	48,810	49,378
Accounts payable	18	32,927	47,472
Accrued liabilities and current provisions	19	480	862
Income tax payable	23	2,644	2,755
Payables due to related parties	12	1,067,637	19,721
Total current liabilities		**1,152,498**	**120,189**
Non-current liabilities			
Long-term debt	20	994,587	994,895
Lease liabilities long-term	24	338,881	336,971
Deferred income tax liabilities	23	0	213,331
Asset retirement obligation	19	98,978	61,772
Employee benefits	21	1,529	1,983
Total non-current liabilities		**1,433,975**	**1,608,953**
Stockholders' equity	22		
Common stock	22	166,125	166,125
Capital reserves	22	-808,550	-808,550
Retained earnings		0	16,799
Other comprehensive income (loss) items		0	859,699
Total stockholders' equity		**-642,425**	**234,073**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**1,944,047**	**1,963,215**

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

Consolidated Statement of Cash Flows

in TEUR	Notes	September 22 – December 31, 2023
Earnings before income tax – EBT		10,227
Depreciation and amortization	14	14,109
Amortization of intangible assets	15	4
Depreciation of right-of-use assets	24	15,862
Result on sale of property, plant and equipment		152
Net period employee benefit obligations		330
Foreign currency exchange differences, net	8	1
Interest income	8	-601
Interest expense	8	20,815
Other adjustments		-42
Non-cash and other reconciliation items		**50,629**
Accounts receivable, net		-6,734
Prepaid expenses		-89
Due from related parties		-8,767
Other assets		-213
Accounts payable and accrued liabilities		9,263
Due to related parties		-1,883
Deferred rental revenues		560
Working capital changes		**-7,862**
Interest received		601
Income taxes paid		-1,879
Net cash flow from operating activities		**51,715**
Capital expenditures paid		-34,496
Proceeds from sale of plant, property and equipment		77
Repayment of loans made to related parties	12	25,120
Net cash flow from investing activities		**-9,299**
Interest paid		-5,878
Redemption of finance liability due to related parties	12	-1,039,681
Lease principal paid		-8,709
Net cash flow from financing activities		**-1,054,268**
Adjustment to cash flows due to exchange rate fluctuations, net		-2
Net change in cash and cash equivalents		-1,011,854
Cash and cash equivalents at 22 September, 2023		1,032,880
Cash and cash equivalents at 31 December, 2023		21,026

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

Consolidated Statement of Equity

in TEUR	Notes	Common stock	Additional paid-in capital	Retained earnings	IAS 19 reserve	Revaluation reserve	Translation reserve	**Total stockholders' equity**
At September 22, 2023		**166,125**	**-808,550**	**0**	**0**	**0**	**0**	**-642,425**
Net result				7,931				7,931
Revaluation of Assets as of October 1, 2023 and change in esti-mate asset retirement obligation (net of tax)	14					868,663		868,663
Other comprehensive income (loss)					-100		4	-96
Total comprehensive income		**0**	**0**	**7,931**	**-100**	**868,663**	**4**	**876,498**
Reclassification of revaluation reserve	14			8,868		-8,868		0
At December 31, 2023		**166,125**	**-808,550**	**16,799**	**-100**	**859,795**	**4**	**234,073**

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

EUROTELESITES AG – NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 | Segment Reporting

in TEUR	Austria	Bulgaria	Croatia	North Macedonia
Total revenues (incl. Other operating income)	44,119	8,186	7,659	1,498
Segment expenses	-5,281	-1,117	-957	-393
EBITDA	38,838	7,069	6,703	1,105
Depreciation of right-of-use assets	-8,946	-2,125	-2,020	-202
Depreciation and amortization	-9,576	-731	-1,435	-279
Operating income - EBIT	20,316	4,213	3,247	624
Interest income	594	152	120	0
Interest expense Lease Liability	-2,192	-738	-514	-106
Interest expense	-16,083	-64	-47	-14
Other financial result	-249	-9	0	-0
Earnings before income tax - EBT	2,387	3,554	2,805	503
Income Tax	-1,256	-348	-537	-57
Net result	1,131	3,206	2,268	446
EBITDAaL	27,700	4,206	4,168	796
Capital expenditures - tangible and intangible	13,322	2,185	3,695	3,647
Addition to right-of-use assets	4,377	2,437	1,028	67
Assets by segment	1,731,753	205,561	208,291	38,921
Property, plant and equipment	869,462	109,468	131,450	25,630
Right-of-use assets, net	221,402	59,660	42,466	6,143
Goodwill	120,958	20,606	24,908	4,266
Other intangible assets	358	186	8	2
Liabilities by segment	1,514,584	78,012	72,256	10,579

in TEUR	Serbia	Slovenia	Corporate & Other	Eliminations	**Consolidated**
Total revenues (incl. Other operating income)	7,314	3,140	0	-1	71,916
Segment expenses	-734	-901	-2,101	1	-11,485
EBITDA	6,580	2,239	-2,101	-0	60,431
Depreciation of Right of Use	-1,964	-604	0	0	-15,862
Depreciation and amortization other PPE	-1,319	-772	0	0	-14,112
Operating income - EBIT	3,296	863	-2,101	-0	30,457
Interest income	9	0	81	-355	601
Interest expense Lease Liability	-823	-111	0	0	-4,485
Other Interest expense	-42	-21	-2	355	-15,919
Other financial result	10	-0	22,118	-22,296	-426
Earnings before income tax - EBT	2,450	730	20,094	-22,296	10,227
Income Tax	-728	635	-4	0	-2,296
Net result	1,721	1,366	20,090	-22,296	7,931
EBITDAaL	3,793	1,524	-2,101	-0	40,084
Capital expenditures - tangible and intangible	2,489	1,934	0	0	27,273
Addition to right-of-use assets	1,175	452	0	0	9,536
Assets by segment	169,357	111,067	1,445,703	-1,947,439	1,963,215
Property, plant and equipment	109,140	58,293	0	0	1,303,444
Right-of-use assets, net	50,662	11,833	0	0	392,166
Goodwill	0	38,338	0	0	209,076
Other intangible assets	0	11	0	0	565
Liabilities by segment	71,932	24,783	2,907	-45,913	1,729,142

EuroTeleSites Group has aligned its management structure and the resulting segment reporting on geographical markets and based on these reports its six operating segments: Austria, Bulgaria, Croatia, North Macedonia, Serbia and Slovenia. The segments offer the services disclosed in Note (6) and operate in their local markets under the common brand name „EuroTeleSites“.

The Management Board of EuroTeleSites AG, which regularly meets in Management Board meetings, acts as the chief operational decision maker. Members of the Management Board are the Group CEO and the Group CFO (see Note (29)). The Management Board focuses on revenue, EBITDA, EBITDAaL (= EBITDA after leases), capital expenditures (CAPEX), reduction of debt, tenancy ratio and cash flow.

The accounting policies of the segments are the same as those of EuroTeleSites Group. Segment revenues, segment expenses and segment results include services between operating segments. Such services are accounted for at transfer prices that are constantly monitored and documented to ensure that pricing is at arm's length. These intersegmental transactions are eliminated in consolidation. The column Corporate & Other comprises mainly holding companies. Other financial result reported in the column Corporate & Other relates mostly to dividends from consolidated subsidiaries. The column Corporate & Other is reported in addition to the column Eliminations for reasons of clarity.

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

The share of revenue with the A1 Group is 85% – 96% depending on the segment and 90% when calculated across the entire Group. Depreciation and amortization relate to property, plant and equipment, other intangible assets and right-of-use assets (see Notes (14), (15) and (24)). The item “other financial result” in the segment reporting includes interest on employee benefits, the other financial result as well as foreign exchange differences (see Note (8)).

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

Capital expenditures include additions to tangible and intangible assets (see Notes (14) and (15)), but neither do include additions related to asset retirement obligations nor additions to right-of-use assets according to IFRS 16 (see Notes (19) and (24)).

2 | Foundation of the Group

On September 22, 2023, Telekom Austria AG spun off its radio tower business ("Tower Business") on a proportionate basis and listed it on the Vienna Stock Exchange under the newly founded EuroTeleSites AG. The companies transferred from Telekom Austria AG, which form the EuroTeleSites Group, are reported in the table of Group companies in Note (27) in the column "Method of consolidation" with the designation "FC".

In preparation for the spin-off, parts of the passive infrastructure of the mobile communications sites of the operating companies ("A1 companies") were transferred into separate legal entities ("tower companies") in the segments Bulgaria, Croatia, North Macedonia, Serbia and Slovenia in previous years. This passive infrastructure of the sites includes components that are not directly attributable to the mobile communications network, such as the foundations and metal structures, containers, air conditioning units, power supply and other supporting systems. In the segments Bulgaria and Croatia, the corresponding sites and the provision for related asset retirement obligations, as well as the right of use assets and the lease liabilities, were already transferred to the tower companies in 2021. In the segments Slovenia, Serbia and North Macedonia, the transfer was effected in 2022. With the transfer of the passive infrastructure (sites) lease agreements (master lease agreements – "MLAs") were concluded between the A1 companies and the tower companies. See Note (6) for a description of the MLAs.

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

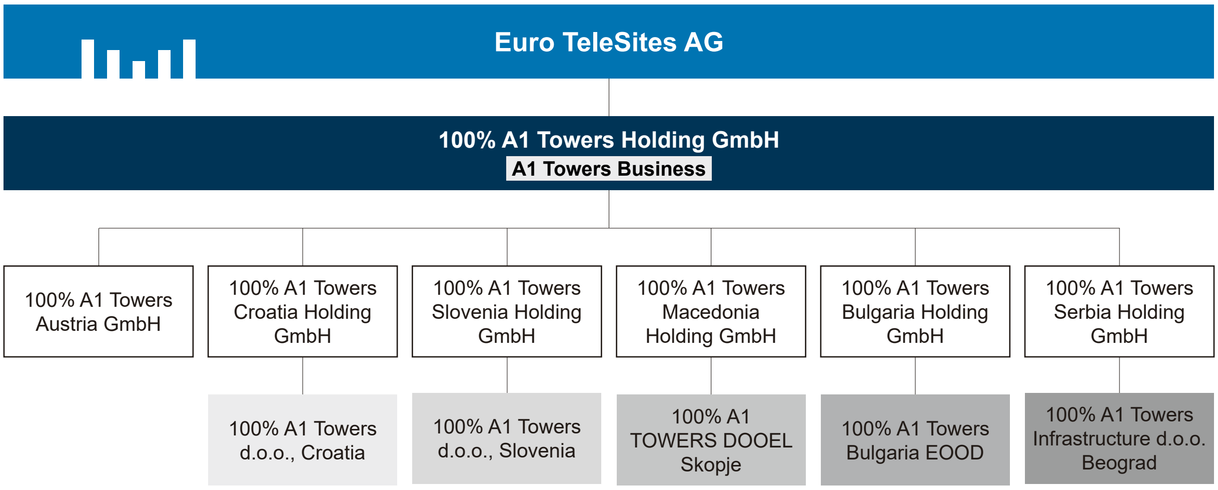
In preparation of the spin-off, A1 Towers Holding GmbH issued a TEUR 500,000 bond in July 2023 and took out a bank loan in the amount of TEUR 500,000 (see Note (20)). The funds from this financing activities were used to redeem the debt transferred described below.

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

- Downstream spin-off of the Austrian tower business unit, the indirect shareholdings in the tower companies and a debt in the amount of TEUR 1,031,000 (plus the related interest liabilities) from Telekom Austria AG into the subsidiary A1 Towers Holding GmbH.
- Transfer of the shareholdings in A1 Towers Holding GmbH by Telekom Austria AG to EuroTeleSites AG by means of a side-stream spin-off by formation of EuroTeleSites AG.

On September 22, 2023, the shares in EuroTeleSites AG were distributed to the shareholders of Telekom Austria AG on a pro rata basis. Thus, América Móvil is the ultimate parent company of both the EuroTeleSites Group and the A1 Group. The shareholders of Telekom Austria AG received one share in EuroTeleSites AG for every four Telekom Austria AG shares held.

The following Organization Chart represents the current ownership structure within EuroTeleSites Group:



Transactions with A1 Group after the spin-off

The following transactions with A1 Group occurred after the spin-off on September 22, 2023 and are presented in the Consolidated Statement of Cash flows:

- The repayment of loans to related parties in the cash flow from financing activities includes the repayment of the debt transferred in the spin-off and the associated accrued interest by EuroTeleSites Group on September 26, 2023.
- Financing with related parties in cash flow from investing activities includes the settlement of the EuroTeleSites Group's cash pooling balances by the A1 Group.
- In 2023, cash inflows related to leases with A1 Group amount to TEUR 64,379.

3| The Company

EuroTeleSites Aktiengesellschaft ("EuroTeleSites AG") is headquartered in Austria at Lassallestrasse 9, 1020 Vienna and is a registered stock corporation within the meaning of the Austrian Stock Corporation Act. EuroTeleSites AG and its subsidiaries ("EuroTeleSites Group") provide the services listed in revenues (Note (6)) in Austria, Bulgaria, Croatia, Slovenia, Serbia and North Macedonia under the common brand name „EuroTeleSites".

The shares in EuroTeleSites AG have been listed on the Vienna Stock Exchange since September 22, 2023. The ultimate parent company of EuroTeleSites Group is América Móvil, S.A.B. de C.V. („América Móvil") which is located in Mexico. The Federal Republic of Austria, through Oesterreichische Beteiligungs AG („OeBAG") is the second significant shareholder of EuroTeleSites Group. América Móvil's and OeBAG's stakes in EuroTeleSites Group are disclosed in Note (22). The remaining shares are in free float. The Republic of Austria holds the tax sovereignty over the domestic business activities of EuroTeleSites Group and therefore the right to levy taxes such as corporate income tax and value-added taxes.

4| Basis of Presentation

Spin-off of EuroTeleSites Group

In the presentation of the 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 parts of A1 Group'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 A1 Towers Holding GmbH 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 A1 Towers Holding GmbH Group (A1 Towers Holding GmbH and its subsidiaries) 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.

As is generally accepted under the pooling method to apply it either retrospectively or prospectively the Management Board decided to apply it prospectively. This results in presenting the Tower Business in the consolidated financial statements from the date of their contribution into EuroTeleSites Group (September 22, 2023) onwards. The assets and liabilities included in the consolidated financial statements correspond to the amounts reported in the IFRS consolidated financial statements of Telekom Austria AG immediately before that date.

As the different transaction steps qualify as one linked transaction, the final contribution of A1 Towers Holding GmbH into EuroTeleSites AG represents a continuation of the A1 Towers Holding GmbH Group which was established by the bringing together of the different tower businesses into A1 Towers Holding GmbH. Therefore the transaction is accounted for in the consolidated financial statements of the legal parent/accounting acquiree (EuroTeleSites AG) as a continuation of the financial statements of the legal subsidiary (A1 Towers Holding GmbH).

As described above and set out in the basis of preparation, in determining the presentation basis of the consolidated financial statements, the Management Board is required to apply various judgements and has concluded that:

- the legal steps undertaken in combining the European tower businesses should be accounted for as a single transaction,
- in applying a pooling of interests method for the business combination under common control to apply it prospectively,
- The spin-off of EuroTeleSites Group represents a continuation and was therefore affected at carrying amounts, which represent the opening balance for EuroTeleSites Group,
- Goodwill included in the Consolidated Financial Statements was allocated between the EuroTeleSites 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 of the A1 Group and the EuroTeleSites Group as of September 22, 2023.

Functional currency

The consolidated financial statements of EuroTeleSites Group are prepared in Euros. Unless otherwise stated, all amounts are stated in thousands of Euros (TEUR). The use of automated calculation systems may result in rounding differences.

