

***[NON-BINDING CONVENIENCE TRANSLATION -
ONLY GERMAN VERSION BINDING]***

SPIN-OFF REPORT

of the Management Board of

TELEKOM AUSTRIA AKTIENGESELLSCHAFT

on the spin-off of the AT Towers partial business

for absorption in the

A1 Towers Holding GmbH

as well as the subsequent spin-off of the shares in
A1 Towers Holding GmbH

for new formation of the

EUROTELESITES AG

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Attachments:

Annex 1: Closing Balance Sheet of Telekom Austria AG as of March 30, 2023 (Austrian Commercial Code)

Annex 2: Takeover balance sheet of A1 Towers Holding GmbH as of March 31, 2023 (Austrian Commercial Code)

Annex 3: Residual Balance Sheet of Telekom Austria AG as of March 31, 2023 (UGB)

Annex 4: Closing Balance Sheet of Telekom Austria AG as of March 31, 2023 (UGB)

Annex 5: Takeover balance sheet of EuroTeleSites AG as of 01.04.2023 (UGB)

Annex 6: Residual Balance Sheet of Telekom Austria AG as of 01.04.2023 (UGB)

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1. INTRODUCTION

1.1 Overview of the planned spin-off

Telekom Austria Aktiengesellschaft, FN 144477 t, with its registered office in Vienna (hereinafter referred to as "**Telekom Austria AG**" or "**TAG**" for short) and its direct and indirect subsidiaries ("**Telekom Austria Group**") are a leading provider of digital services and communications solutions in the CEE region with approximately 27 million customers in seven countries under the A1 brand: in Austria, Bulgaria, Croatia, Belarus, Slovenia, Northern Macedonia and Serbia.

The Telekom Austria Group is planning a multi-step restructuring which will result in the spin-off of the passive mobile communications infrastructure into a new listed stock corporation headquartered in Vienna. This Spin-off Report is being prepared in connection with the planned spin-off of Telekom Austria AG to incorporate the passive mobile communications infrastructure in Austria and the indirect shareholdings in the tower companies in Bulgaria, Croatia, Slovenia, Northern Macedonia and Serbia into the existing A1 Towers Holding GmbH, FN 543743 y, with its registered office in Vienna (hereinafter "**A1 Towers Holding GmbH**") and the subsequent spin-off of the shareholding in A1 Towers Holding GmbH to form a new company, EuroTeleSites AG. The passive mobile communications infrastructure in Belarus, as well as a small number of sites whose transfer is currently not possible for legal reasons, are not included in the spin-off.

The restructuring is to take place in the following main steps:

- **A1 Upstream Spin-off:** A1 Telekom Austria Aktiengesellschaft, FN 280571 f, with its registered office in Vienna (hereinafter referred to as "**A1**") as the transferring company and its wholly owned parent company Telekom Austria AG as the acquiring company entered into a spin-off and Transfer Agreement on June 12, 2023 with retroactive effect for tax and accounting purposes as of December 31, 2022 regarding the transfer of the *AT Towers* business unit to Telekom Austria AG. This spin-off was filed for registration with the commercial register at the time of publication of this spin-off report, but has not yet been entered in the commercial register. The registration is expected for July 2023. The A1 Upstream Spin-off is described in section 4.3 in more detail.
- **TAG Sidestream Spin-off:** Telekom Austria AG and its wholly owned subsidiary A1 Towers Holding GmbH, FN 543743 y, with its registered office in Vienna (hereinafter referred to as "**A1 Towers Holding GmbH**") have entered into a Spin-off and Transfer Agreement including Spin-off Plan (hereinafter referred to as "**Spin-off and Transfer Agreement including Spin-off Plan**" or in short "**Spin-off Plan**") on June 28, 2023 with retroactive effect for tax and accounting purposes as of March 30, 2023 and March 31, 2023, respectively. On the basis of the Spin-off and Transfer Agreement including the Spin-off Plan, Telekom Austria AG shall transfer the *AT Towers* business unit to A1 Towers Holding GmbH, but with the addition of intra-group liabilities vis-à-vis Telekom Finanzmanagement GmbH ("**TFG**") and its 100% shareholdings in the following companies:
 - Business share in the amount of EUR 35,000 in A1 Towers Bulgaria Holding GmbH, FN 593831 g, with its registered office in Vienna (hereinafter referred to as "**A1 Towers Bulgaria Holding**"); A1 Towers Bulgaria Holding, as sole shareholder, holds the entire share capital in A1 Towers Bulgaria EOOD, a

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company under Bulgarian law, registered in the Business Register of the Republic of Bulgaria under 206379370, which mainly holds mobile towers in Bulgaria;

- Business share in the amount of EUR 35,000 in A1 Towers Croatia Holding GmbH, FN 593840 w, with its registered office in Vienna (hereinafter referred to as "**A1 Towers Croatia Holding**"); A1 Towers Croatia Holding holds, as sole shareholder, the entire share capital in A1 Towers d.o.o., a company under Croatian law, registered in the Business Register of the Commercial Court of Zagreb under 081349073 (MBS), which mainly holds mobile towers in Croatia;
- Business share in the amount of EUR 35,000 in A1 Towers Macedonia Holding GmbH, FN 593853 p, with its registered office in Vienna (hereinafter referred to as "**A1 Towers Macedonia Holding**"); A1 Towers Macedonia Holding, as sole shareholder, holds the entire share capital in A1 TOWERS DOOEL, a company under North Macedonian law, registered in the Commercial Register at the Central Register of the Republic of North Macedonia under 7474326, which mainly holds mobile towers in North Macedonia;
- Business share in the amount of EUR 35,000 in A1 Towers Serbia Holding GmbH, FN 280783 t, with its registered office in Vienna (hereinafter referred to as "**A1 Towers Serbia Holding**"); A1 Towers Serbia Holding, as sole shareholder, holds the entire share capital in A1 TOWERS INFRASTRUCTURE d.o.o., a company under Serbian law, registered in the Serbian Commercial Register under 21645575, which mainly holds mobile towers in Serbia; and
- Shareholding in the amount of EUR 35,000 in A1 Towers Slovenia Holding GmbH, FN 594256 g, with its registered office in Vienna (hereinafter referred to as "**A1 Towers Slovenia Holding**") and together with A1 Towers Bulgaria Holding, A1 Towers Croatia Holding, A1 Towers Macedonia Holding and A1 Towers Serbia Holding the "**Tower CEE intermediate holding companies**"; A1 Towers Slovenia Holding holds as sole shareholder the entire share capital in A1 Towers d.o.o., a company incorporated under Slovenian law, registered in the Slovenian Commercial Register under 9222375000, which mainly holds mobile towers in Slovenia.