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

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

	Exchange rates at September 22, 2023	**Exchange rates at December 31, 2023**	**Average exchange rates for the year 2023**
Bulgarian lev (BGN)	1.956	1.956	1.956
Macedonian denar (MKD)	61.502	61.495	61.557
Serbian dinar (RSD)	117.200	117.174	117.253
US dollar (USD)	1.059	1.105	1.082

Accounting

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

EuroTeleSites AG was founded on September 22, 2023, therefore the Consolidated Statement of Comprehensive income and the Consolidated Statement of Cashflows, as well as related Notes, only cover the period from September 22, 2023 to December 31, 2023. For the statements of financial position, the comparative information included is the opening balance at the date of the incorporation of the EuroTeleSites Group.

Significant accounting policies

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

Changes in accounting policies

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

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

The initial application of the amendments to the standards (IAS, IFRS) mentioned above had an insignificant impact on the Consolidated Financial Statements since the amendments were only partially applicable.

For the impact of the reform of the international tax system, see Note (23).

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

		Effective [1]	Effective [2]
IFRS 16	Amendments: Lease Liability in a Sale and Leaseback	January 1, 2024	January 1, 2024
IAS 12	Amendments: Classification of Liabilities as Current or Non-Current	January 1, 2024	January 1, 2024
IAS 7 and IFRS 7	Amendments: Disclosure: Supplier Finance Arrangements	January 1, 2024	not endorsed
IAS 21	Amendments: Lack of Exchangeability	January 1, 2025	not endorsed

[1] This standard/interpretation is effective for annual periods beginning on or after the presented date (in accordance with IASB).
[2] This standard/interpretation is effective for annual periods beginning on or after the presented date (in accordance with EU endorsement).

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

5| Use of Estimates and Judgements

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

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

a) Revaluation of property, plant and equipment: The valuation was based on assumptions regarding the development of interest rates, inflation, expected term of lease agreements and amount of future income and expenses for each individual site. Changes in these parameters can result in higher or lower values. A reassessment is performed each year, if there are significant unexpected changes in any of the parameters (see Note (14) for the initial revaluation on October 1, 2023).

b) Recoverability of assets: The recoverability of goodwill, other intangible assets, right-of-use assets and property, plant and equipment is generally based upon discounted estimated future net cash flows from the continuing use and ultimate disposal of the assets. Changes in the discount rates used, in the development of revenues, in cost drivers as well as in capital expenditures could lead to impairments or, to the extent permitted, to reversals of impairments (see Note (16)). For more information on the carrying amounts of goodwill, other intangible assets, right-of-use assets and property, plant and equipment, see Notes (14), (15), (16) and (24).

c) The estimated useful lives of property, plant and equipment and intangible assets subject to depreciation and amortization represent the estimated periods during which the assets will be in use. With respect to changes in depreciation and amortization resulting from changes in the useful lives, see Note (14).

d) 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 (19)).

e) Leases as a lessee: 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 (24)).

f) Leases as a lessor requires judgement, whether the lease is classified as operate lease.

6| Revenues

Revenue includes all revenue that results from the ordinary business activities of EuroTeleSites Group. The vast majority of revenue comes from long-term leasing contracts for site locations with the A1 Group and other mobile network operators (MNOs). Such sites are the physical passive infrastructure installed either at ground levels or on buildings and to which communication equipment is attached to establish a cell in a cellular network. Revenue from site locations represents revenue generated from leasing space and providing services to customers at site locations. Revenue is reported excluding sales tax and any other taxes and duties levied on customers and paid to the tax authorities or relevant bodies.

The following table shows the disaggregated revenues per segment:

in TEUR, at 31 December 2023	Austria	Bulgaria	Croatia	North Macedonia	Serbia	Slovenia	Other[1]	**Consolidated**
Leases	43,780	8,100	7,516	1,471	7,315	3,116	0	71,297
Other operating income (OOI)	338	86	143	27	-1	25	-1	618
Total revenues (incl. OOI)	**44,118**	**8,186**	**7,659**	**1,498**	**7,314**	**3,140**	**-1**	**71,916**

[1] Other includes Corporate & Other and Eliminations.

With regard to the revenues realized with related parties, see Note (12).

Master Lease Agreement (MLA) with A1 Group:

In June and July 2023, MLAs were concluded between the six tower companies later included in EuroTeleSites Group and the “A1 companies” as defined term in Note (2).

The MLAs cover the lease of the lease object which is defined as the passive equipment at any site where active equipment of A1 Group

- is located at the time the contract was concluded,
- will be located following the completion of the mandatory upgrade modifications,
- or will be located following the completion of a new site or site replacements.

Passive equipment means the entirety of the infrastructure in the form of antenna supports (e.g. masts and other devices) and any structural and technical installation required to support active equipment.

Each MLA has an unlimited duration and may be terminated by the respective A1 Group company after 8, 16 and 24 years, whereas the respective EuroTeleSites Group company may terminate the MLA the earliest after 24 years. After 24 years each party to the contract may terminate the MLA with a notice period of 36 months.

The following services are provided by EuroTeleSites Group:

- Space for the installation of radio equipment from the A1 Group companies including installation of 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 landlords,
- Maintenance of the passive infrastructure, which concerns the structure, the air conditioning systems, the security system and the energy supply (external power supply and generators),
- EuroTeleSites Group must upgrade for new technologies (e.g. 5G or another upgrade if required by A1 Group companies).

Additional services:

- New sites are built based on the customers’ orders (encompassing the entire process from acquisition to the actual commissioning of the site),
- Aviation security and lighting expenses are borne by EuroTeleSites Group. Electricity for active equipment and cooling is pass through.

The lease was classified as an operating lease, due to the following reasons:

- The lease contract (MLA) does not transfer ownership of the underlying asset to the lessee by the end of the lease term,
- No option to purchase the underlying assets at a price much lower than the fair value at the time the option becomes exercisable is included in the MLA,
- The lease term of the MLA (non-cancellable lease term is 8 years) is not for the major part of the economic life of the underlying asset (which is 24 years),
- The present value of the lease payments does not amount to at least substantially all of the fair value of the underlying asset,
- The underlying asset is not of such specialized nature that only the lessee can use it. Sites are also leased to other telecommunication companies.

The other indicators given in IFRS 16.64 that could lead to a lease being classified as a finance lease are also not met, as the MLAs do not contain any regulations that fulfil these criteria.

Rental fees are monthly based and are billed in advance. These revenues are settled within 30 days by A1 Group members. Revenue resulting from the lease to third parties is billed and paid monthly, quarterly or annually. Lease payments are recorded monthly as revenue recognised on a straight-line basis over the contract term.

In Serbia the EuroTeleSites Group leases solar panels to A1 Group. The lease is classified as an operating lease.

There are no significant warranty obligations that go beyond the statutory warranty obligations.

The other operating income essentially includes the profit from the disposal of property, plant and equipment and certain expenses reinvoiced to A1 Group.

7 | Cost and expenses

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

in TEUR	**September 22 – December 31, 2023**
Employee expenses, including benefits and taxes	3,874
Network maintenance	2,852
Electricity	4,257
Other operating expenses	502
Total cost and expenses	**11,485**

Employee expenses, including social benefits and taxes, comprise all benefits to employees net of own work capitalized:

in TEUR	**September 22 – December 31, 2023**
Own work capitalized	237

Own work capitalized represents the work performed for own purposes consisting mainly of employee costs and direct overheads capitalized primarily as part of property, plant and equipment.

Impairment losses of accounts receivable, classified at amortized cost, are reported in bad debt expense in the line item “selling, general and administrative expenses” and amount to:

in TEUR	**September 22 – December 31, 2023**
Impairment losses	49

Group Auditor's fees

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. (EY) was appointed by Telekom Austria AG, in its capacity as founder of EuroTeleSites AG under the Spin-off and Transfer Agreement, as a group auditor for EuroTeleSites AG for the year 2023. The fees related to the group auditor amount to:

in TEUR	September 22 – December 31, 2023
Audit fees EY	225
Other services	14
Total fees	**239**

Other services relate to expenses for extended disclosures in the report of sustainability according to the EU taxonomy directive and to the publication of the annual financial report in the European single electronic format ("ESEF format") as well as International Standard on Assurance Engagements certifications. To the extent that EuroTeleSites Group companies are not entitled to deduct input tax, the amounts disclosed above also include the value added tax charged.

8 | Financial result

in TEUR	September 22 – December 31, 2023
Interest income on financial assets at amortized cost	601
Interest income	**601**

in TEUR	September 22 – December 31, 2023
Interest expense on financial liabilities at amortized cost	15,358
Interest expense on lease liabilities	4,485
Interest capitalized	-13
Interest expense on asset retirement obligations	573
Interest expense	**20,404**

Interest is recognized using the effective interest method. Interest expense on financial liabilities at amortized cost is primarily due to the issued bond and the bank loan (see Notes (20) and (26)). Regarding the interest expense from lease liabilities and from asset retirement obligations, see Notes (24) and (19).

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset. A qualifying asset is an asset that requires a substantial period of time to be prepared for its intended use. In 2023, interest capitalized related to qualifying assets of property, plant and equipment (see Note (14)).

in TEUR	September 22 – December 31, 2023
Interest expense on employee benefit obligations	15
Fees for unused credit lines	411
Other financial result	**426**

For information on the interest rate for employee benefit obligations, see Notes (19) and (21).

in TEUR	September 22 – December 31, 2023
Foreign exchange gains	7
Foreign exchange losses	-8
Foreign exchange differences	-1

Foreign exchange gains and losses arise from exchange rate fluctuations between the recognition of the transaction and payment date respectively from the valuation of receivables and payables at the reporting date. The foreign exchange rates are disclosed in Note (4).

9 | Earnings per share

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

	September 22 – December 31, 2023
Net result attributable to owners of the parent in TEUR	7,931
Weighted average number of common shares outstanding	166,125
Basic and diluted earnings per share in euro	0.05

For the number of shares, see Note (25).

No dilutive instruments existed at December 31, 2023 and September 22, 2023.

10 | Cash and cash equivalents

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

EuroTeleSites Group invests its cash with various financial institutions with impeccable credit ratings. Therefore the calculation of expected credit losses for cash and cash equivalents resulted in an insignificant amount, which was not recognized (see also “Credit risk” in Note (26)).

11 | Accounts Receivable, Net

Accounts receivable represent amounts owed by customers where the right to payment is conditional only on the passage of time. All accounts receivable are recorded at amortised cost. The carrying value of all accounts receivable at amortised cost is reduced by allowances for lifetime estimated credit losses.

in TEUR	September 22, 2023	**December 31, 2023**
Accounts receivable, gross	3,072	9,832
Loss allowances	-161	-205
Accounts receivable, net	2,911	9,627

The development of the loss allowance for accounts receivable due from customers as well as their age structure is disclosed in “Credit risk” in Note (26).

12 | Related Party Transactions

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

All business transactions with related parties are continuously monitored and documented to ensure that pricing is at arm's length. With the exception of fully consolidated subsidiaries, whose transactions are eliminated in consolidation, there are no financing activities with related parties. However, prior to the spin-off, A1 Towers Holding GmbH (see Note 2) took out a bond and a bank loan amounting to TEUR 500.000 each. In the spin-off a liability in the amount of TEUR 1,031,000 due to A1 Group was allocated to A1 Towers Holding GmbH, which was paid on September 26, 2023. Additionally the cash-pooling receivables due from A1 Group amounting to TEUR 25,120, which were allocated to EuroTeleSites Group were paid by A1 Group after the spin-off.

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

in TEUR	**September 22 – December 31, 2023**
Revenues (incl. other operating income)	64,365
Expenses	-1,853

In 2023, revenue generated with A1 Group included the entire range of EuroTeleSites services. Revenue disaggregated per segment is reported in Notes (1) and (6). Expenses with the A1 Group concern mainly expenses for services provided and electricity.

As of December 31, 2023, the accounts receivable due from related parties and accounts payable due to related parties reported in the consolidated statement of financial positions exclusively relate to A1 Group. The reduction in the payables to related parties is mainly related to the payment of the financing liability resulting from the spin-off.

in TEUR	September 22, 2023	**December 31, 2023**
Related party accounts receivable, trade	20,592	23,295
Related party accounts receivable, finance	25,120	0

in TEUR	September 22, 2023	**December 31, 2023**
Related party accounts payable, trade	27,956	19,721
Related party accounts payable, finance	1,039,681	0

The related party accounts receivable, other and accounts payable, other represent financing activities in the course of the spin-off.

Maturity analysis of related party lease liabilities is presented in Note (24) and relates solely to A1 Group.

The following table shows the compensation of key management personnel as well as the expenses for pensions and severance for other employees. Key management personnel is defined as the members of the management boards and the managing directors of all significant operating companies of EuroTeleSites Group registered in the Company Register as well as the members of the Management Board of EuroTeleSites AG (see Note (29)).

in TEUR	**September 22 – December 31, 2023**
Short-term employee benefits	344
Total compensation of key management	**344**
Expenses for pensions and severance for other employees	71
Expenses for pensions and severance for Management Board	20

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

13 | Other Current Assets

Other current assets are as follows:

in TEUR	September 22, 2023	December 31, 2023
Prepaid expenses	1,293	1,382
Other current assets	322	703
Total	**1,615**	**2,085**

Prepaid expenses:

in TEUR	September 22, 2023	December 31, 2023
Advances to employees	63	121
Licensing	24	0
Advance rent payments	301	299
Fund raising costs and bank charges	869	869
Other	36	93
Prepaid expenses	**1,293**	**1,382**

The other prepaid expenses at September 22, 2023 and at December 31, 2023 mainly relate to payments for “Sitetracker” transformation project (a cloud-based software) and insurance.

14 | Property, Plant and Equipment

The acquisition and production costs include certain costs that are capitalized during the installation and expansion of the assets, for example material, payroll, direct overhead and interest costs as well as the present value of estimated decommissioning and restoration obligations (see Note (19)). Value added tax (VAT), which is charged by suppliers and refunded by the tax authorities, is not included in cost.

Maintenance and repairs are expensed as incurred, while replacements and improvements are capitalized. The cost and accumulated depreciation of assets sold or retired are removed from the accounts, and any resulting gain or loss is recognized in other operating expenses or other operating income. Auxiliary and operating materials are used primarily in the expansion of sites and are reported under property, plant and equipment in accordance with IAS 16.8 as they are expected to be used in more than one period.

The EuroTeleSites Group re-assessed its accounting for property, plant and equipment with respect to measurement of a certain class of property, plant and equipment (sites) after initial recognition. The EuroTeleSites Group had previously measured all property, plant and equipment using the cost model whereby, after initial recognition the assets were carried at cost less accumulated depreciation and accumulated impairment losses.

After the spin-off from the A1 Group, the Management Board concluded that the fair value of the sites can be measured reliably and they shall be carried at a revalued amount in accordance with IAS 16.31 considering the new accounting policy as more relevant. With the change in accounting policy, the sites are no longer recognized at historical cost, but measured under the revaluation model after initial recognition. The EuroTeleSites Group considers that the revaluation model represents the actual conditions of the industry of these assets and improves its financial position, which allows its shareholders and stakeholders to have the necessary financial information associated with market expectations about these assets. The revaluation was performed and initially recorded as of October 1, 2023. The Group applied the revaluation model prospectively.

The Management Board has decided to use the method of net present values of the expected cash flows over the anticipated term of the lease agreements (which corresponds to the useful life) to determine the fair value of the sites for revaluation purposes. All expected cash inflows and cash outflows over the anticipated term of the lease contracts were considered for the revaluation. These amounts have been adjusted for the estimated inflation and discounted with the risk-free/risk-adjusted interest rate. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value. The initial revaluation as of October 1, 2023 is presented in the table below:

Changes to Statement of financial position as of October 1, 2023 in TEUR	Notes	Fair Value	Carrying amount prior to revaluation	Change fixed assets (IAS 16)	Tax Rate	Deferred Tax	Other comprehensive income
Revaluation							
Austria		861,001	168,937	692,065	23%	159,175	532,890
Bulgaria		106,129	9,672	96,457	10%	9,646	86,811
Croatia		127,504	18,344	109,160	18%	19,649	89,511
North Macedonia		21,951	2,239	19,712	10%	1,971	17,741
Slovenia		55,183	9,840	45,343	19%	8,615	36,728
Serbia		100,686	12,120	88,565	15%	13,285	75,280
		1,272,454	**221,153**	**1,051,301**		**212,340**	**838,961**

Regarding the recognition of the revaluation amount, EuroTeleSites Group applies the net method, which is why the revaluation amount is presented as the new carrying amount and the accumulated depreciation is eliminated against the gross carrying amount of the asset. In the current financial year, depreciation of TEUR 14,112 was recognized in profit or loss. The depreciation less related income taxes attributable to the revaluation, amounting to TEUR 8,868, was transferred from the revaluation reserve to retained earnings. The revaluation of the assets was performed internally. The carrying amount of the sites as of December 31, 2023 would have been TEUR 232,448 if no revaluation had been performed.