The spin-off plan further provides for the transfer of the shareholding in A1 Towers Holding GmbH by Telekom Austria AG to the newly established EuroTeleSites AG.

As consideration for the transfer of the Spin-off Assets to EuroTeleSites AG, the shareholders of Telekom Austria AG shall receive 1 (one) share in EuroTeleSites AG for every 4 (four) shares in Telekom Austria AG in proportion to their shareholding in Telekom Austria AG upon the Spin-off taking effect (registration in the commercial register). The entire share capital of EuroTeleSites AG shall be allocated to the existing shareholders of Telekom Austria AG on a pro rata basis within the scope of this allocation of shares.

The Spin-off Plan requires the approval by resolution of the General Meeting of Telekom Austria AG and shall be submitted to the extraordinary General Meeting of Telekom Austria AG of 01.08.2023 for resolution.

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The legal implementation of the TAG Sidestream Spin-off is described in item 5 described in more detail.

The shares of EuroTeleSites AG are to be admitted to official trading on the Vienna Stock Exchange immediately after the spin-off becomes effective.

Following the implementation of the Spin-off, EuroTeleSites AG shall have taken over the entire passive mobile communications infrastructure of the Telekom Austria Group - with the exception of the relevant assets in Belarus and a minor number of sites, the transfer of which is currently not possible for legal reasons - from Telekom Austria AG (**EuroTeleSites AG** together with its direct and indirect subsidiaries and shareholdings existing after the Spin-off hereinafter the "**EuroTeleSites Group**").

1.2 Subject of this spin-off report

Pursuant to § 4 of the Spin-off Act, the Management Board of the transferring Telekom Austria AG shall submit a written report in which the spin-off, the draft spin-off plan in detail and, in particular, the exchange ratio and the allocation of the shares to the shareholders, as well as measures pursuant to § 15 para 5 of the **Spin-off Act**, are explained and justified in detail from a legal and economic point of view (hereinafter the "**Spin-off Report**"). Pursuant to § 4 para 1 2nd sentence of the Spin-off Act, reference shall also be made to particular difficulties in the valuation of the companies and to the formation audit reports to be prepared pursuant to § 3 para 4 of the Spin-off Act, which will have to be submitted to the Commercial Court of Vienna. Since the TAG Sidestream Spin-off will be carried out on a proportionate basis, a more detailed discussion of the valuation of the companies can be omitted.

Pursuant to § 100 (1) GmbHG, Telekom Austria AG, as the sole shareholder of A1 Towers Holding GmbH, has waived the preparation of a report by the Managing Directors of A1 Towers Holding GmbH pursuant to § 17 (5) Spin-off Act in conjunction with § 220a AktG in conjunction with § 96 (2) GmbHG. A joint report by the Management Board of Telekom Austria AG and the Managing Directors of A1 Towers Holding GmbH is therefore not required, and this report is prepared exclusively by the Management Board of Telekom Austria AG.

The purpose of this Spin-off Report is to inform the shareholders of Telekom Austria AG in preparation for the adoption of a resolution on the Spin-off at the ordinary shareholders' meeting of Telekom Austria AG.

The admission of the shares of EuroTeleSites AG to official trading on the Vienna Stock Exchange will be applied for on the basis of a separate listing prospectus.

For reasons of readability and comprehensibility, this report does not use gender-specific language. All designations are therefore to be understood as gender-neutral.

2. INITIAL SITUATION

2.1 Telekom Austria AG as transferring legal entity

2.1.1 Registered office, financial year and corporate purpose

The transferor company Telekom Austria Aktiengesellschaft, registered in the commercial register under FN 144477 t, with its registered office in the political municipality of Vienna and its business address at Lassallestrasse 9, 1020 Vienna, is a stock corporation incorporated under

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Austrian law. Its financial year runs from January 1 of each year to December 31 of the following year.

The corporate purpose of Telekom Austria AG in Austria and abroad is, pursuant to § 2 of the Articles of Association of Telekom Austria AG, as amended on June 9, 2017:

"the holding of interests in companies and enterprises and the management and administration of such interests (holding company), including the acquisition and disposal of interests in companies and enterprises in Germany and abroad; as well as all activities in connection with the provision of services and the creation of the necessary conditions for the operation and provision of (tele)communications networks and services (in particular mobile communications and fixed-network services), including the associated services and facilities, in Germany and abroad, including in particular the acquisition of the necessary licenses and the sale of terminal equipment; as well as services economically related to these activities; these activities may be performed either directly or via associated companies.

The Company is entitled to engage in all transactions and measures that are necessary or useful to achieve the object of the Company, in particular also in all areas of activity that are similar or related to the object of the Company. The Company may process personal data with the aid of automated systems."

2.1.2 Share capital and shares

The share capital of Telekom Austria AG amounts to EUR 1,449,274,500.00 and is divided into 664,500,000 no-par value shares with a pro rata amount of the share capital of the Company of approximately EUR 2.18 per share. The share capital of Telekom Austria AG will neither be reduced nor otherwise changed on the occasion of the spin-off.