As the underlying assumptions for the revaluation influence the parameters for the asset retirement obligation, the asset retirement obligation had to be adjusted as well (see Note 19).

Based on property, plant and equipment at December 31, 2023, the revaluation will lead in the following years to monthly depreciation expense and deferred tax income, as provided in the following table:

Changes to Consolidated Statement of Comprehensive Income	Depreciation per month	Deferred tax per month	**Effect on Profit or Loss per month**
Revaluation			
Austria	2,428	559	1,870
Bulgaria	340	34	306
Croatia	384	69	315
North Macedonia	69	7	62
Slovenia	160	35	125
Serbia	312	47	265
Total	**3,693**	**751**	**2,943**

in TEUR	Sites	Other assets	Construction in progress	Inventories for operation of the plant	Total
Cost at September 22, 2023	1,379,893	7,916	12,194	879	1,400,882
Additions	15,101	346	11,288	939	27,674
Disposals	-1,381	-1	0	-2	-1,384
Transfers	2,404	2	-1,790	-617	0
Translation adjustment	36	1	1	0	37
Revaluation	-106,883	0	0	0	-106,883
At December 31, 2023	**1,289,169**	**8,264**	**21,693**	**1,200**	**1,320,327**
Accumulated depreciation at September 22, 2023	-1,156,677	-4,675	0	0	-1,161,352
Additions	-13,995	-113	0	0	-14,109
Disposals	401	1	0	0	402
Translation adjustment	51	-0	0	0	51
Revaluation	1,158,126	0	0	0	1,158,126
At December 31, 2023	**-12,095**	**-4,788**	**0**	**0**	**-16,882**
Carrying amount at September 22, 2023	**223,215**	**3,241**	**12,194**	**879**	**239,530**
Carrying amount at December 31, 2023	**1,277,074**	**3,477**	**21,693**	**1,200**	**1,303,444**

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

Depreciation on property, plant and equipment is calculated using the straight-line method. If an event or circumstance indicates that the assets may be impaired, they are tested for impairment (see Impairment test in Note (16)). The useful lives in years are:

in years	2023
sites	24
Other assets	2-10

Sensitivity analysis

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

in TEUR	September 22 – December 31, 2023
Decrease due to extension by one year	2,043
Increase due to reduction by one year	5,155

As of December 31, 2023, the purchase obligations for property, plant and equipment amounted to TEUR 9,980.

15 | Intangibles

in TEUR	Licenses and other rights	Patents	Software	Construction in progress	**Total**
Cost at September 22, 2023	854	324	6	347	1,531
Additions	0	0	9	0	9
Disposals	0	0	0	-24	-24
Transfers	0	0	0	0	0
Translation adjustment	0	0	-0	0	0
At December 31, 2023	**854**	**324**	**15**	**323**	**1,516**
Accumulated amortization and impairment at September 22, 2023	-804	-141	-1	0	-947
Additions	-6	4	-1	0	-4
Disposals	0	0	0	0	0
Transfers	0	0	0	0	0
Translation adjustment	0	0	0	0	0
At December 31, 2023	**-811**	**-138**	**-2**	**0**	**-950**
Carrying amount at September 22, 2023	**49**	**182**	**5**	**347**	**584**
Carrying amount at December 31, 2023	**43**	**186**	**13**	**323**	**565**

Licenses not yet put into operation are included in licenses other rights.

If there is an indication of impairment, intangible assets are tested for impairment (see Impairment test).

Intangible assets are amortized applying the straight-line method and is based on the following useful lives in years

in years	**2023**
Patents	7
Software	5-4

Expected amortization for future periods and the effects of a change in the useful lives is not reported, due to insignificant effects.

Software

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

In 2023 EuroTeleSites Group did not capitalise any development costs in software.

Contractual commitments

At December 31, 2023, contractual commitments for the acquisition of intangible assets amounted to TEUR 602.

Impairment test

Property, plant and equipment and intangible assets with finite useful lives are tested for impairment if facts or changes in circumstances indicate that the carrying amount of an asset could be above its recoverable amount. The impairment test is performed for all property, plant and equipment, right-of-use assets and intangible assets, regardless of whether they are intended for sale or not. In accordance with IAS 36, an impairment loss is recognized when an asset's carrying amount exceeds the higher of its fair value less costs to sell or its value in use. Fair value is the amount obtainable from the sale of the asset in an arm's length transaction. Value in use is based on the discounted cash flows expected to arise from the continued use of the asset and from its disposal at the end of its useful life. Impairment charges are recorded separately in the Consolidated Statement of Comprehensive Income.

If there is any indication that the impairment recognized in prior periods no longer exists, EuroTeleSites Group will consider the need to reverse all or a portion of the impairment charge.

16 | Goodwill

The goodwill results from business combinations of A1 Group in the past, which were allocated to EuroTeleSites Group proportionally to the spun-off assets based on the relative values of the respective cash generating units of the A1 Group and the EuroTeleSites Group as of September 22, 2023.

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

The following table shows the changes in the carrying amounts of goodwill allocated to the individual cash-generating units:

in TEUR	Austria	Bulgaria	Croatia	North Macedonia	Slovenia	**Total**
At September 22, 2023	120,958	20,606	24,908	4,265	38,338	209,075
Translation adjustment	0	0	0	1	0	1
At December 31, 2023	**120,958**	**20,606**	**24,908**	**4,266**	**38,338**	**209,076**

Impairment test

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

For the purpose of impairment testing, assets are allocated 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 of disposal and its value in use.

The segments of EuroTeleSites Group are representing the cash-generating units.

EuroTeleSites Group performs these impairment tests by calculating the fair value less costs of disposal based on capital-market-oriented valuation methodology which is based on detailed planning of future cash flows of revenue and costs less capital expenditure for maintenance and replacement of assets as well as working capital changes for a planning period of twenty years and a perpetual annuity for the years following the detailed planning period. The detailed planning is based on business plans approved by the management 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 fair value less costs of disposal comprise the development of revenues, cost drivers, working capital changes, capital expenditure for maintenance and replacement of assets, growth rate and discount rate, as well as costs of disposal. Historical performance and past experience and expectations are based on knowledge acquired while being part of A1 Group.

- Assumptions regarding development of revenues are based on historical performance, industry forecasts and external market data such as the development of gross domestic product (GDP), inflation rates, currency rates, population and other parameters.
- Cost drivers and capital expenditure for maintenance and replacement of assets are based on past experience and internal expectations.
- Growth rates applied to the perpetual annuity consider country-specific growth rates as well as company-specific revenue growth rates of prior periods and those used in detailed planning, 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 fair value less costs of disposal of the cash-generating units. The cost of capital 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 costs of disposal are based on experience from M&A projects while being part of A1 Group.

The analysis of climate scenarios has been a part of risk management, analysing 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. Regarding the electricity costs short-term price increases have already been included in the business plan and were already part of the impairment test, no new effects from transitional risks (e.g. CO_2 taxation) come from the scenario analysis, and thus no valuation-relevant changes.

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 fair value less cost of disposal:

	Growth rates perpetual annuity 2023	Pre-tax discount rates 2023
Segment Austria	0.0%	6.2%
Segment Bulgaria	0.0%	8.0%
Segment Croatia	0.0%	8.3%
Segment North Macedonia	0.0%	10.9%
Segment Slovenia	0.0%	7.3%

If the fair value less costs of disposal 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.

If the fair value less costs of disposal is lower than the carrying amount of the cash-generating unit, an impairment charge is recognized in profit or loss for goodwill and those assets not carried at revaluation amount. 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. Impairment losses (revaluation) relating to revalued assets (sites) shall be recognizes in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

At December 31, 2023 and September 22, 2023, the fair value less costs of disposal of all cash-generating units exceeded the carrying amounts. Thus, no impairment charges had to be recognized.

17 | Other Non-current Assets

in TEUR	September 22, 2023	**December 31, 2023**
Other financial assets	70	70
Financial assets	**70**	**70**
Other non-financial assets	1,909	1,741
Other non-current assets, gross	1,979	1,811
Other non-current assets, net	**1,979**	**1,811**

Other non-financial assets include essentially fund raising costs and bank charges.

18 | Accounts Payable

Accounts payable consist of the following items:

in TEUR	September 22, 2023	**December 31, 2023**
Fiscal authorities	2,550	5,050
Social security	46	141
Deferred rental revenues	1,207	1,767
Other non-financial liabilities	384	63
Current non-financial liabilities	**4,188**	**7,021**
Suppliers	23,451	22,549
Accrued interest	4,958	17,345
Employees	330	553
Other current financial liabilities	0	3
Current financial liabilities	28,739	40,451
Accounts payable	**32,927**	**47,472**

Liabilities due to fiscal authorities include mainly value-added taxes and payroll taxes. Liabilities regarding social security relate to statutory contributions to the social security system.

Other non-financial liabilities include deferred lease revenue.

Accrued interest relates to interest on the bond and the bank loan.

Liabilities due to employees relate mainly to salaries payable (including overtime and travel allowances) and unused vacation days.

19 | Accrued Liabilities and Provisions, Asset Retirement Obligation

in TEUR	Employees	Asset retirement obligation	Other	Total
At September 22, 2023	**298**	**98,978**	**182**	**99,459**
Additions	399	1,143	7	1,549
Changes in estimate	0	-38,908	0	-38,908
Used	-16	-11	-8	-35
Released	0	-1	0	-1
Accretion expense	0	573	0	573
Translation adjustment	-0	-3	0	-3
At December 31, 2023	**681**	**61,772**	**181**	**62,635**
thereof long-term portion	0	61,772	0	61,772
thereof short-term portion	681	0	181	862

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

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

Asset retirement obligation

EuroTeleSites Group accounts for assets retirement obligations arising from the disposal and decommissioning of sites and leased business premises.

Liabilities for asset retirement obligations are measured at their net present value in accordance with IAS 37, the increase in the liability that reflects the passage of time is recognized in profit or loss (see Note (8)). The effects of changes in the measurement from existing provisions are accounted for in accordance with IFRIC 1.

Since the revaluation model is used for sites, changes in valuation for existing provisions are recorded in the revaluation reserve recognized for this asset, so that

a) a decrease in the provision is recognized in other comprehensive income, unless it is recognized in profit or loss to the extent that it reverses revaluation deficit of the same asset that was previously recognised in profit or loss,
b) an increase in the provision is recognized in profit or loss, unless it is recognized in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

In the event that a decrease in the provision exceeds the carrying amount that would have been recognized had the asset been carried using the cost model, the excess must be recognized immediately in profit or loss.

The following table shows the change in estimate to the asset retirement obligation on the date of the revaluation.

Changes to Statement of financial position as of October 1, 2023	Notes	New estimate	Carrying amount prior to revaluation	Change in estimate	Tax Rate	Deferred Tax	Other comprehensive income	Incremental borrowing rate September 22, 2023	Incremental borrowing rate December 31, 2023
Asset retirement obligation Liability									
Austria		44,175	72,063	27,887	23%	6,414	21,473	5.1%	4.2%
Bulgaria		2,586	5,670	3,084	10%	308	2,775	7.4%	6.4%
Croatia		2,269	7,264	4,995	18%	899	4,096	7.3%	6.4%
North Macedonia		527	1,784	1,257	10%	126	1,132	8.4%	7.5%
Slovenia		1,933	5,955	4,022	19%	764	3,258	6.2%	5.3%
Serbia		976	6,417	5,441	15%	816	4,625	10.4%	10.4%
Total		**52,466**	**99,152**	**46,686**		**9,328**	**37,359**		

EuroTeleSites Group operates sites on land, rooftops and on other premises under various types of lease contracts. In estimating the fair value of the retirement obligation for its sites, EuroTeleSites 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 the course of the revaluation, the assets retirement obligation was remeasured to reflect the useful life of the sites. The corresponding change in estimate in the amount of TEUR 46,686 was offset directly against the revaluation reserve in accordance with IFRIC 1.

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

	September 22, 2023	**December 31, 2023**
Discount rate	3.4% - 8.1%	4.2% - 10.4%
Rate of compensation increase	2.9% - 5.1%	2.1% - 3.1%

* 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 December another change in estimate occurred as the Incremental borrowing rate for long term financing changed. This change in estimate amounted to an increase of TEUR 7,778 in the asset retirement obligation, a decrease of TEUR 1,621 of deferred tax liabilities and a change to the revaluation reserve of the Other Comprehensive Income in the amount of TEUR 6,157.

Sensitivity analysis

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

in TEUR, at December 31, 2023	1 percentage point increase	1 percentage point decrease
Change in discount rate	-12,066	15,207
Change in inflation rate	15,427	-12,386

Other provisions

Other provisions relate mainly to permits for existing sites and legal advice.

Employees' provision

The employee provisions include mainly incentive and performance bonuses.

20 | Long-term Debt

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

at December 31, 2023	Maturity		Nominal interest rate	Face value (TEUR)	Carrying amount September 22, 2023 (TEUR)	**Carrying amount December 31, 2023 (TEUR)**
Bonds	2028	fix	5.25%	500,000	494,587	494,895
Bank debt	2028	variable	5.30%	500,000	500,000	500,000
Financial debt				1,000,000	994,587	994,895
Long-term financial debt				1,000,000	994,587	994,895

Bonds

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

On July 13, 2023, A1 Towers Holding GmbH (then part of the A1 Group) issued a bond with a face value of TEUR 500,000, discount and issuing costs of TEUR 5,635, maturity in 2028 and a fixed interest coupon of 5.25%.

Bank loans

Furthermore, a bank loan of TEUR 500,000 was taken out, which is due on June 9, 2028 and has a variable interest rate linked to the 3-months Euribor with a fixed margin of 1.30 base points.

21 | Employee Benefits

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

In the case of defined contribution plans, EuroTeleSites 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	September 22, 2023	**December 31, 2023**
Service awards	69	387
Severance	1,460	1,596
Long-term employee benefit obligations	**1,529**	**1,983**

According to IAS 19.133, EuroTeleSites Group chooses to distinguish between current and non-current liabilities arising from employee benefit obligations. At December 31, 2023 there are no current liabilities arising from employee benefit obligations.

For severance, EuroTeleSites 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 EuroTeleSites Group holds no plan assets. Accrued interest on employee benefit obligations is reported in the financial result, while service cost is reported in employee expenses in the respective functional area.

Actuarial assumptions

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

	September 22, 2023	**December 31, 2023**
Discount rate service awards	3.75%	3.25%
Discount rate severance	3.75%	3.25%
Rate of compensation increase – civil servants	4.50% - 5.30%	6.00%
Rate of compensation increase – employees	3.40% - 4.60%	3.50%-5.4%
Employee turnover rate[1]	0.0% - 1.03%	0.0%-0.91%

[1] Depending on years of service, including previous service periods with A1 Group.

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 2023, 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 “AVOe 2018-P – Rechnungsgrundlagen für die Pensionsversicherung – Pagler & Pagler”. The obligations related to the international subsidiaries were measured on the same actuarial basis due to their insignificant proportion.