2.1.3 Own shares

At the time of preparing this spin-off report Telekom Austria AG holds treasury shares in the amount of 415,159 no-par value shares. This corresponds to a share in the share capital of Telekom Austria AG in the amount of EUR 905,462. The treasury shares were acquired in September 2007. Subsidiaries of Telekom Austria AG (as defined in § 228 (3) UGB) do not hold any shares in Telekom Austria AG at the time of preparation of this Spin-off Report.

The Management Board of Telekom Austria AG is authorized by a resolution of the Annual General Meeting on May 29, 2013, the Management Board is authorized (a) to use treasury shares for the issuance against payment or free of charge to employees, executives and members of the Management Board/management of Telekom Austria AG and its affiliated companies and/or for servicing claims of these persons under performance share programs; (b) to use treasury shares as consideration for the acquisition of companies, businesses, parts of businesses or shares in one or more companies in Austria or abroad; or (c) to sell treasury shares pursuant to Section 65 (1b) AktG (i) at any time on the stock exchange or by means of a public offer or (ii) for a period of five years in any other legally permissible manner, including over-the-counter, whereby the Management Board of Telekom Austria AG may also decide on the exclusion of the general purchase option. The option to dispose of treasury shares referred to in sub-item (c)(ii) has expired without replacement.

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2.1.4 Shareholder structure and stock exchange trading

The current shareholder structure of Telekom Austria AG is as follows:

Shareholder	Share of capital stock in % (rounded)
América Móvil B.V.	51,00
Österreichische Beteiligungs AG	28,42
Own shares	0,06
Free float	20,52

The shares of Telekom Austria AG are admitted to official trading on the Vienna Stock Exchange in the Prime Market segment (Index: ATX Prime) under the stock exchange symbol TKA. The shares of Telekom Austria AG are traded under the International Securities Identification Number (ISIN) AT0000720008.

2.1.5 Management Board

Pursuant to § 5 (1) of the Articles of Association of Telekom Austria AG, the Management Board of Telekom Austria AG consists of two to four members.

As of the date of preparation of this spin-off report, the Management Board of Telekom Austria AG comprises the following three members:

- Thomas Arnoldner, Chairman of the Management Board
- Alejandro Douglass Plater, Vice Chairman of the Management Board
- Dipl.-Ing. Siegfried Mayrhofer

The Company announced on February 6, 2023 that Dipl.-Ing. Siegfried Mayrhofer will leave the Company at his own request as of August 31, 2023 and resign as member of the Management Board of Telekom Austria AG.

2.1.6 Supervisory Board

Pursuant to § 8 (1) of the Articles of Association of Telekom Austria AG, the Supervisory Board of Telekom Austria AG consists of up to ten members elected by the Annual General Meeting and the members delegated pursuant to § 110 (1) ArbVG.

As of the date of preparation of this Spin-off Report, the Supervisory Board of Telekom Austria AG comprises the following ten members elected by the General Meeting of Telekom Austria AG:

- Dr. Edith Hlawati, Chairwoman of the Supervisory Board
- Carlos José García Moreno Elizondo, Ph.D., Vice Chairman of the Supervisory Board
- Alejandro Cantu Jimenez
- Dr. Stefan Fürnsinn

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- Dr. Karin Exner-Wöhrer
- Dr. Peter Hagen
- Carlos M. Jarque, M.Sc. Ph.D.
- Dr. Peter F. Kollmann
- Daniela Lecuona Torras
- Oscar from Hauske Solis

In addition, the following five members delegated by the Works Council belong to the Supervisory Board of Telekom Austria AG at the time of preparation of this Spin-off Report:

- Gerhard Bayer
- Ing. Gottfried Kehrer
- Renate Richter
- Mag. (FH) Alexander Sollak
- Ing. Mag. Franz Valsky

2.1.7 No bonds or profit participation rights

Telekom Austria AG has not issued any bonds or profit participation rights within the meaning of § 15 para. 5 of the Spin-off Act.

2.2 Overview of the current business activities of the Telekom Austria Group

2.2.1 Overview of the company

The Telekom Austria Group is a leading provider of digital services and communications solutions in the CEE region with around 27 million customers in seven countries. The Telekom Austria Group operates under the A1 brand to its end customers. Its business activities cover Austria, Bulgaria, Croatia, Belarus, Slovenia, Northern Macedonia and Serbia.

As a telecommunications company, the Telekom Austria Group thus covers a market in which more than 40 million people live, with purchasing power in the individual countries differing significantly in some cases:

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	Inhabitants in million¹	GDP per capita in USD (2021) ²
Austria	9,0	58.400
Bulgaria	6,9	27.900
Croatia	3,9	34.300
Belarus	9,3	21.700
Slovenia	2,1	43.600
Serbia	6,8	21.500
North Macedonia	2,1	18.200

In all regional markets in which the Telekom Austria Group operates, it ranked among the top 3 mobile operators in 2022, even taking first place in Austria, Bulgaria and Northern Macedonia. Only in Serbia are there two market players that hold a stronger market position than the Telekom Austria Group, Telekom Srbija and Telenor:

	Mobile customers in millions	Market position
Austria	5,2	#1
Bulgaria	3,8	#1
Croatia	2,0	#2
Belarus	4,9	#2
Slovenia	0,7	#2
Serbia	2,4	#3
North Macedonia	1,1	#1

In terms of revenue-generating units (RGUs) in the fixed network, the Telekom Austria Group was also able to defend its strong position in 2022 in those markets in which it operates:

¹ Source for inhabitants as well as GDP per capita (PPP, current international USD): <https://data.worldbank.org> (February 2, 2023), values rounded.