Duration

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

	September 22, 2023	**December 31, 2023**
Service awards	3.8	4.2
Severance	11.2	10.0

Service awards

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

At December 31, 2023 and September 22, 2023, less than 1% of the non-current defined benefit obligation for service awards relate to foreign subsidiaries.

Severance

Defined contribution plan

Employees who started to work for A1 Group in Austria on or after January 1, 2003 and were then transferred to EuroTeleSites Group or who started directly to work for EuroTeleSites Group in Austria are covered by a defined contribution plan. In 2023, EuroTeleSites Group paid 1.53% of the salary or wage, amounting to TEUR 20, into this defined contribution plan (BAWAG Allianz Mitarbeitervorsorgekasse AG).

Defined benefit plans

Severance benefit obligations for employees whose employment commenced with A1 Group in Austria before January 1, 2003 and were then transferred to EuroTeleSites Group, excluding civil servants, are covered by defined benefit plans. Upon termination of employment by EuroTeleSites 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 EuroTeleSites Group are salary increases and changes of interest rates.

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

in TEUR	
At September 22, 2023	**1,460**
Service cost	10
Interest cost	11
Recognized in profit or loss	21
Actuarial gain/loss from experience adjustment	115
Recognized in other comprehensive income	115
Obligation at December 31, 2023	**1,596**
Less short-term portion	0
Non-current obligation	**1,596**

At December 31, 2023, approximately 7% of the non-current defined benefit obligation for severance relate to foreign subsidiaries.

Pensions

Defined contributions pensions plans

In Austria, pension benefits are generally provided by the social security system for employees, and by the government for civil servants. The contributions of 12.55% of gross salaries that EuroTeleSites Group made in 2023 to the social security system and the government in Austria amounted to TEUR 408. In 2023, contributions of the foreign subsidiaries into the respective systems ranged between 8.85% and 24.00% of gross salaries and amounted to TEUR 362.

Additionally, EuroTeleSites Group offers a defined contribution plan for employees of its Austrian subsidiaries, who were employed by A1 Group in Austria on or before December 31, 2011 and were then transferred to EuroTeleSites Group (in total 28 employees). EuroTeleSites Group's contributions to this plan are based on a percentage of the compensation not exceeding 5.00%. In 2023, the annual expenses for this plan amounted to TEUR 62.

Sensitivity analysis

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

in TEUR as at December 31, 2023	0.5 percentage point decrease	0.5 percentage point increase
Service awards	8	-8
Severance	81	-76

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

in TEUR as at December 31, 2023	1 percentage point decrease	1 percentage point increase
Service awards	-15	15
Severance	-146	163

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

in TEUR as at December 31, 2023	0.5 percentage point decrease	0.5 percentage point increase
Service awards	0	-8
Severance	20	-35

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

22 | Stockholders' Equity

Capital management

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

The capital management of EuroTeleSites Group focuses primarily on maintaining and improving the capital basis. This shall continue to be documented by solid investment grade ratings from renowned rating agencies. To do so EuroTeleSites Group shall not pay dividends for the next few years, as agreed between the major shareholders upon the decision to spin-off the EuroTeleSites from the A1 Group.

Share capital

At December 31, 2023 and September 22, 2023, the common stock of EuroTeleSites AG amounts to TEUR 166,125 and is divided into 166.125 million bearer shares. At December 31, 2023 and September 22, 2023, América Móvil indirectly holds a stake of 56.96% and 56.55%, respectively, through its 100% subsidiary América Móvil B.V., Netherlands, while OeBAG holds a stake of 28.42%. The remaining shares are free float. The shares have no par value.

The number of authorized, issued and outstanding shares is 166.125 million. The shares issued are fully paid.

The annual loss of EuroTeleSites AG according to the Austrian GAAP (UGB) amounts to TEUR 2,292.

The unappropriated retained earnings of EuroTeleSites AG according to Austrian GAAP would not be subject to a dividend limitation as the restrictions of Section 235 UGB do not apply. The Management Board plans, subject to approval from the Supervisory Board, to propose to the shareholders at the Annual General Meeting not to distribute dividends for 2023.

Capital reserves

When the EuroTeleSites Group was spun-off from A1 Group the difference between assets, liabilities and share capital was recognised as capital reserve, which resulted in a negative amount of TEUR 808,550.

Other comprehensive income (OCI)

The revaluation reserve results from the revaluation of the sites (see Note (14)) and the respective adjustment of the Asset Retirement Obligations (see Note (19)) and related deferred taxes.

The IAS 19 reserve contains the remeasurement of severance obligations (see Note (22)). The translation reserve relates mainly to the consolidation of subsidiaries in the Republic of Serbia and North Macedonia.

The development of the individual OCI items is presented in the Consolidated Statement of Comprehensive Income and the Consolidated Statement of Changes in Stockholders' Equity.

23 | Income Taxes

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

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

The concept of the so-called Pillar II regulations developed by the OECD and implemented by the EU in the form of a directive provides for a global minimum tax rate of 15% on corporate profits. The aim is to reduce tax competition. It is unclear whether the Pillar II regulations create additional temporary differences, whether deferred taxes are to be remeasured and which tax rate is to be used for the measurement of deferred taxes. In response to this uncertainty, the IASB has published amendments to IAS 12 that adopt a temporary mandatory exemption from the requirements of IAS 12, according to which an entity does not have to recognize or disclose information about deferred tax assets and liabilities in connection with the Pillar II regulations. The EuroTeleSites Group applies this exemption as of December 31, 2023.

As part of the preparation for the implementation of Pillar II, the EuroTeleSites Group performed the so-called “safe harbour tests”. The purpose of the “Transitional Country-by-Country Safe Harbours” is to relieve the corporate groups affected by Pillar II of the complex, detailed and time-consuming calculation of the top-up tax for those tax jurisdictions where the risk of low taxation is low, as provided for in the EU Directive, in the first years after the introduction of global minimum taxation. If one of the three tests (“De minimis”, “Simplified Effective Tax Rate”, “Routine Profits”) is met, the top up tax for a tax jurisdiction is set at zero. The temporary safe harbours apply to tax years beginning before December 31, 2026 and ending before June 30, 2028. In an initial analysis, the safe harbour rules can be applied to all tax jurisdictions of EuroTeleSites Group with the exception of Bulgaria and North Macedonia. However, Bulgaria plans to introduce a domestic top-up tax.

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

in TEUR	**September 22 – December 31, 2023**
Current income tax	1,961
Deferred income tax	334
Income tax	**2,296**

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

in TEUR	**September 22 – December 31, 2023**
Continuing operations	2,296
Income tax on remeasurement of defined benefit obligations[1]	-25
Income tax on revaluation of tower sites[1]	221,574
Total income tax	**223,844**

1 Recognised in other comprehensive income (OCI).

The income tax on revaluation of tower sites includes the effect of the change in tax rate in Slovenia.

In 2023, current corporate income tax is calculated by applying the tax rate of 24%. The following table shows the major reconciling items between the reported income taxes and the amount of income taxes that would have resulted by applying the Austrian statutory income tax rate of 24% to earnings before income tax:

in TEUR	**September 22 – December 31, 2023**
Income tax expense at statutory rate	2,454
Foreign tax rate differential	-975
Non-tax-deductible expenses	174
Tax incentives and tax-exempted income	167
Tax-free income (loss) from investments	0
Change in tax rate	-838
Tax benefit/expense previous years	781
Changes in deferred tax assets not recognised	535
Other	-1
Income tax	**2,296**
Effective income tax rate	22.45%

In 2023, non-deductible expenses consist mainly of various expenses not deductible for tax purposes in the individual countries.

In 2023, tax incentives and tax-exempted income relate mainly to investment and other tax incentives in the individual countries.

Although current income tax in Austria is calculated by applying 24% at September 22, 2023 and December 31, 2023 the calculation of deferred taxes in Austria is based on 23% (due to the tax rate applicable from 2024 onwards) as the temporary differences will reverse in 2024 or later. The change in tax rates relates to the increase of Slovenian income taxes. Triggered by the excessive floods in 2023, a special and temporary increase of the income tax rate was introduced in Slovenia (from 19% to 22%). This will be valid for the next 5 years, applicable as of 2024.

In accordance with IAS 12, deferred tax assets and liabilities are recognized for all temporary differences between the carrying amounts of assets and liabilities and their tax bases. Furthermore, deferred taxes are recognized for current year tax losses and tax loss carry-forwards.

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

in TEUR	Deferred tax assets September 22, 2023	Deferred tax liabilities September 22, 2023	**Deferred tax assets December 31, 2023**	**Deferred tax liabilities December 31, 2023**
Loss carry-forwards	7,505	0	3,656	0
Property, plant and equipment	1,812	-6,254	0	-216,469
Right-of-use assets, net	0	-58,744	0	-57,503
Other intangible assets	0	-2	0	-2
Accounts receivable	0	0	3	0
Lease liabilities	55,878	0	55,791	0
Provisions, long-term	4,580	0	953	-2,929
Employee benefit obligations	168	0	194	0
Accrued liabilities and accounts payable	31	0	56	0
Other	3,992	-413	2,917	0
Total	**73,965**	**-65,413**	**63,571**	**-276,903**
Offsetting			-63,571	63,571
Deferred tax assets/liabilities	8,552	0	0	-213,331

In Austria, EuroTeleSites Group established a tax group according to Section 9 of the Austrian Corporate Tax Act (KStG), with EuroTeleSites AG as the head of the tax group. The head of the tax group and its member (A1 Towers Holding GmbH) have agreed on tax compensation. Positive taxable results are subject to a tax rate of 23%. Negative taxable results are not reimbursed but netted with future positive results of the tax group members. Deferred tax assets and liabilities for the members of the tax group (currently one Austrian subsidiary) are reported on a net basis since the tax group is treated as one taxable entity. As the formation of a tax group is tied to the acceptance by the tax authorities, the existence of the tax group is currently pending. This has no impact on the consolidated income taxes recorded.

Deferred tax liabilities on property, plant and equipment are mostly due to revaluation of the sites, which may not be recognized for tax purposes (see Notes (14) and (19)).

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 and 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.

Deferred tax assets on employee benefit obligations result from the difference between the amount recognized in accordance with Section 14 of the Austrian Income Tax Act (EStG) and the amount of the projected unit credit method in accordance with IAS 19 (see Note (22)).

24 | Leases

Lessee

EuroTeleSites Group essentially leases locations for sites.

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

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

For cancellable contracts with an indefinite term relating to sites, EuroTeleSites Group determined a contract term of eight years which takes into account the planning period, technology, business strategy and probability of cancellation of lease contracts. Within this period options to extend lease contracts are considered as exercised respectively options to terminate lease contracts are considered as not exercised. Apart from this EuroTeleSites Group has no other lease contracts with significant options in its portfolio.

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

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	RoU buildings	**Total**
Cost				
At September 22, 2023	399,986	776	356	401,118
Additions	9,457	63	17	9,536
Disposals	-3,950	-3	0	-3,953
Translation adjustment	14	-0	0	14
As at December 31, 2023	**405,507**	**835**	**372**	**406,714**
Accumulated amortisation and impairment				
At September 22, 2023	0	0	0	0
Additions	-15,755	-90	-17	-15,862
Disposals	1,319	2	0	1,321
Translation adjustment	-8	-0	-0	-8
As at December 31, 2023	**-14,444**	**-88**	**-17**	**-14,548**
Carrying amount at September 22, 2023	**399,986**	**776**	**356**	**401,118**
Carrying amount at December 31, 2023	**391,063**	**747**	**355**	**392,166**

* Other facilities contain mainly vehicles.

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

Total cash outflow for leases is disclosed in the following table (for the development of lease liabilities, please see the second table down below).

in TEUR	**September 22 – December 31, 2023**
Lease principal paid	8,709
Lease interest paid	2,926
Prepaid right-of-use assets	1,440
Operating lease expense	4

The following table provides a maturity analysis of lease liabilities:

in TEUR, at December 31 2023	Lease Lia-bilty related parties	Lease Liability third party	**Total Lease Liability**
2024	1,886	59,605	61,491
2025	1,886	58,513	60,399
2026	1,886	56,938	58,824
2027	1,886	56,028	57,914
2028	1,886	55,308	57,194
Thereafter	4,828	153,020	157,849
Total minimum lease payments	**14,258**	**439,413**	**453,671**
Less amount representing interest	-1,855	-65,467	-67,322
Present value of lease payments	12,403	373,946	386,349
thereof short-term portion	1,465	47,913	49,378
thereof long-term portion	10,938	326,033	336,971

EuroTeleSites Group elected to apply the recognition exemptions for low-value assets and short-term leases for certain lease assets that are insignificant for its business operations. The recognition exemptions were not applied to sites, buildings and vehicles. 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 EuroTeleSites Group. Measurement of the leased asset is then based on the accounting policies applicable to that asset in accordance with IAS 16. At December 31, 2023, the book value of the revalued property, plant and equipment (see Note (14)) and RoU assets (please see the first table above) held exclusively to generate rental income amounts to TEUR 1,668,137. These relate to sites only.

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

	Revenues Related Parties	Revenues 3rd parties
2024	210,686	8,730
2025	211,494	7,800
2026	212,303	7,156
2027	212,806	7,058
2028	213,279	7,118
Thereafter	571,435	20,546
Total minimum lease payments	**1,632,003**	**58,408**

Currently EuroTeleSites Group has no lease contracts that are classified as finance leases.

25 | Cash Flow Statement

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

in TEUR	**September 22 – December 31, 2023**
Capital expenditures paid	34,496
Reconciliation of additions in accounts payable	-5,783
Reconciliation of right-of-use assets paid	-1,440
Total capital expenditures	**27,273**

For the definition of capital expenditures, see Note (14). At December 31, 2023, TEUR 2,722 of the additions to intangible assets and property, plant and equipment in the current year have not yet been paid (see Notes (1414) and (15)).

In accordance with IAS 7.43, the reconciliation of additions to accounts payable includes the adjustment of capital expenditures of the current period not yet paid as well as capital expenditures of prior periods paid in the current period. The reconciliation of right-of-use assets paid contains prepayments and other direct costs, which are paid up to the commencement date of the lease and are reported in the cash flow from investing activities.

The following table shows the development of the total liabilities from financing activities:

			Non-cash changes				
in TEUR	**December 31, 2023**	Cash flow [2)]	Foreign exchange differences	Accretion expense	Lease[1]	Additions	September 22, 2023
Short-term and long-term debt	994,895	0	0	308	0	0	994,587
Payables due to related parties financing	0	-1,039,681	0	0	0	0	1,039,681
Lease liabilities	386,349	-11,239	-11	4,485	5,422	0	387,691
Total liabilities from financing activities	**1,381,245**	**-1,050,920**	**-11**	**4,793**	**5,422**	**0**	**2,421,959**

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

26 | Financial Instruments

Classification of financial instruments

Financial assets and financial liabilities are classified at initial recognition.

Financial assets and financial liabilities are recognized when EuroTeleSites Group becomes a party to a financial instrument. EuroTeleSites 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, 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, issued bonds and bank loans, other financial liabilities and payables due to related parties and are recognized initially in the amount corresponding to the financial inflow. Differences between the amount received and the amount to be repaid are recognized over the term of the liability in the financial result (amortized cost) using the effective interest rate method. For financial liabilities carried at amortized cost, gains or losses are recognized in profit or loss when the financial liability is derecognised.

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

Fair value and fair value hierarchy of financial instruments

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

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

Financial assets

in TEUR	Carrying amount September 22, 2023	Fair value September 22, 2023 [1)]	**Carrying amount December 31, 2023**	**Fair value December 31, 2023** [1)]
Cash and cash equivalents	1,032,880	n.a.	21,026	n.a.
Accounts receivable	2,911	n.a.	9,627	n.a.
Receivables due from related parties	45,712	n.a.	23,295	n.a.
Other current financial assets	3	n.a.	9	n.a.
Other non-current financial assets	70	n.a.	70	n.a.
Financial assets at amortized cost	**1,081,576**	**0**	**54,027**	**0**

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

Financial liabilities

in TEUR	Carrying amount September 22, 2023	Fair value September 22, 2023	**Carrying amount December 31, 2023**	**Fair value December 31, 2023**
Bonds	494,587	508,210	494,895	529,825
Long-term bank debt	500,000	528,606	500,000	532,741
Payables due to related parties	27,956	27,956	19,721	19,721
Current financial liabilities	1,039,681	n.a.	33,192	n.a.
Financial liabilities at amortized cost	**2,062,223**	**n.a.**	**1,047,809**	**n.a.**
Lease liabilities	387,691	n.a.	386,349	n.a.