² Source for inhabitants as well as GDP per capita (PPP, current international USD): <https://data.worldbank.org> (February 2, 2023), values rounded.

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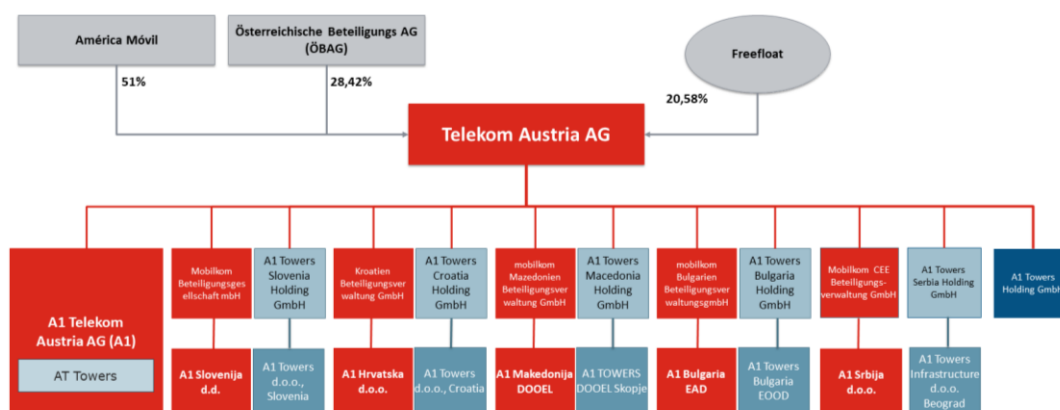
	RGUs in millions	Market position
Austria	2,9	#1
Bulgaria	1,2	#2
Croatia	0,7	#2
Belarus	0,8	#2
Slovenia	0,2	#4
Serbia	n.a.	n.a.
North Macedonia	0,4	#2

The Telekom Austria Group reports in seven operating segments: Austria, Bulgaria, Croatia, Belarus, Slovenia, Serbia and Northern Macedonia. The segment "Holding & Other, eliminations" mainly includes holding companies, the Group financing company, A1 Digital (whose business activities focus on the core markets of the Telekom Austria Group as well as Germany and Switzerland) and consolidation effects.

2.2.2 Structure of the Telekom Austria Group

At the time of preparing this spin-off report, Telekom Austria AG acts as the parent company of all operating subsidiaries of the Telekom Austria Group. The fact that the Telekom Austria Group operates in seven regional markets in different business areas results in the fact that the corporate structure of the Telekom Austria Group is complex:

The companies of the Telekom Austria Group which are the subject of the Spin-off and which are relevant for the purposes of this Spin-off Report are as follows:



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2.2.3 Economic environment and market development in the core countries of the Telekom Austria Group³

After expectations prevailed in Europe at the beginning of 2022 that the worst of the COVID 19 pandemic was over and life would return to normal, the market environment for the Telekom Austria Group also seemed to brighten. The situation in the supply chains eased increasingly, but was still noticeable. After all, the Chinese economy, which is important for the electronics industry, was still subject to strict COVID restrictions. The availability of individual goods was therefore still restricted and prices were above pre-COVID levels. In the telecommunications sector, supply chain challenges were reflected in limited availability of high-value handsets, shortages and long lead times for certain equipment for fit-out at customers, and delays in the supply of network equipment. Russia's invasion of Ukraine in February led to an abrupt deterioration in the economic environment. The conflict led to a sharp rise in energy prices and subsequently to significantly higher inflation rates. These in turn prompted the European Central Bank (ECB) and the Federal Reserve (FED) in the USA to raise interest rates markedly.

From the beginning of 2022 until the end of May 2023, the U.S. Federal Reserve increased its key short-term interest rate in several successive steps from a range of 0% to 0.25% to a range of 5.00% to 5.25⁴ %. The European Central Bank increased its key interest rates - the interest rate for main refinancing operations, the interest rates for the marginal lending facility and the deposit facility - in several steps to 4% by the time this spin-off report was prepared.

According to the World Economic Outlook⁵ published by the IMF in January 2023, the global economy is forecast to grow by 3.4% in 2022 and 2.9% in 2023. In the same publication, economic growth in the European Union was estimated at 3.7% in 2022 and 0.7% in 2023, both measured by real GDP .

This resulted in the following development of real GDP and inflation in the Telekom Austria Group's regional markets, with the values for 2022 and 2023 being mere estimates:⁶

³ As above under point 1 above, the Belarus market segment is not affected by the intended spin-off. Belarus and the Belarusian market are therefore excluded from the presentation of market developments and implications in the remainder of this report. However, to the extent that past consolidated results of the Telekom Austria Group are referred to, they also include results from Belarus.

⁴ Status May 2023

⁵ Source: <https://www.imf.org/en/Publications/WEO/Issues/2022/10/11/world-economic-outlook-october-2022> (February 2, 2023), page 42. State-level forecast data as of October 2022.