[1] n.a. - not applicable as the practical expedients of IFRS 7.29 (a) respectively IFRS 7.29 (d) for lease obligations were applied. For further information on short-term financial liabilities, see Note (20).

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

The fair values of the long-term bank debt are measured at the present values of the cash flows associated with the debt, based on the applicable yield curve. Thus, these financial liabilities are classified as Level 2 of the fair value hierarchy.

Financial Risk Management

Overview

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 the 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.

At the reporting dates, except for the business relations with A1 Group, EuroTeleSites Group did not have any significant concentration of business transacted with a particular supplier or customer or creditor which could, if suddenly eliminated, significantly impact operations. Furthermore, EuroTeleSites Group does not have any concentration of risk with respect to contractors, other services, franchises or other rights which could, if suddenly eliminated, severely impact operations.

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

Detailed explanations on further risks to which EuroTeleSites Group is exposed as well as their risk management are disclosed in the Management Report in the chapter "Risk and Opportunity Management".

Credit risk

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

Cash and cash equivalents

EuroTeleSites Group holds cash with various financial institutions with appropriate credit standings. If no external rating is available, an internal rating is performed on the basis of quantitative ratios. Therefore, neither was an exposure to a significant credit risk identified for cash and cash equivalents nor has the risk of default increased significantly since the initial recognition. EuroTeleSites Group applies external credit ratings to estimate expected credit losses and to determine if the credit risk has significantly increased.

Due to legal restrictions (not being part of EU) two of the subsidiaries (in North Macedonia and in Serbia) have restrictions in participating in the cash pooling of the Group. Nevertheless, the cash and cash equivalents in these two countries are held in financial institutions with appropriate credit ratings.

The carrying amount of cash and cash equivalents represents the maximum credit risk exposure (see Note (10)):

in TEUR	September 22, 2023	**December 31, 2023**
Cash and cash equivalents	1,032,880	21,026
Carrying amount	**1,032,880**	**21,026**

Accounts receivable: Customers and other financial assets

EuroTeleSites Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer or group of customers. Within the framework of the applicable legal regulations, each potential new customer is analysed individually for creditworthiness when placing an order. Credit risk or the risk of late payment by contractual partners is monitored via credit checks, credit limits and routine controls. Within EuroTeleSites Group, operative credit risk management functions are performed at the operating company level.

The maximum exposure to credit risk for accounts receivable, receivables due from related parties, net, as well as financial assets equals their carrying amounts (see Notes (11) and (17)):

in TEUR	**September 22, 2023**	**December 31, 2023**
Accounts receivable	2,911	9,627
Financial assets	70	70
Receivables due from Related Parties	45,712	23,295
Carrying amount	**48,693**	**32,992**

Impairment losses of accounts receivable from customers, related parties and other are measured at the expected lifetime credit loss. EuroTeleSites Group uses an allowance matrix to determine the lifetime expected credit losses on accounts receivable from customers and other. The following table shows the total gross carrying amounts ("Gross") and the average expected credit losses ("ECL") for accounts receivable from customers, related parties and other measured by using the allowance matrix:

in TEUR	Gross September 22, 2023	Expected Credit Loss September 22, 2023	**Gross December 31, 2023**	**Expected Credit Loss December 31, 2023**
Unbilled & billed, not yet due	47,792	136	32,250	139
Past due 0-30 days	424	0	253	0
Past due 31-60 days	209	1	109	4
Past due 61-90 days	256	1	446	6
More than 90 days	104	23	69	56
Total	**48,785**	**161**	**33,127**	**205**

EuroTeleSites Group has grouped accounts receivable according to similar default patterns based on past experience of A1 Group (before the spin-off) and the loss rates are based on days past due. The loss allowance matrix is based on historically observed (by A1 Group) default rates, which are updated annually.

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

The following table shows the development of the loss allowance for accounts receivable from customers, related parties and other (see Note (11)):

in TEUR	**2023**
At September 22	**161**
Foreign currency adjustment	0
Reversed	-140
Charged to expenses	184
Amounts written-off	0
At December 31	**205**

The maximum credit risk of accounts receivable from customers, related parties and other, net broken down by geographic region and the breakdown of the loss allowance was:

in TEUR	September 22, 2023	**December 31, 2023**
Domestic	48,785	33,095
Foreign	0	32
Loss allowances	-161	-205
Accounts receivable	48,624	32,922
Thereof		
Specific loss allowance	136	139
General loss allowance	25	66

If there is objective evidence that EuroTeleSites Group will not be able to collect all amounts due according to the original terms, a default in payment is expected and an impairment is recorded (specific loss allowance). Serious financial difficulties of the debtor, the probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered to be indicators that the receivable is impaired. A financial asset is impaired if the collection of contractual cash flows cannot be reasonably expected.

Liquidity risk

Liquidity risk is the risk that EuroTeleSites Group will not be able to meet its financial obligations as they fall due. EuroTeleSites Group's approach to managing liquidity is to ensure that EuroTeleSites Group will always have sufficient liquidity to meet liabilities when due, under both normal and stressed conditions. A weekly rolling consolidated liquidity planning is drawn up for this purpose and serves as the basis for determining the liquidity requirement. Furthermore, there is a liquidity reserve in the form of committed credit lines in the amount of TEUR 75,000.

Funding sources

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

Cash flow from operations is the basis for securing sufficient liquidity of EuroTeleSites Group. Principal sources of external funding are bank loans and capital markets. For details of outstanding long-term debt and a description of the different types of debt as of the reporting date see Note (20).

At December 31, 2023, EuroTeleSites Group has unutilized committed credit lines of TEUR 75,000 with a term until July 2026.

Exposure to liquidity risk

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

in TEUR	Contractual cash flow	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
At December 31, 2023						
Bonds	631,250	0	26,250	26,250	578,750	0
Bank debt	621,946	13,550	13,550	27,099	567,748	0
Accounts payable – trade	17,097	17,093	3	0	0	0
Payables due to related parties	19,721	19,721	0	0	0	0
Lease obligations	453,671	39,160	22,331	60,399	173,933	157,849
Other financial liabilities	386	334	52	0	0	0

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

Market risk

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

Interest rate risk

Financial liabilities

As of December 31, 2023, half of EuroTeleSites Group's long-term financial liabilities is a bond with a face value of TEUR 500,000 with a fixed interest coupon. The other half is a bank loan amounting to TEUR 500,000 concluded on the basis of variable interest rates. A change in the interest rate of 1% would lead to an annual effect on profit or loss of TEUR 5,000.

Exchange rate risk

At December 31, 2023 and September 22, 2023, accounts receivable from customers and other, net as well as trade accounts payable, denominated in a currency other than the functional currency of the reporting entities were insignificant and no further disclosure or sensitivity analysis is provided.

27 | Companies and Business Combinations

Name and company domicile	Share in capital at December 31, 2023 in %	Method of consolidation[1]
Segment Austria		
A1 Towers Holding GmbH, Vienna	100.00	FC
Segment Bulgaria		
A1 Towers Bulgaria EOOD, Sofia	100.00	FC
Segment Croatia		
A1 Towers d.o.o., Zagreb	100.00	FC
Segment North Macedonia		
A1 TOWERS DOOEL, Skopje	100.00	FC
Segment Serbia		
A1 TOWERS INFRASTRUCTURE d.o.o., Beograd	100.00	FC
Segment Slovenia		
A1 Towers d.o.o., Ljubljana	100.00	FC
Holding & Others		
A1 Towers Bulgaria Holding GmbH, Vienna	100.00	FC
A1 Towers Croatia Holding GmbH, Vienna	100.00	FC
A1 Towers Macedonia Holding GmbH, Vienna	100.00	FC
A1 Towers Serbia Holding GmbH, Vienna	100.00	FC
A1 Towers Slovenia Holding GmbH, Vienna	100.00	FC
A1 Towers Austria GmbH, Vienna	100.00	FC

[1] FC – full consolidation
All affiliated companies have December 31 as their reporting date.

Between September 22 and December 31, 2023 the share in capital in the subsidiaries did not change.

According to IFRS 3, business combinations are accounted for using the acquisition method at the acquisition date, which is the date when the acquirer obtains control over the acquiree. Goodwill is measured as the difference between the aggregate of the fair value of the consideration transferred as of the acquisition date, the amount of any non-controlling interest, and, in a business combination achieved in stages, the fair value of the acquirer's previously held equity interest in the acquiree less the fair value of the identifiable assets acquired and the liabilities assumed. Non-controlling interests are not measured at fair value but at their share of the fair value of identified net assets of the acquiree. In accordance with IFRS 3.45, goodwill may be adjusted for subsequent changes in the estimated purchase price. If the fair value of the net assets acquired exceeds the consideration transferred, the gain resulting from a bargain purchase is immediately recognized in other operating income in profit or loss. Transaction costs are expensed as incurred. In case of an acquisition achieved in stages, the previously held interest is restated at fair value and any resulting difference is recognized in profit or loss. All transactions with non-controlling interest holders are recognized directly in stockholders' equity. No non-controlling interests are recognized for acquisitions where a put option is granted to the remaining non-controlling shareholders, as EuroTeleSites Group applies the anticipated acquisition method. In the course of the allocation of the consideration transferred, fair values of assets and liabilities acquired are determined based on state-of-the-art discounted cash flow methods. The input factors used are categorized as Level 3 of the fair value hierarchy defined by IFRS 13. There were no business combinations since September 22, 2023.

28 | Contingent Assets and Liabilities

In the normal course of business, EuroTeleSites AG and its subsidiaries are subject to proceedings, lawsuits and other claims. Such matters are subject to many uncertainties, and the outcomes are not predictable with certainty. Consequently, the Management Board is unable to ascertain the ultimate aggregate amount of the monetary liability or the impact on the financial position of EuroTeleSites Group with respect to these matters at December 31, 2023. These matters could affect the results or cash flows of any quarter when resolved in future periods. However, the

Management Board believes that, after final settlement, any monetary liability or financial impact on EuroTeleSites Group, beyond such provided for at year-end, would not be material to its Consolidated Financial Statements.

29 | Remuneration Paid to the Management Board and Supervisory Board

At December 31, 2023 and September 22, 2023, the Management Board of EuroTeleSites AG consists of two members: Ivo Ivanovski as Chief Executive Officer (CEO) and Lars Mosdorf as Chief Financial Officer (CFO).

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

in TEUR	September 22 – December 31, 2023
Base salary (incl. remuneration in kind)	240
Variable yearly remuneration (Short Term Incentive – "STI")	114
Total	**354**
Compensation Supervisory Board	125

The Supervisory Board did not receive any compensation in 2023, however a provision in the amount of TEUR 125 was recognised.

30 | Employees

The average number of employees during the year 2023 was 163. At December 31, 2023, EuroTeleSites Group employed 165 employees (full-time equivalents).

31 | Subsequent Events

Management performed a review of events subsequent to the balance sheet date through the date the financial statements were issued and determined that there were no such events requiring recognition or disclosure in the financial statements.

32 | Release for Publication

On February 19, 2024, the Management Board of EuroTeleSites AG approved the Consolidated Financial Statements for submission to the Supervisory Board. The Supervisory Board will review the Consolidated Financial Statements and report its decision on approval.

Vienna, February 19, 2024

The Management Board of EuroTeleSites AG

Ivo Ivanovski
Chief Executive Officer

Lars Mosdorf
Chief Financial Officer

STATEMENT FROM THE BOARD OF DIRECTORS

We confirm to the best of our knowledge that the Group's consolidated financial statements, prepared in accordance with the applicable accounting standards, provide a true and fair view of the Group's net assets, financial position and results of operations, and that the management report gives a fair review of the performance of the business, the business results and position of the Group, and that the management report describes the main risks and uncertainties to which the Group is exposed.

Vienna, February 19, 2024

The Management Board of EuroTeleSites AG

Ivo Ivanovski
Chief Executive Officer

Lars Mosdorf
Chief Financial Officer

EuroTeleSites AG, Vienna December 31, 2023

TRANSLATION

AUDITOR'S REPORT

Report on the Consolidated Financial Statements

Audit Opinion

We have audited the consolidated financial statements of

EuroTeleSites AG, Vienna,

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

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

Basis for Opinion

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

Key Audit Matters

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

TRANSLATION

Title **Opening balance of the EuroTeleSites Group**

Description

The owners of A1 Group have decided to separate its European tower business located in Austria, Bulgaria, Croatia, North Macedonia, Serbia and Slovenia both legally and operationally into a new standalone tower infrastructure group. The towers business spin-off has received the approval by the extraordinary shareholders' meeting of Telekom Austria AG dated August 1, 2023. EuroTeleSites AG was established as of September 22, 2023.

The different spin-off steps and the founding of the EuroTeleSites Group is described in section 2 (Foundation of the group) in the accompanying disclosures of the consolidated financial statement.

We have considered this transaction as a key audit matter, due to the significant judgment applied in the initial recognition accounting, which is described in note 4 (Basis of Preparation) in the disclosures, as well as the initial recognition of significant assets and debts in the opening balance.

Consideration in the audit

As part of our audit, we assessed the various aspects of the initial formation of the EuroTeleSites Group and performed, among others, the following procedures:

- Reading and understanding of the spin-off agreements and reconciliation of the transferred assets and liabilities with the group's records;
- Analysis and consultation with our accounting specialists whether the establishment of EuroTeleSites AG and the different carve-out steps can be seen as linked transactions and whether this results in a "business combination under common control", which justifies that no previous year's figures have to be disclosed for the group;
- Analysis and consultation with our accounting specialists whether the application of the pooling of interests method based on historical carrying values of A1 Group is an adequate method of accounting for this business combination;
- Audit of the existence of the tower assets based on technical evidence such as satellite images or tower registers;
- Verification of the correctness and completeness of transferred data for lease accounting under IFRS 16 into the group's leasing tool (data migration);
- Sample based comparison of the relevant tower database with the leasing tool and the calculation of the asset retirement obligations;
- Assessment of the adequacy of the disclosures in the financial statements.

TRANSLATION

Title	**Valuation of property, plant and equipment**
Description	Following the reorganization of the A1 Group, the tower assets were spun-off to the EuroTeleSites Group with the carrying amounts of EUR 240 mn previously reported in the A1 Group based on the cost model. EuroTeleSites management concluded that the tower sites' fair value can be measured reliably and they shall be carried at a revalued amount in accordance with IAS 16.31. After revaluation EuroTeleSites Group reports property, plant and equipment in the amount of EUR 1.303 mn in the consolidated financial statements as of December 31, 2023, which presents the most important asset position. The fair values were determined by using the method of net present values of the expected cash flows which is subject to significant assumptions and estimates. The principal risk exists in determining assumptions and estimates such as the discount rate and future cash flows from the tower business. A change in these assumptions and estimates can have a material impact on the valuation of property, plant and equipment. The respective disclosures are shown in note 5 (Use of Estimates and Judgements) and 14 (Property, Plant and Equipment) in the consolidated financial statements.
Consideration in the audit	To address this risk, we have critically assessed the assumptions and estimates made by management and performed, among others, the following procedures: • Evaluation of the permissibility of the change in accounting policy from cost- to the revaluation-model according to IAS 16; • Assessment of the design and implementation of the controls over the valuation process; • Assessment of the future lease cash inflows with the master lease agreements with A1 Group; • Involvement our valuation specialists for analyzing of the discount-, exchange- and growth rates, the planned cash flows and assessing the valuation model; • Check of the mathematical accuracy of the valuation model; and • Assessment of the adequacy of the disclosures in the financial statements.