⁶ Source: <https://www.imf.org/-/media/files/Publications/WEO/Update/January/English/text.ashx> (Feb. 2, 2023), page 6

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	2021		2022		2023	
	GDP	Inflation	GDP	Inflation	GDP	Inflation
Austria	+ 4,6 %	+ 2,8 %	+ 4,7 %	+ 7,7 %	+ 1,0 %	+ 5,1 %
Bulgaria	+ 4,2 %	+ 2,8 %	+ 3,9 %	+ 12,4 %	+ 3,0 %	+ 5,2 %
Croatia	+ 10,2 %	+ 2,6 %	+ 5,9 %	+ 9,8 %	+ 3,5 %	+ 5,5 %
Slovenia	+ 8,2 %	+ 1,9 %	+ 5,7 %	+ 8,9 %	+ 1,7 %	+ 5,1 %
Serbia	+ 7,4 %	+ 4,1 %	+ 3,5 %	+ 11,5 %	+ 2,7 %	+ 8,3 %
North Macedonia	+ 4,0 %	+ 3,2 %	+ 2,7 %	+ 10,6 %	+ 3,0 %	+ 4,5 %

As part of the Strategy Process 2022, the Telekom Austria Group was able to identify the following trends, among others:

- The development of artificial intelligence (AI) and the analytical use of data are advancing at an enormous speed. Real-time analytic decisions will be the standard in all areas of business in the not too distant future.
- Data traffic is increasing sharply. Not only advancing digitization, but also the popularity of over-the-top (OTT) content are driving up data volumes.
- Broadband expansion (fiber optics and 5G) is progressing in order to provide customers with a nationwide infrastructure.
- The end-to-end customer experience is becoming a key differentiator. The focus is on personalized offers at any time and at any touchpoint.
- Ecosystems are the future drivers of the economy. Telecommunications companies must therefore increasingly redefine their roles in them and actively shape platforms and partnerships.
- As a result, environmental, social and governance (ESG) considerations have become a mandatory requirement for competitiveness and sustainability is increasingly becoming a part of decision-making.
- Cyber security requires expertly trained employees, investments in the company's hardware and software, and a developed risk management system. It also offers telecommunications companies a business opportunity because customer demand is growing, especially in the business customer segment.
- The competitive landscape is gradually expanding to include OTT content providers and companies offering satellite-based Internet.
- Telecommunications infrastructure providers enable access to the metaverse and can offer their customers additional services there.

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- The importance of software is constantly increasing. Software is the basis for automation and digitization to make one's own business more efficient, and at the same time can also represent a business opportunity for telecommunications companies.
- It can be observed that more and more market participants are separating business areas (for example, the radio tower business) that are potentially attractive to other investors. The sum of the different valuations of the core business and the separated business may exceed that of the original company.

2.2.4 The Telekom Austria Group in the Market - Key Figures, Revenue Sources, Asset Classes

In summary, it can be stated that in the last full financial year prior to the preparation of this spin-off report - the 2022 financial year - the Telekom Austria Group achieved both revenue and EBITDA growth in a difficult macroeconomic environment. Positive trends prevailed in most markets. While the population was increasingly concerned about rising inflation, demand for the main mobile and fixed-network services remained intact. This led to rising service revenues in all regions.

The gradual upselling of mobile customers to attractive 5G offers continued. This not only affected Austria, where the excellent network quality contributed significantly to customer acquisition, but also the other CEE markets. The Telekom Austria Group also benefited from solid demand for high bandwidth products and continued to focus on its convergence strategies. At the same time, the Telekom Austria Group remained a reliable partner of choice for growing ICT companies.

In an environment of rising costs, especially energy costs, the Telekom Austria Group focused consistently on implementing efficiency measures. In addition, contractual opportunities were used in most markets to increase prices in line with the consumer price index. Improved roaming results also provided a tailwind for the Telekom Austria Group's results in 2022.

In the course of 2022, the Telekom Austria Group acquired spectrum for the roll-out of 5G networks. In Northern Macedonia these were the 700 MHz and 3.6 GHz frequency bands for a total of EUR 8 million and in Bulgaria the 1800 MHz and 3600 MHz frequency bands for around EUR 1 million.

In the mobile communications business, the number of customers in the Telekom Austria Group increased by 5.0% to a total of 23.9 million in 2022. Growth was driven primarily by strong growth in M2M business (machine-to-machine business; this means automated exchange of information between terminal devices). Demand for mobile WiFi routers also remained persistently strong throughout the market presence. The number of contract customers increased in Austria, Croatia, Serbia, and Northern Macedonia, while remaining at or slightly below the prior-year level in other markets. The shift from prepaid to contract offerings continued in all markets.

The following is an overview of the key economic indicators of the Telekom Austria Group in 2021 and 2022 (in EUR million):

	2022	2021	Change in %
Sales (incl. other operating income)	5.005	4.748	+ 5,4 %

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thereof mobile communications revenue	2.972	2.816	+ 5,6 %
thereof revenue from services	2.339	2.181	+ 7,2 %
Thereof revenue from the sale of terminal equipment	633	635	- 0,2 %
EBITDA	1.838	1.706	+ 7,7 %
EBITDA margin	36,7 %	35,9 %	+ 0,8 %
Depreciation	963	953	+ 1,1 %
EBIT	871	753	+ 15,6 %
EBIT margin	17,4 %	15,9 %	+ 1,5 %
Annual result	635	455	+ 39,5 %
Net margin	12,7 %	9,6 %	+ 3,1 %
Asset additions	944	891	+ 5,9 %
Free cash flow	603	487	+ 23,8 %
Net debt / EBITDA	1,3 x	1,7 x	

In 2022, the Telekom Austria Group's revenues from mobile services increased by 7.2%. This was mainly driven by strong core mobile business in all markets, continued solid demand for mobile WiFi routers, and higher roaming traffic. In addition, revenue benefited from indexation-based price increases implemented in several markets in the course of 2022.

Costs and expenses of the Telekom Austria Group increased by 4.1% in the course of 2022. Almost half of the increase is attributable to higher electricity costs due to rising prices and slightly higher consumption. The remaining part of the cost increase relates to content or is product-related, part relates to the network and to a lesser extent to personnel and advertising. Content and product-related costs increased due to the solid performance of Solution & Connectivity, but also due to higher prices for content. On the other hand, write-downs of receivables and network maintenance decreased in 2022.

EBITDA increased by 7.7% to EUR 1,838 million in 2022 compared to 2021, as solid growth in service revenues across all markets more than offset rising operating costs.

At December 31, 2022, total assets were 2.7% lower than at December 31, 2021. A key driver was the balance sheet-reducing effect of using cash and cash equivalents to redeem a bond in April 2022. Non-current assets increased, mainly due to higher property, plant and equipment as a result of increased capital expenditure. Depreciation of rights of use and frequencies mitigated this increase.

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Current liabilities decreased during 2022 mainly due to the redemption of the above-mentioned bond. Trade accounts payable increased mainly due to higher capital expenditures in Austria. Income tax liabilities increased due to the full utilization of loss carryforwards in the Austrian tax group in 2021. Non-current liabilities decreased due to the repayment of lease liabilities, but also to lower obligations for plant decommissioning and employee benefits, both of which were valued lower due to increased interest rates.

In fiscal 2022, cash flow from operating activities increased to EUR 1,718 million (year 2021: EUR 1,586 million). This is attributable to a better operating performance and a positive development of working capital. The latter improved due to higher trade payables, which more than offset the increase in trade receivables and inventories. Cash flows from investing activities primarily reflected higher capital expenditures compared with 2021. Cash flows from financing activities decreased sharply compared to 2021 due to higher dividend payments and the redemption of a EUR 750 million bond. This repayment was made to a good extent from own funds and by raising short- and long-term financial liabilities. Free cash flow increased by 23.8% in fiscal 2022 as improved operating performance and positive working capital development more than offset higher capital expenditures and higher income tax payments.

Net debt decreased by 15.3% in 2022 compared to 2021 due to strong free cash flow. A bond in the amount of EUR 750 million was repaid in April 2022, which reduced current debt. The ratio of net debt to EBITDA decreased from 1.7x as of Dec. 31, 2021 to 1.3x as of Dec. 31, 2022. Net debt (excluding leases) decreased by 16.8%. The net debt (excluding leases) / EBITDA after leases ratio decreased to 1.0x compared with 1.3x at Dec. 31, 2021.

In the financial year 2022, total additions to assets increased by 5.9% to EUR 944 million. Excluding spectrum investments of EUR 10 million (2021: EUR 65 million), additions to assets increased by 13.2%. The increase was mainly attributable to higher investments in the Austrian fiber-optic network and the further roll-out of the 5G mobile network in Austria, Slovenia, Bulgaria and Northern Macedonia.

As of December 31, 2022, Telekom Austria AG had approximately 17,900 employees, keeping its headcount roughly the same as in 2021.

2.2.5 The performance of the individual segments and business areas of the Telekom Austria Group⁷

As described above, the Telekom Austria Group is divided into seven operating segments: Austria, Bulgaria, Croatia, Belarus, Slovenia, Serbia and Northern Macedonia. The following table provides an overview of the performance of the individual segments and their contribution to the key economic indicators of the Telekom Austria Group as a whole. The segment "Holding & Other, eliminations" presented below mainly includes holding companies, the Group financing company, A1 Digital (whose business activities focus on the core markets of the Telekom Austria Group as well as Germany and Switzerland) and consolidation effects (values in EUR million).

⁷ As previously stated: excluding the Belarus segment; the following section focuses primarily on developments in the mobile communications business; a description of the other business areas has been omitted because they are not relevant for the completion of the mobile communications infrastructure.

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	Revenues		EBITDA		Asset additions (CAPEX)	
	2022	2021	2022	2021	2022	2021
Austria	2.752	2.678	1.040	991	572	496
Bulgaria	640	574	254	218	108	103
Croatia	470	452	161	156	84	96
Slovenia	223	210	56	61	46	79
Serbia	357	315	115	102	52	48
North Macedonia	141	135	44	46	38	24
Holding & Other, Eliminations	- 39	- 35	- 51	- 48	6	5
TOTAL	5.005	4.748	1.838	1.706	944	891

The Austria segment

The Austria segment accounted for 55% of the Telekom Austria Group's net revenue in 2022.

In line with its strategy to further monetize the 5G network and remain competitive, A1 Austria launched a new mobile portfolio in November 2022. In the process, the company changed its previous premium positioning of 5G and introduced 5G offers in almost all tariffs.

Mobile service revenues increased by 5.3 percent year-on-year in 2022. This was driven by the strong performance of the core mobile business, growth in customer and visitor roaming, and solid performance in mobile WiFi routers. Growth was supported by inflation-related price adjustments, which also led to higher average revenue per customer overall.

EBITDA in the Austria segment improved in the 2022 financial year, rising by 4.9 percent compared with the 2021 financial year. This was attributable to higher service revenues and was achieved despite lower margins from the sale of terminal equipment and higher operating costs in the core business. The latter increased mainly due to higher power costs, higher network costs, and higher product-related costs. The increase in these core operating costs was only mitigated to a limited extent by lower personnel costs and lower write-downs of receivables. Depreciation and amortization expense decreased slightly, resulting in a 12.2% increase in operating profit in fiscal 2022.

The Bulgaria segment

In the 2022 financial year, the Bulgaria segment delivered a consistently strong performance despite a difficult macroeconomic environment. Supportive local market dynamics, a strong A1 brand, and careful strategy execution led to double-digit growth in service revenues and EBITDA.

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In the mobile business, A1 Bulgaria succeeded in increasing usage of the 5G network and encouraging customers to switch to higher-value tariffs in both the core mobile business and the mobile broadband business. In fiscal year 2022, A1 Bulgaria acquired STEM0, a local ICT company. STEM0 contributed EUR 17 million to consolidated revenue (revenue from services: EUR 9 million, revenue from the sale of terminal equipment: EUR 8 million) and EUR 2 million to Group EBITDA.

Revenue from mobile services increased. This was due to solid demand for higher-value calling plans sold at a premium price for much of 2022, as well as continued momentum and stable demand for mobile WiFi routers, which A1 successfully monetizes. In addition, inflation-related price increases together with higher roaming revenues contributed to growth. As a result, average revenue per customer increased compared with the financial year 2021.