Title	**Recoverability of goodwill**
Description	The goodwill results from company acquisitions carried out by the A1 Group in the past and was allocated proportionately to the spun-off assets based on relative fair values of the respective cash generating units of A1 Group and EuroTeleSites Group. As of December 31, 2023, the carrying value of goodwill amounted to EUR 209 mn. The principal risk relates to management's estimates of future cash flows and discount rates, which are used to test the recoverability of the goodwill. Under IFRS, an annual impairment test for the goodwill is required. For the cash generating units to which goodwill has been allocated, management's performed impairment test did not require an impairment. EuroTeleSites Group's disclosures about goodwill and related impairment testing are included in Note 5 (Use of Estimates and Judgements) and Note 16 (Goodwill) in the consolidated financial statements.
Consideration in the audit	To address this risk, we have critically assessed the assumptions and estimates made by management and performed, among others, the following procedures: • Assessment of the design and implementation of the controls over the valuation process; • Evaluation of the composition of cash generating units (CGU's) and the assets allocated to each CGU • Reconcile the assumptions used within the future cash flow model to approved budgets and business plans; • Assessment of the plausibility of the underlying assumptions if available by means of comparison with market data; • Involvement our valuation specialists for analyzing the discount-, exchange- and growth rates, the planned cash flows and assessing the valuation model; • Check of the mathematical accuracy of the valuation model; • Assessment of the adequacy of the disclosures in the financial statements.

Title	**Leases as a lessee and as a lessor**
Description	EuroTeleSites Group is contractual partner in a large number of leases as lessee. The majority of the leases is based on lease agreements for telecommunication locations with the owners of land, rooftops or other premises. As of December 31, 2023, the Right-of-Use assets recognized on leasing contracts amounted to EUR 392 mn, the lease liabilities short- and long term amounted to EUR 386 mn. EuroTeleSites Group's disclosures about Right-of-Use assets and lease liabilities are included in Note 24 (Leases) in the consolidated financial statements. EuroTeleSites Group generates the vast majority of its revenues as lessor from long-term lease contracts – so called master lease agreements (MLA) - for site locations with companies of the A1 Group. EuroTeleSites Group's disclosures about the master lease agreements are included in Note 6 (Revenues). The principal risk relates to the assessment of the valuation of individual lease contracts and the scope of judgement applied by the management, especially regarding the lease terms and the borrowing rates.
Consideration in the audit	To address this risk, we have critically assessed the assumptions and estimates made by management and performed, among others, the following procedures: • Assessment whether the group accounting guideline in relation to IFRS 16 is a suitable basis for consolidated financial statements to be prepared in accordance with IFRS principles; • Understanding of the process of recording leasing agreements (for agreements as lessee as well as the MLA as lessor) with regards to the criteria of IFRS 16; • Verification of the completeness of the data migration to EuroTeleSites' leasing tool for leasing agreements as a lessee; • Examination of the measurement of leasing agreements as a lessee on a sample basis with regard to estimations on agreed payment flows and contractually agreed option rights; • Involve our valuation specialists for analyzing the incremental borrowing rate; • Understanding of the process for recording and deferring revenues; • Assessment of the adequacy of the disclosures in the financial statements.

TRANSLATION

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the Group's management report and the auditor's report thereon. The annual report, is estimated to be provided to us after the date of the auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, as soon as it is available, and, in doing so, to consider whether - based on our knowledge obtained in the audit - the other information is materially inconsistent with the consolidated financial statements or otherwise appears to be materially misstated.

Responsibilities of Management and of the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements in accordance with IFRS as adopted by the EU, and the additional requirements under Section 245a Austrian Company Code UGB for them to present a true and fair view of the assets, the financial position and the financial performance of the Group and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

TRANSLATION

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

EuroTeleSites AG, Vienna December 31, 2023

TRANSLATION

Report on Other Legal and Regulatory Requirements

Comments on the Management Report for the Group

Pursuant to Austrian Generally Accepted Accounting Principles, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the management report for the Group was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the management report for the Group in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the management report for the Group.

Opinion

In our opinion, the management report for the group was prepared in accordance with the valid legal requirements, comprising the details in accordance with section 243a UGB (Austrian Company Code), and is consistent with the consolidated financial statements.

Statement

Based on the findings during the audit of the consolidated financial statements and due to the thus obtained understanding concerning the Group and its circumstances no material misstatements in the management report for the Group came to our attention.

Additional information in accordance with article 10 EU regulation

We were elected as auditor by the ordinary general meeting at August 1, 2023 for the first time. We were appointed by the Supervisory Board on November 24, 2023.

We confirm that the audit opinion in the Section "Report on the consolidated financial statements" is consistent with the additional report to the audit committee referred to in article 11 of the EU regulation.

We declare that no prohibited non-audit services (article 5 par. 1 of the EU regulation) were provided by us and that we remained independent of the audited company in conducting the audit.

EuroTeleSites AG, Vienna December 31, 2023

TRANSLATION

Responsible Austrian Certified Public Accountant

The engagement partner is Mr. Erich Lehner, Certified Public Accountant.

Vienna, February 19, 2024

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Erich Lehner mp	Mag. Katharina Schrenk mp
Wirtschaftsprüfer / Certified Public Accountant	Wirtschaftsprüferin / Certified Public Accountant

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

MANAGEMENT REPORT EUROTELESITES AG

Business environment

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

Starting from a high level at the end of 2022, inflation rates fell over the course of 2023 in both the U.S. and Europe. In the U.S., inflation fell from a high of 9.10% in June 2022 to 6.45% at the beginning of 2023, before reaching its lowest level since March 2021 at 3.20% in October 2023. In the Eurozone, inflation peaked at 10.60% in October 2022 and fell over the course of 2023, from 8.60% at the beginning of the year to 2.40% in November 2023.

In the year under review, the U.S. Federal Reserve raised its key short-term interest rate in four steps from a range of 4.25% to 4.50% to between 5.25% and 5.50%[1]. The European Central Bank carried out a total of six interest rate hikes in 2023, increasing the rates on the main refinancing operations, the rates on the marginal lending facility, and the deposit facility from 2.50%, 2.75% and 2.00% to 4.50%, 4.75% and 4.00%, respectively[2]. On June 15, 2023, the European Central Bank also announced that the reinvestment of assets in the Asset Purchase Program would be discontinued from July 2023[3].

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

According to the World Economic Outlook published by the International Monetary Fund in October 2023, global economic growth was expected to fall from 3.50% in 2022 to an average of 3.00% in 2023 and 2.90% in 2024. However, there are significant changes in the underlying growth curves of the major economies, with stronger forecasts for the U.S. and downward revisions for China and the Eurozone. Growth in the Eurozone is

1 https://www.boerse-live.at/de/kurse-und-maerkte/zinsen/leitzinsen/zinsschritte-usa.html.
2 https://www.oenb.at/isawebstat/stabfrage/createReport?lang=DE&report=2.2.
2 https://www.ecb.europa.eu/mopo/implement/app/html/index.en.html.

expected to fall from 3.30% in 2022 to 0.70% in 2023, before rising to 1.20% in 2024. The forecast has been revised downwards by 0.20 and 0.30 percentage points compared to previous projections from July 2023 for 2023 and 2024 respectively. Here, too, there is a divergence in growth between the major economies in the Eurozone in 2023.

Gross Domestic Product (GDP) growth and inflation in the operating markets[4]

	2022		2023 estimate		2024 estimate	
	GDP	Inflation	GDP	Inflation	GDP	Inflation
Austria	4.80%	8.60%	0.10%	7.80%	0.80%	3.70%
Bulgaria	3.40%	13.00%	1.70%	8.50%	3.20%	3.00%
Croatia	6.20%	10.70%	2.70%	8.60%	2.60%	4.20%
North Macedonia	2.10%	14.20%	2.50%	10.00%	3.20%	4.30%
Slovenia	2.50%	8.80%	2.00%	7.40%	2.20%	4.20%
Serbia	2.30%	12.00%	2.00%	12.40%	3.00%	5.30%

Inhabitants and GDP per capita[5]

	Inhabitants in thousand	GDP/capita in USD (2022)
Austria	9,042	52,085
Bulgaria	6,465	13,974
Croatia	3,856	18,570
North Macedonia	2,058	6,591
Slovenia	2,112	28,439
Serbia	6,664	9,538

4 https://www.imf.org/en/Publications/WEO/Issues/2023/10/10/world-economic-outlook-october-2023.
5 https://data.worldbank.org/?locations=AT-BG-HR-SI-RS-MK.

Financial performance indicators

- Total assets as of December 31, 2023 amounted to TEUR 821,930.
- Fixed assets as of December 31, 2023 amounted to TEUR 820,489.
- Revenues in the 2023 financial year amounted to TEUR 1,348 and was generated exclusively from revenues from services provided to EuroTeleSites Group companies.
- The operating result amounted to TEUR -2,290 in the 2023 financial year.
- As of December 27, 2023, an application was submitted to the tax office for the establishment of a tax group of companies, meaning that the group tax allocation will take place in EuroTeleSites AG for the following years.
- Income from investments amounted to TEUR 0.
- The net loss for the 2023 financial year amounted to TEUR -2,292.
- Subject to the approval of the Supervisory Board, the Executive Board plans to propose to the Annual General Meeting that no dividend be distributed per dividend-bearing share. This will enable EuroTeleSites to repay its financial debt in the future.

The most important financial and performance indicators of EuroTeleSites AG are discussed below:

- The equity ratio in accordance with Section 23 URG was 99.6% as of December 31, 2023. The ratio is calculated by dividing total equity by total capital.
- The "notional debt repayment period" in accordance with Section 24 URG could not be calculated as at December 31, 2023, as there was no cash surplus in the 2023 financial year. The notional debt repayment period shows how many years it would theoretically take to repay the total debt on the basis of earnings before taxes.
- The return on equity (ratio of EBIT to equity) amounted to -0.3%.
- The return on total capital (ratio of EBIT to total capital) amounted to -0.3%.
- Net debt is the balance of interest-bearing liabilities and cash and cash equivalents. As of December 31, 2023, net debt amounted to TEUR 85.7.
- Cash flow from operating activities amounted to TEUR 4.2.
- Cash flow from investing activities amounted to TEUR 0.
- Cash Flow from financing activities amounted to TEUR -2.

Equity Investments

EuroTeleSites AG holds a 100% stake in A1 Towers Holding GmbH as of December 31, 2023. A1 Towers Holding GmbH is a provider of passive infrastructure. It managed 13,465 sites at the end of the year.

Outlook for the financial year 2024

In the 2024 financial year, EuroTeleSites group will continue to focus on its core business, the rental of passive infrastructure, expand new macro-sites and set up new sites for third parties and non-MNO customers. EuroTeleSites is aiming for revenue growth of around 4-6% and plans to further increase the tenancy ratio. Tenancy ratio means the total number of MNO tenancies divided by the total number of macro sites. Growth is characterized by the strong increase in data volume in Austria and Central Eastern Europe (CEE), an economically well-developed region with a population of around 30 million.

As part of the “Sitetracker” transformation project, EuroTeleSites aims to establish an integrated software solution for assets and marketing. This will enable seamless and efficient management and marketing of the passive infrastructure through the use of Salesforce software for EuroTeleSites.

In 2024, there will also be a focus on further developing the ESG agenda to ensure that EuroTeleSites is prepared for the future and can fully comply with the regulatory requirements of the European Union. These efforts are already reflected in EuroTeleSites value chain.

The management anticipates additions to assets (CAPEX) of around 20% of the revenues. EuroTeleSites will fulfil its obligations under the master lease agreements with A1 Group, 5G upgrade for existing towers, construct new sites and carry out the corresponding maintenance. Contrary to expectations, there will be no 5G auction in Serbia in 2024, so EuroTeleSites will adjust the investments for 2024 in Serbia.

Risk and opportunity management

Principles and methods

EuroTeleSites' risk management system analyses risk areas, assesses potential impact, and improves risk avoidance and risk remediation measures. EuroTeleSites relies on close cooperation between Group managers and local risk owners.

The starting point for EuroTeleSites' Enterprise Risk Management (ERM) are strategic discussions with the Supervisory Board. In these discussions, the Management Board presents business risks and their relevance to EuroTeleSites as well as mitigating activities. It also presents planning assumptions (strategic orientation for the coming business plan period, priority setting, and planned measures for realizing opportunities).

Subsequently, the business plan maps out the expectations for business success (and necessary costs and investments) and evaluates assumed risks of higher-level goals. Risks and opportunities are then evaluated by assessing two dimensions:

1. the potential impact; and
2. the likelihood that this impact materializes.

For risk management, the development of effective risk awareness and risk reduction measures is critical. Updates are made, among other things, on the basis of monthly performance calls or leadership meetings with the Management Board and following analysis of critical deviations from the targets set or the effectiveness of countermeasures taken.

The risk management system is divided into four risk categories:

1. Risks and opportunities related to our business strategy.
2. Risks and opportunities related to the operation of our business.
3. Risks and opportunities related to our financial performance or general economic conditions.
4. Risks and opportunities related to ESG, laws and regulations.

EuroTeleSites is active in Austria and five other countries, this means a geographical diversification. The risks in the respective markets vary, which is why risk management (and above all the mitigation of risks) is the responsibility of the local operating units. Risk management is coordinated by EuroTeleSites AG and monitored by the Audit Committee of the Supervisory Board.

Internal control system for financial reporting

EuroTeleSites has an internal control system (ICS) for financial reporting in accordance with applicable legal requirements. The listing of the (indirect) majority owner América Móvil on the New York Stock Exchange (NYSE) requires compliance with the Sarbanes-Oxley Act (SOX). The internal control system is designed to provide reasonable assurance regarding the reliability and accuracy of external financial reporting in accordance with international and national standards. Regular internal reporting to management as well as audits of the internal control system by Internal Audit also ensure that weaknesses are identified in good time and communicated and remedied accordingly. The most important contents and principles apply to all companies of EuroTeleSites Group.

The effectiveness of the internal control system is analyzed and evaluated at periodic intervals. At the end of each year, an evaluation of the internal control system is carried out by the management for relevant Group companies with the involvement of the responsible specialist departments. Based on the findings of this assessment and the defined criteria, management has assessed the internal control system over financial reporting as effective.

Risks and opportunities

From all the risks identified for EuroTeleSites, the most important risk categories and single risks that could have a significant impact on net assets, financial position and results of operations are explained below.

1. Risks and opportunities related to our business strategy

Revenue and tenancy growth

EuroTeleSites 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.

EuroTeleSites is also exploring growth through investments based on an ambitious business plan to increase the number of the sites. Key drivers of growth are the following: growing mobile data volumes, acceleration of 5G rollout; change in user profiles, regulatory requirements and investments. EuroTeleSites' 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 CEE.

Despite the focus of the experienced management on growth, EuroTeleSites 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 flow.

Market/Competitors

To achieve its target, EuroTeleSites will need to add further tenancies in addition to those for which it already has commitments. EuroTeleSites' 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 operates. 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 mobile network operators as customers while tower companies seek to increase their tenancy ratios, which may lead to downward pressure on prices for hosting services.

EuroTeleSites' 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 demand, 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 such as satellite internet (including satellite-based 5G) and Radio Access Network ("RAN") sharing 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 mobile network operators that could result in a decrease in the tenancy requirements of those consolidated companies.

In 2023, Hutchison Drei Austria GmbH and T-Mobile Austria GmbH have agreed on a cooperation regarding national roaming / active sharing as well as frequency pooling which has received the approval of the Austrian regulatory authority Telekom-Control-Kommission. This cooperation may reduce EuroTeleSites' Austrian market share and availability of additional tenancies.

Last but not least some or more mobile network operators might take a strategic decision to again build more towers or particularly smaller form factors like microsites and indoor sites themselves.