Revenue increased by 11.5% in fiscal 2022 (excluding STEM0: 8.7%), almost exclusively due to growth in revenue from services. Revenue from the sale of terminal equipment (excluding STEM0) remained at the level of fiscal 2021, which did, however, include a larger transaction in the public sector.

The Croatia segment

In the 2022 financial year, the mobile market in Croatia remained competitive due to dynamic promotional activities by all network operators. In the mobile business, A1 Croatia launched a redesigned portfolio that included 5G offers in all contract rates. Unlimited data offers were reserved exclusively for the upper rate plans.

Total revenue increased by 4.0 percent in the 2022 financial year, also driven by a growing number of mobile customers. Revenue from the sale of terminal equipment also increased. In addition, roaming revenue and revenue from ICT business increased.

Growth in mobile services revenue was based on the core mobile business, performance in the area of mobile WiFi routers, and increased customer roaming following the COVID phase. At the same time, average revenue per customer increased slightly in fiscal 2022 compared with fiscal 2021.

EBITDA increased by 3.3% in FY2022, benefiting from the development of revenues from services, which more than compensated for higher costs and expenses. The increase in operating expenses was due to higher costs for personnel, network, content as well as increased product-related costs and costs in connection with a legal dispute. On the other hand, advertising costs and bad debt expense were lower. Depreciation and amortization expense decreased during FY2022 and, together with EBITDA growth, resulted in a 13.7% increase in operating profit compared to FY2021.

The Slovenia segment

In the 2022 financial year, the intensity of competition on the Slovenian market remained high. At the beginning, the mobile network operators offered 5G packages in almost all rates. This meant that a 5G premium was not enforceable in the market. A1 Slovenia redesigned its mobile portfolio and offered attractive hardware with lower subsidies. Total revenue increased by 6.0%, driven by rising revenue from services and, to a lesser extent, higher revenue from the sale of terminal equipment. Revenues from services increased mainly due to the mobile business and in particular the improved roaming result as well as a better solution & connectivity business.

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Despite solid revenue growth, EBITDA decreased by 7.4% in fiscal 2022 compared with fiscal 2021. Rising power and personnel costs as well as higher content and product costs had a negative impact and could not be compensated by the above-mentioned revenue growth. Depreciation and amortization increased primarily due to the write-down of frequencies, which further burdened the operating result in fiscal 2022.

The Serbia segment

In the 2022 financial year, the Serbian market continued to show maturing trends with an increasing share of mobile contract offers in the portfolios and stronger demand for higher data quotas. A1 Serbia was again successful in upselling and customer acquisition. The company has been offering new deals since August 2022. Total revenues increased by 13.1%, due to solid growth in service revenues and significantly stronger handset sales compared to FY 2021. Mobile service revenues increased due to customer acquisitions, upselling into higher value tariffs, and an improved roaming performance. Growth was supported by the successful monetization of additional data volumes in higher tariffs. Average revenue per customer also increased compared with the 2021 financial year.

On the cost side, there was an increase in personnel and electricity costs, while savings were achieved in advertising costs and bad debt losses. As strong growth in service revenues and the improved margin from the sale of terminal equipment more than offset the above-mentioned higher operating expenses, EBITDA in fiscal 2022 increased strongly by 12.8 percent compared with fiscal 2021. Depreciation and amortization increased due to higher capital expenditure, but the operating result also improved by 17.1 percent compared with fiscal 2021.

The North Macedonia segment

Market development in Northern Macedonia in the 2022 financial year was characterized by increased demand for high-quality broadband and convergence products in the fixed-network business, while the mobile business saw strong demand for unlimited data packages, high-quality calling plans, and mobile WiFi routers. A1 in Northern Macedonia redesigned its mobile portfolio with 5G-enabled rates and successfully positioned itself with the More for More concept. Total revenue increased by 5.0% compared with FY2021, with mobile service revenue rising on the back of solid core business, improved roaming performance, and good mobile WiFi router business.

Total costs and expenses also increased, with electricity costs significantly higher (more than 100%) compared to fiscal 2021, which could not be compensated by increasing total revenues. As a result, EBITDA decreased by 4.0% and EBIT by 3.0% in fiscal 2022.

3. REASONS FOR THE TRANSFER OF THE PASSIVE MOBILE COMMUNICATIONS INFRASTRUCTURE

3.1 Reasons for the spin-off of the passive mobile communications infrastructure

The Management Board has dealt intensively with the possible advantages and disadvantages of a spin-off and utilization of the passive mobile communications infrastructure of the Telekom Austria Group. The decision of the Management Board of Telekom Austria AG to submit the spin-off plan to the Annual General Meeting for resolution is the result of a comprehensive analysis of the available options for action, which the Management Board has undertaken in

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consultation with the Supervisory Board. In doing so, the Management Board has come to the conclusion that a spin-off of the radio towers including the issuance of shares to the shareholders is in the interest of the Telekom Austria Group, taking into account the interests of its shareholders.

The core business of telecommunications companies in general is very capital-intensive; this also applies to the Telekom Austria Group.

For the Telekom Austria Group, this creates the need to allocate limited budget to various competing projects as part of efficient resource allocation. Allocating resources to one project means taking resources away from other projects.

Investments in the core business are of high strategic importance for the Telekom Austria Group. The Telekom Austria Group's core business comprises voice telephony, broadband Internet, mobile and home entertainment as well as smart home, data and IT solutions, wholesale and payment solutions and digital services.

From a strategic perspective, investments by the Telekom Austria Group therefore pursue the goal of exploiting growth opportunities in the core business described above and making investments to improve the competitive situation.