Business Plan/Budget

In addition to regular management meetings and strategic discussions, EuroTeleSites has a multi-year plan. The close integration of the multi-year plan with risk management ensures adequate risk management.

Lease contracts

Leases are EuroTeleSites' single largest cost. The renewal of a large proportion of EuroTeleSites' lease contracts within a particular year could require significant upfront rent payments to be made upon such renewal, which in turn could decrease EuroTeleSites' operating cash flow for that particular year.

EuroTeleSites could face the risk of having agreements with landlords that are shorter in duration than the master lease agreements with A1 Group. This scenario may require EuroTeleSites to either enter into new leases or pursue term extensions, which might not be achieved or could incur higher costs.

Landlord concentration also poses a risk to EuroTeleSites' possibility to manage the site leases. Although the overall landlord landscape across all markets is not very concentrated, landlords with 3%-10% of total site leases exist in some markets. If these landlords abuse their market power or an agreement cannot be reached for some other reasons, this could negatively impact EuroTeleSites result from the short term need of either paying more or substituting a big number of sites at the same time.

In addition, companies of EuroTeleSites may in the future become involved in disputes with their landlords, which could interfere with EuroTeleSites' operation of a given infrastructure site or force EuroTeleSites to construct new infrastructure sites in order to continue providing services to its customers.

Maintenance costs

EuroTeleSites' 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' ability to assess the condition of its passive infrastructure assets and obtain sufficient financing for these projects.

Capital expenditure amounts related to the maintenance of EuroTeleSites' 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.

2. Risks and opportunities related to the operation of our business

Macroeconomic Risks / Inflation risk

Any increases exceeding the limits of the inflation-indexed fee escalators under the master lease agreements with companies of A1 Group (which allow for an increase of up to 3% per year) or other customer contracts could reduce EuroTeleSites' operating margins and cash flows and may have a material adverse effect on its financial condition and results of operations.

Low levels of inflation could adversely affect EuroTeleSites' revenues growth because, under the terms of the master lease agreements concluded with companies of A1 Group, annual revenues are subject to inflation indexation.

Natural disasters, force majeure events, physical attacks or other unforeseen events or damage

EuroTeleSites' sites and other facilities as well as the network operation center ("NOC") and the shared services center maintained by companies of A1 Group under service agreements with EuroTeleSites, are subject to risks associated with natural disasters such as earthquakes, extreme weather (such as on-going heatwaves), storms or floods (in each case, when damaging or disabling EuroTeleSites' sites and other facilities, the NOC or shared service center), acts of terrorism (when threatening, damaging or disabling EuroTeleSites' 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. While insurance for assets is in place and service levels are agreed with partners, due to the nature of such events there is no guarantee that EuroTeleSites' insurance coverage will adequately cover all costs of repairs or that its recovery plans will be sufficiently effective.

Computer system failure, cyber risks and data security

A computer system failure, security breach or cyberattack could significantly disrupt EuroTeleSites' ability to operate its business. EuroTeleSites 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 relies which could damage assets. Any such disruption could have a material adverse impact on EuroTeleSites' business.

3. Risks and opportunities related to our financial performance or general economic conditions

Repayment of outstanding debt

EuroTeleSites has incurred considerable liabilities because of the towers business Spin-off and may be unsuccessful in deleveraging and keeping investment grade rating. EuroTeleSites via A1 Towers Holding GmbH as its wholly-owned subsidiary issued notes in the amount of TEUR 500,000 in July 2023 and has entered into a term loan in the amount of TEUR 500,000 in June 2023. In addition, A1 Towers Holding GmbH entered in a revolving credit facility in June 2023, providing a TEUR 75,000 revolving credit loan facility.

The strategy of EuroTeleSites is to deleverage over a period of up to four years and to keep investment grade rating. This strategy currently envisages no dividend payments in the first four years by EuroTeleSites.

Interest rate, refinancing and liquidity risk

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

Due to the general shift from a low interest rate environment to the interest levels contemplated by the European Central Bank (and potentially other central banks in jurisdictions where EuroTeleSites operates), EuroTeleSites 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' 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' ability to refinance its existing and future liabilities.

4. Risks and opportunities related to ESG, laws and regulations

Failure to comply with environmental, social and governance ("ESG") standards and expectations

EuroTeleSites 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. EuroTeleSites currently expects the new Corporate Sustainability Reporting Directive (CSRD) to apply to EuroTeleSites for the first time in the financial year 2025 (for reports published in 2026).

Regulation

EuroTeleSites' business, and that of its customers, is subject to laws, regulations, administrative and judicial decisions. EuroTeleSites' costs could increase, and its revenues could decrease due to changes thereto, that could restrict its ability to operate our business as we currently do or impact our or our customers' competitive landscape. In particular, access regulations coupled with price regulations may have a negative impact on EuroTeleSites.

Tax Risk

Changes in tax laws, regulations or treaties or adverse determinations by taxing authorities could increase EuroTeleSites' tax burden or otherwise affect its financial condition and results of operations. EuroTeleSites' tax calculations and its interpretation of laws will be reviewed by tax authorities which may disagree with EuroTeleSites' tax estimates or judgments and challenge EuroTeleSites' assessments in relation to tax filings or other tax-related documentation and their compliance with applicable tax laws. Although EuroTeleSites believes that those tax estimates are reasonable, any additional tax liabilities resulting from these risks or any interest or any penalties or any regulatory, administrative, or other sanctions relating thereto could have a material adverse effect on EuroTeleSites' business, financial condition and results of operations.

Compliance risks

EuroTeleSites has compliance and risk management systems in place to observe all applicable legal regulations on an ongoing and sustainable basis. Therefore, EuroTeleSites 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' risk management system operates group-wide and is a fundamental part of its corporate governance system.

There are, however, inherent limitations on the effectiveness of any risk management system that could have a material adverse effect on the business prospects and EuroTeleSites' financial standing.

The Corporate Governance Report integrated in the Annual Report is available on the EuroTeleSites website at https://eurotelesites.com/investor-relations/.

Other information

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

The share capital of EuroTeleSites AG amounts to EUR 166,125,000 and is divided into 166,125,000 no-par value bearer shares. The share capital was paid in full in the form of a contribution in kind. On the basis of the Spin-off and Transfer Agreement including the Spin-off plan dated June 28, 2023 (file no 9.536 of the public notary Dr. Christian Mayer), Telekom Austria Aktiengesellschaft with its registered office in Vienna, FN 144477t, as the transferring company, transferred, as a contribution in kind, a share in A1 Towers Holding GmbH with its registered office in Vienna, FN 543743y, which corresponds to a fully paid-in share capital contribution of EUR 35,000 and 100% of the share capital, to EuroTeleSites AG in the course of a Spin-off for formation (§ 1 para 2 no 2 and 2 ff Austrian Spin-off Act) as of the Spin-off date March 31, 2023. As consideration for the transfer of the Spin-off assets to EuroTeleSites the shareholders of Telekom Austria AG were allocated one share in EuroTeleSites for every four shares in Telekom Austria Aktien gesellschaft upon effectiveness of the Spin-off on September 22, 2023. The entire share capital of EuroTeleSites was allocated to the existing shareholders of Telekom Austria Aktiengesellschaft on a pro rata basis as part of this allocation of shares. With the issuance of 166,125,000 no-par value bearer shares, the entire share capital of EuroTeleSites amounting to EUR 166,125,000 was allocated. At the end of 2023, 56.96% or 94,630,948 shares of EuroTeleSites were held by América Móvil B.V., Netherlands ("América Móvil B.V."), a wholly owned subsidiary of América Móvil, S.A.B. de C.V. ("América Móvil"). The Republic of Austria held 28.42% of the shares via Oesterreichische Beteiligungs AG ("OeBAG"). The remaining 14.62% of the shares were in free float. This included 1,229 employee shares that were held in a collective custody account.

The company's main financing agreements include market-standard "change of control"-clauses that provide for termination rights of the financing parties in the event of a change of control. None of these clauses became effective in the 2023 financial year or up to the reporting date.

The following information concerning the shareholders' agreement is based solely on publicly available information. The company does not have any additional information. On 6 February 2023, América Móvil, América Móvil B.V. and OeBAG agreed to extend their shareholders' agreement from 2014 regarding Telekom Austria AG for further ten years. As part of this extension, agreements were also reached regarding EuroTeleSites AG (subject to its subsequent formation). Accordingly, América Móvil, América Móvil B.V. and OeBAG have concluded a shareholders' agreement with rules for the joint exercise of voting rights in the company's bodies, for the election of Supervisory Board and Management Board members and for restrictions on the sale of shares. The company's Supervisory Board shall consist of ten members, of which eight are nominated by América Móvil and two by OeBAG. The company's Management Board shall consist of at least two and no more than three members. At least one member of the Management Board with the function of CEO (Chief Executive Officer) shall be nominated by América Móvil; one member of the Management Board, namely the CFO (Chief Financial Officer), shall be nominated by OeBAG. América Móvil shall nominate a possible third member of the Management Board. The company's Articles of Association stipulate that as long as the Republic of Austria directly or indirectly holds at least 25% plus one share of the company's share capital, resolutions on capital increases and the issue of instruments containing a conversion right or a conversion obligation for shares of the company, as well as amendments to these provisions of the Articles of Association, shall require a majority of at least three quarters of the share capital represented at the vote on the respective resolution. As long as OeBAG holds more than 25% plus one share of the share capital of EuroTeleSites, OeBAG shall be entitled, inter alia, to the following rights of codetermination under the shareholders' agreement: the right to veto capital increases of EuroTeleSites and its subsidiaries, the issue of certain convertible instruments, the appointment of the auditor, the conclusion of related party transactions, the relocation of the company's headquarters and core business functions, including research and development, changes to the dividend policy. In addition, OeBAG receives the veto rights of a minority shareholder holding 25% plus one share according to mandatory applicable law. Even if OeBAG's shareholding falls below 25% but remains above 10%, OeBAG shall retain certain veto rights.

Vienna, February 19, 2024

The Management Board of EuroTeleSites AG

Ivo Ivanovski Chief Executive Officer	Lars Mosdorf Chief Financial Officer

FINANCIAL STATEMENTS
EUROTELESITES AG

Annex I

Statement of Financial Positions as of December 31, 2023

	December 31, 2023	April 1, 2023
Assets[1]		
A. Long-term assets		
I. Financial assets		
1. Investments in affiliated companies	820,488,723.88	818,594
B. Current assets		
I. Receivables		
1. Receivables - affiliated companies	1,347,999.99	0
2. Other accounts receivable	6,237.44	0
	1,354,237.43	**0**
C. Prepaid expenses	**86,575.33**	**0**
	821,929,536.64	**818,594**
Liabilities and Stockholders' Equity		
A. Common stock issued		
I. Common stock	**166,125,000.00**	**166,125**
II. Additional paid-in capital		
1. Appropriated	652,071,267.43	652,469
III. Retained Earnings	**0.00**	**0**
	818,196,267.43	**818,594**
B. Provisions		
1. Other provisions	**319,789.20**	**0**
C. Liabilities		
1. Accounts payable trade	80,284.85	0
2. Liabilities due to affiliated companies	3,327,816.91	0
3. Other liabilities	5,378.25	0
thereof to social security EUR 5,378.25; previous year TEUR 0		
	3,413,480.01	**0**
	821,929,536.64	**818,594**

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

Annex II

Statement of Profit or Loss for the Short Fiscal Year April 1, – December 31, 2023

	2023	**2023**
1. Revenues[1]		1,347,999.99
2. Expenses for material and other purchased manufacturing services:		
a) Purchased services		-1,504,988.27
3. Personnel expenses		
a) Salaries	-336,746.88	
b) Social security contributions,		
thereof pension expense EUR 0,00	-2,215.61	
aa) Expenses for statutory social security and payroll related taxes and contributions	-78,710.81	-417,673.30
4. Other operating expenses		
thereof from taxes: EUR 76,00		-1,715,714.51
5. Subtotal from line 1 to 4 (operating result)		**-2,290,376.09**
6. Interest and similar expenses		
thereof from affiliated companies: EUR 2.080,36		-2,080.36
7. Subtotal from line 6 (financial result)		**-2,080.36**
8. Earnings after income taxes		**-2,292,456.45**
9. Release from appropriated additional paid-in capital		2,292,456.45
10. Retained Earnings		**0.00**

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

EUROTELESITES AG – NOTES FOR THE SHORT FISCAL YEAR 1.4. – 31.12.2023

1 | Accounting principles

1|1 General principles

The financial statements have been prepared in accordance with the provisions of the Austrian UGB, taking into account the generally accepted accounting principles of Austria and the general principle of providing a true and fair view of the net assets, financial position, and result of operations of the Company.

The financial statements were prepared by adhering to the principle of completeness. The reporting date is December 31. The principles of individual measurement and going concern were complied with in measuring assets and liabilities.

The principle of prudence was observed in that only profits realized as of the reporting date were recognized. All identifiable risks and impending losses were taken into account.

The statement of profit or loss was prepared in accordance with the total cost format. The amounts presented in the notes to the financial statements are shown in thousands of euros (TEUR). The use of automated calculation systems may give rise to rounding differences.

1|2 Foundation of the company

On September 22, 2023, Telekom Austria Aktiengesellschaft spun off its radio tower business (“Tower Business”), retroactively as of April 1, 2023, on a proportionate basis and listed it on the Vienna Stock Exchange under the newly founded EuroTeleSites AG.

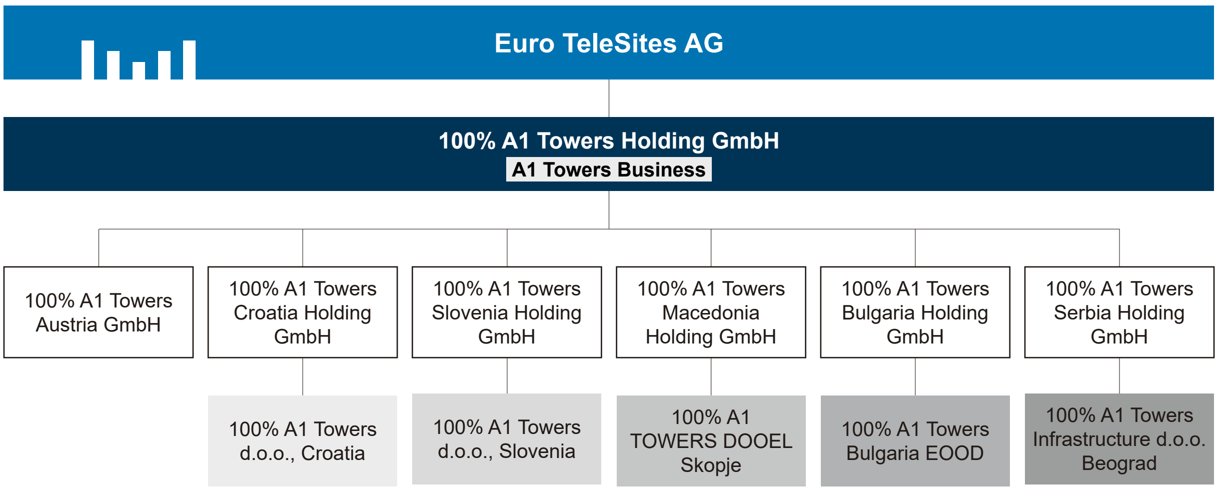
In preparation for the spin-off, parts of the passive infrastructure of the mobile communications sites of the operating companies (“A1 companies”) were transferred into separate legal entities (“tower companies”) in Bulgaria, Croatia, North Macedonia, Serbia, and Slovenia in previous years. This passive infrastructure of the sites includes components that are not directly attributable to the mobile communications network, such as the foundations and metal structures, containers, air conditioning units, power supply and other supporting systems. In Bulgaria and Croatia, the corresponding sites, and the provision for related asset retirement obligations, as well as the right of use assets and the lease liabilities, were already transferred to the tower companies in 2021. In Slovenia, Serbia and North Macedonia, the transfer was effected in 2022. With the transfer of the passive infrastructure (sites) lease agreements (Master Lease Agreements – “MLAs”) were concluded between the A1 companies and the tower companies.

In Austria, in 2021 a business unit ("Austrian tower business unit") was established in A1 Telekom Austria Aktiengesellschaft, which comprised the assets and liabilities and related expenses of the tower business. The Austrian tower business was transferred from A1 Telekom Austria Aktiengesellschaft to Telekom Austria Aktiengesellschaft, by the demerger and takeover agreement dated June 12, 2023, by way of a spin-off for absorption (Section 17 of the Austrian Demerger Act (Spaltungsgesetz)), taking advantage of the benefits under Article VI of the Austrian Reorganization Tax Act (UmgrStG) without granting shares in accordance with Section 1 (2) 2 of the Austrian Demerger Act (Spaltungsgesetz) with retroactive effect from December 31, 2022. This transaction was registered in the Company Register on July 4, 2023, and the MLA came into force.

The two other transfers described below were approved by the shareholders of Telekom Austria Aktiengesellschaft at the Extraordinary General Meeting on August 1, 2023:

- Downstream spin-off of the Austrian tower business unit, the indirect shareholdings in the tower companies and a debt in the amount of TEUR 1,031,000 (plus the related interest liabilities), as well a cash-pooling receivable in the amount of TEUR 27.500 from Telekom Austria Aktiengesellschaft into the subsidiary A1 Towers Holding GmbH.
- Transfer of the shareholdings in A1 Towers Holding GmbH by Telekom Austria Aktiengesellschaft to EuroTeleSites AG by means of a side-stream spin-off by formation of EuroTeleSites AG retroactive with March 31, 2023.

The following Organization Chart represents the transferred companies, as well as the current ownership structure within EuroTeleSites Group:



1|3 Fiscal year

The fiscal year of EuroTeleSites AG ends on December 31 of the respective reporting period. The reported fiscal year covers the period from the spin-off of the company on April 1, 2023, to the balance sheet date of December 31, 2023. It represents the company's first fiscal year, therefore, there is no comparison with the previous year's figures in the Statement of Profit and Loss. The figures from the opening balance of the company form the comparative values for the figures in the Statement of Financial Positions; in the notes these are referred to as "previous year".

1|4 Long-term assets

Investments in affiliated companies are measured at acquisition cost respectively loans receivable at their nominal value. Impairment losses are recognized if the fair value at the reporting date is lower than the carrying amount of the asset and only if the impairment is expected to be permanent. Impairment losses are reversed if the reason for the impairment no longer exists.

1|5 Current assets

Receivables are measured at their nominal value unless the lower realizable net value is recognized in the event of identifiable individual risks. Specific valuation allowances are recognized to account for risks of default. Where necessary, the later maturity of receivables is taken into account by discounting the values to the net present value of the receivables.

Receivables denominated in foreign currencies are measured at the euro reference rate of the European Central Bank at the date of recognition or at the lower rate of the euro reference rate of the European Central Bank at the reporting date.

1|6 Provisions

Other provisions are recognized at the estimated amount of the obligation and take into account identifiable risks as well as uncertain amounts of liabilities incurred.

No non-current provisions for taxes are included in the current fiscal year.

1|7 Liabilities

Liabilities are recognized at the settlement amount taking into account the principle of prudence. Foreign currency liabilities are measured at the rate of the Euro reference rate of the European Central Bank at the date of recognition or at the higher rate of the Euro reference rate of the European Central Bank at the reporting date.

2 | Notes to the Statement of Financial Position

2|1 Long-term assets

The investment in A1 Towers Holding GmbH, Vienna, has been transferred to EuroTeleSites AG in the side-stream spin-off from Telekom Austria Aktiengesellschaft. Subsequent findings changed the opening balance value of the investment from TEUR 818,594 thousand to TEUR 820,489. There have been no impairment losses recognized, hence, the reported acquisition value also corresponds to the carrying amount.

A1 Towers Holding GmbH reports a preliminary net loss for 2023 of TEUR 51,173. The company's preliminary equity amounts to TEUR 780,969 as of December 31, 2023.

2|2 Receivables

Receivables due from related parties comprise receivables related to ETS-fee (charging of centrally provided support services) amounting to TEUR 1,348 (previous year: TEUR 0)

Other accounts receivable in the amount of TEUR 6 (previous year: TEUR 0) relate to receivables from fiscal authorities and the city of Vienna that were not due on December 31, 2023.

All receivables have a remaining term of less than one year.

2|3 Prepaid expenses

Prepaid expenses of TEUR 87 (previous year: TEUR 0) comprise only short-term prepayments, including a prepayment for insurance of TEUR 74 (previous year: TEUR 0).

2|4 Share capital

The EuroTeleSites AG's share capital amounts to TEUR 166,125 and is divided into 166,125,000 bearer shares. The shares have no par value. On December 31, 2023, and September 22, 2023, América Móvil indirectly holds a stake of 56.96% and 56.55%, respectively, through its 100% subsidiary América Móvil B.V., Netherlands, while OeBAG holds a stake of 28.42%. The remaining shares are free float.

2|5 Additional paid-in capital

The appropriated additional paid-in capital originates entirely from the transfer of the shares in A1 Towers Holding GmbH from Telekom Austria Aktiengesellschaft to EuroTeleSites AG in the side-stream spin-off to form the new company.

The opening value of the additional paid-in capital changed by TEUR 1,895 due to subsequent findings. Instead of the originally reported TEUR 652,469, the opening balance was adjusted to TEUR 654,364 (versus investments in affiliated companies).

To cover the current financial year's net loss of TEUR 2,292 appropriated paid-in capital was released in the same amount, leaving an amount of TEUR 652,071 additional paid-in capital as of December 31, 2023.

2|6 Appropriation of earnings

In 2023 appropriated paid-in capital was released to offset the net loss of TEUR 2,292.

The capital management of EuroTeleSites Group focuses primarily on maintaining and improving the capital basis. This shall continue to be documented by solid investment grade ratings from renowned rating agencies. To do so EuroTeleSites Group plans not to pay dividends for the next few years, as agreed between the major shareholders upon the decision to spin-off the EuroTeleSites from the A1 Group.

The unappropriated retained earnings of EuroTeleSites AG according to Austrian GAAP would not be subject to a dividend limitation as the restrictions of Section 235 UGB do not apply.

2|7 Provisions

Other provisions include provisions for:

in TEUR	**December 31, 2023**	April 1, 2023
Personnel	130	0
Supervisory board compensation	125	0
Audit fees	65	0
	320	**0**

2|8 Liabilities

Liabilities include trade payables in the amount of TEUR 65 (previous year: TEUR 0) and provisions for outstanding invoices in the amount of TEUR 15 (previous year: TEUR 0).

Liabilities to affiliated companies include liabilities from the recharging of services amounting to TEUR 2,669 (previous year: TEUR 0) and liabilities from financing in the amount of TEUR 659 (previous year: TEUR 0), which relate to the cash pooling agreement. The relevant agreement was concluded with A1 Towers Holding GmbH and aims to balance and optimize short term liquidity within the Group. Interest is charged on a quarterly basis.

Other liabilities include liabilities to social security in the amount of TEUR 5 (previous year: TEUR 0).

Liabilities do not include any liabilities with a remaining term of more than one year.

2|9 Contingent liabilities

EuroTeleSites AG gave an unconditional and irrevocable guarantee in connection with the bond issued by A1 Towers Holding GmbH in an amount of TEUR 500,000.

Furthermore, EuroTeleSites AG is liable for the long-term bank loan of A1 Towers Holding GmbH amounting to TEUR 500,000 as well.

Additionally, EuroTeleSites guarantees for the revolving credit facility of A1 Towers Holding GmbH in the amount of TEUR 75,000.

3 | Notes to the Statement of Profit or Loss

3|1 Revenues

Revenues in the amount of TEUR 1,348 exclusively relate to service revenues from affiliated companies. These revenues were generated by the ETS-fee.

3|2 Purchased services

Expenses for purchased services in the amount of TEUR 1,505 exclusively relate to recharging with related and affiliated companies.

3|3 Personnel expenses and employees

In the fiscal year 2023 only the two directors were employed by EuroTeleSites AG.

Personnel expenses are comprised as follows:

in TEUR	1.4. - 31.12.2023
Salaries	337
Expenses for statutory social security and payroll related taxes and contributions	79
Other social benefits	2
	418

Other social benefits relate to a defined contribution plan. In 2023 EuroTeleSites AG paid 1.53% of the salary, into this defined contribution plan (BAWAG Allianz Mitarbeitervorsorgekasse AG).

3|4 Other operating expenses

Other operating expenses are comprised of the following items:

in TEUR	1.4. - 31.12.2023
Purchased services (group)	1,155
Fundraising costs	179
Supervisory board compensation	125
Audit fees	65
Public relations	51
Insurances	36
Legal and consulting cost	29
Sundry	14
Other operating taxes	62
	1,716

Audit fees exclusively relate to fees for the audit of the current fiscal year.

3|5 Remuneration of corporate bodies of the company

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

in TEUR	1.4. - 31.12.2023
Base salary (incl. remuneration in kind)	206
Variable yearly remuneration (Short Term Incentive - "STI")	115
Remuneration Management Board	**321**
Remuneration Supervisory Board	**125**

4 | Other information

4|1 Tax group

EuroTeleSites AG is the head of the tax group established in accordance with Section 9 of the Austrian Corporate Tax Act (KStG). The head of the tax group and its member (A1 Towers Holding GmbH) have agreed on tax compensation. Positive taxable results are subject to a tax rate of 23%. Negative taxable results are not reimbursed but netted with future positive results of the tax group members. Deferred tax assets and liabilities for the members of the tax group (currently one Austrian subsidiary) are reported on a net basis since the tax group is treated as one taxable entity. As the formation of a tax group is tied to the acceptance by the tax authorities, the existence of the tax group is currently pending. This has no impact on the consolidated income taxes recorded.

4|2 Other explanations

The company is part of the group held by América Móvil, S.A.B. de C.V., Mexico City („América Móvil"), and is a related party to its subsidiaries. It is fully consolidated in América Móvil's consolidated financial statements, which are the largest group of companies for which group financial statements are prepared. América Móvil Group is listed on the Mexican Stock Exchange and on the New York Stock Exchange. Consolidated financial statements of América Móvil are filed with the SEC (U.S. Securities and Exchange Commission) in Washington, D.C.

The company prepares the consolidated financial statements for the smallest group of companies (EuroTeleSites Group). The consolidated financial statements of EuroTeleSites AG are filed with the commercial register of the Commercial Court in Vienna under FN 611727z.

The main economic relationships with affiliated companies are with Telekom Austria Aktiengesellschaft (personnel services) and to A1 Towers Holding GmbH and its subsidiaries due to the reciprocal invoicing of personnel services and the Group charges.

The company is a large corporation in accordance with Section 221 UGB

4|3 Subsequent events

No significant events occurred after the balance sheet date that have an impact on the balance sheet or the income statement.

5 | Members of the Management Board and Supervisory Board

Management Board	
Ivo Ivanovski	Chief Executive Officer
Lars Mosdorf	Chief Financial Officer
Supervisory Board	
Barbara Potisk-Eibensteiner	Chair of the Supervisory Board
Oscar Von Hauske Solís	Deputy Chair
Elisabetta Castiglioni	
Santiago Dawson Lemus	
Roxana Flores Alexanderson	
Daniel Hajj Slim	
Edith Hlawati	
Ernesto Leyva Pedrosa	
Elisabeth Muhr	
Ana Simic	

6 | Declaration of the Management Board

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

Vienna, February 19, 2024

The Management Board of EuroTeleSites AG

Ivo Ivanovski	**Lars Mosdorf**
Chief Executive Officer	Chief Financial Officer

EuroTeleSites AG, Vienna December 31, 2023

TRANSLATION

AUDITOR'S REPORT *)

Report on the Financial Statements

Audit Opinion

We have audited the financial statements of

EuroTeleSites AG, Vienna,

These financial statements comprise the balance sheet as of December 31, 2023, the income statement for the short fiscal year then ended and the notes.

Based on our audit the accompanying financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Company as of December 31, 2023 and its financial performance for the year then ended in accordance with Austrian Generally Accepted Accounting Principles and other legal or regulatory requirements.

Basis for Opinion

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

Key Audit Matters

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

Title	**Recoverability of the carrying value of shares in affiliated companies**
Description	In the course of the reorganization of the A1 Group the share in the A1 Towers Holding GmbH has been transferred from Telekom Austria Aktiengesellschaft to EuroTeleSites AG with a carrying amount of EUR 820 mn and was contributed as of April 1, 2023 according to the spin off agreement. The assessment of the recoverability of the carrying value of shares in affiliated companies requires judgement whether there is an indication that an asset should be impaired and in measuring any such impairment. The valuation relates to management's assumption of future cash flows and the discount rate. Management's performed impairment test did not require an impairment. The disclosures of the company for shares in affiliated companies are included in note 1.4 and 2.1 (Long-term assets).
Consideration in the audit	To address this risk, we have critically assessed the assumptions and estimates made by management and performed, among others, the following procedures: • Review of the spin off agreement and reconciliation of the carrying amount of the transferred shares in affiliated companies with the report about the audit of the formation of the EuroTeleSites AG as of April 1, 2023; • Assessment of the design and implementation of the controls over the valuation process; • Reconciliation of the assumptions in the cash flow model with budget and business plans provided to the audit committee; • Assessment of the plausibility of the underlying assumptions by means of comparison with market data (if available); • Involvement our valuation specialists for analyzing the discount-, exchange- and growth rates, the planned cash flows and assessing the valuation model; • Check of the mathematical accuracy of the valuation model; • Assessment of the adequacy of the disclosures in the financial statements.

TRANSLATION

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the management report and the auditor's report thereon. The annual report is estimated to be provided to us after the date of the auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, as soon as it is available, and, in doing so, to consider whether - based on our knowledge obtained in the audit - the other information is materially inconsistent with the financial statements or otherwise appears to be materially misstated.

Responsibilities of Management and of the Audit Committee for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with Austrian Generally Accepted Accounting Principles and other legal or regulatory requirements, for them to present a true and fair view of the assets, the financial position and the financial performance of the Company and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Company's financial reporting process.

EuroTeleSites AG, Vienna December 31, 2023

TRANSLATION

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

TRANSLATION

Report on Other Legal and Regulatory Requirements

Comments on the Management Report

Pursuant to Austrian Generally Accepted Accounting Principles, the management report is to be audited as to whether it is consistent with the financial statements and as to whether the management report was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the management report in accordance with Austrian Generally Accepted Accounting Principles and other legal or regulatory requirements.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the management report.

Opinion

In our opinion, the management report for the Company was prepared in accordance with the valid legal requirements, comprising the details in accordance with section 243a UGB (Austrian Company Code), and is consistent with the financial statements.

Statement

Based on the findings during the audit of the financial statements and due to the thus obtained understanding concerning the Company and its circumstances no material misstatements in the management report came to our attention.

EuroTeleSites AG, Vienna December 31, 2023

TRANSLATION

Additional information in accordance with Article 10 EU regulation

We were elected as auditor by the ordinary general meeting at August 1, 2023 for the first time. We were appointed by the Supervisory Board on November 24, 2023.

We confirm that the audit opinion in the Section "Report on the financial statements" is consistent with the additional report to the audit committee referred to in Article 11 of the EU regulation.

We declare that no prohibited non-audit services (article 5 par. 1 of the EU regulation) were provided by us and that we remained independent of the audited company in conducting the audit.

Responsible Austrian Certified Public Accountant

The engagement partner is Mr. Erich Lehner, Certified Public Accountant.

Vienna, February 19, 2024

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Erich Lehner mp
Wirtschaftsprüfer / Certified Public Accountant

Mag. Katharina Schrenk mp
Wirtschaftsprüferin / Certified Public Accountant

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

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EuroTeleSItes