The construction and operation of (passive) mobile communications towers is not a necessary part of the core business of the Telekom Austria Group - or of telecommunications companies in general. Passive means that the mobile communications towers in question are to be viewed separately from the actual transmission facilities. Mobile towers are conventional structures made of concrete and steel, primarily designed to support wireless telecommunications antennas. As very simple, site-bound structures, they do not as such contain any technological competitive advantage. The added value for the Telekom Austria Group comes from the installation of its technological equipment (antennas) on the mobile towers. The mobile communications towers themselves have no additional value for the telecommunications network. Since they do not offer any technological advantage, it is true - on the premise that the Telekom Austria Group gains its competitive advantage over competitors from its technological advantage - that the mobile communications towers as such do not contribute to the Telekom Austria Group's competitive advantage.

At the same time, there is a demand market for the mobile towers described because the marketing of mobile towers represents a consistent business model with a comparatively low risk profile. Other telecommunications companies have sold their mobile communications towers without transmission facilities at a multiple of EBITDA in various transactions.

On the one hand, the AT Towers partial business does not contribute to the strategically advantageous positioning of the Telekom Austria Group; at the same time, the mobile towers tie up capital that could be used for alternative investment opportunities. This applies in particular to the expansion of broadband networks (fiber-optic and 5G networks).

From the perspective of the Management Board of Telekom Austria AG, the following considerations are therefore of particular relevance for the planned spin-off of the passive mobile communications infrastructure by way of the planned spin-off:

- Reduction of net debt of the Telekom Austria Group by approximately EUR 1 billion;

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- Opportunity to focus investments on the core business of "mobile communications" as well as "fiber optics" and thus on the technological component of the Telekom Austria Group's portfolio, in particular broadband and 5G expansion;
- Increasing financial flexibility in the Telekom Austria Group's core business;
- Opportunity for more efficient management of passive infrastructure by the EuroTele-Sites Group;
- Value generation for the shareholders of the Telekom Austria Group.

The planned spin-off of the passive mobile communications infrastructure will enable the Telekom Austria Group to position itself more focused on the capital market. Wireless communications companies are regularly valued at a higher multiple than traditional telecommunications companies. The earnings potential resulting from the spin-off will remain with the shareholders of Telekom Austria AG.

The Management Board of Telekom Austria has also examined in detail possible disadvantages of the planned spin-off. In particular, the Telekom Austria Group will lose direct access to the radio towers and will be in competition with other users of radio towers. The expected rental payments for the lease of the required space on the radio towers will significantly exceed the existing costs associated with the lease, construction and management of the radio towers. The lease of the required space on the radio towers will be based on long-term master lease agreements. On the one hand, the master lease agreements secure long-term access to the radio towers, but on the other hand allow only limited adjustment options to changes in the economic or technical market conditions during their term.

The spun-off mobile communications infrastructure group will be a stable partner for the Telekom Austria Group: Indeed, with regard to their stake in EuroTeleSites AG, the shareholders ÖBAG and AMX have publicly announced that they have agreed on a longer-term partnership and have no plans to sell.

In an overall assessment, the Management Board came to the conclusion that the advantages outweigh any possible disadvantages.

3.2 Decision for the spin-off

3.2.1 Reasons for structuring in the form of the intended spin-off

In the opinion of the Management Board of Telekom Austria AG, the intended spin-off is in the interest of the Telekom Austria Group and the shareholders of Telekom Austria AG. The following reasons in particular are decisive in this regard:

- Even though no liquid funds in the sense of a purchase price will be provided to the Telekom Austria Group in the course of the Spin-off, intra-group financial liabilities in the nominal amount of EUR 1,031,000,000 will be transferred to A1 Towers Holding GmbH and repaid by A1 Towers Holding GmbH to the Telekom Austria Group (in concreto to Telekom Finanzmanagement GmbH) immediately after the effectiveness of the Spin-off.
- In contrast to a sale of the AT Towers partial business by the Telekom Austria Group, the Spin-off is tax-neutral, so that no significant tax burden is expected to be incurred by the Telekom Austria Group in the course of the Spin-off, with the exception of the legal transaction fee for the Master Lease Agreement.

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- The spin-off in the context of a spin-off followed by a listing leads to an appreciation in value, as experience shows that shares in a company that focuses its business activities on the construction and marketing of passive mobile communications infrastructure are valued at a higher multiple than integrated telecommunications companies.
- After the spin-off, it is up to the shareholders to make a decision on the maintenance of the investment and, if necessary, to decide on the timing for a possible sale of the shares.
- The transfer of intra-group financial liabilities that are to be repaid immediately after the spin-off becomes effective minimizes the risk of spin-off liability in terms of amount. No financial liabilities will be transferred from the Telekom Austria Group to the Tower Group that will not be repaid immediately after the spin-off becomes effective.
- The core shareholders AMX and ÖBAG have informed Telekom Austria AG that similar syndicate agreements have been concluded with regard to both Telekom Austria AG and EuroTeleSites AG. This also ensures long-term stability in the shareholder structure of both companies.

3.2.2 Reasons against a divestment by way of an M&A transaction

Prior to its decision, the Management Board of Telekom Austria AG considered options for a full or partial disposal of the passive mobile communications infrastructure by way of a sale to one or more investors ("**M&A Transaction**") and, after careful consideration, decided against it. In particular, the following reasons were considered:

- The shareholders of Telekom Austria AG would not be able to make an independent investment or sales decision in the event of an M&A transaction.
- An M&A transaction would result in a significant tax burden because the radio towers generally have relatively low carrying amounts, so that there would have been significant exit taxation at the level of the Telekom Austria Group, in particular for the radio towers in Austria.
- In the event of a sale of the passive mobile communications infrastructure (or the shares in EuroTeleSites AG) to one or more investors, Telekom Austria AG and the passive infrastructure (or EuroTeleSites AG) would no longer be under the joint control of the existing core shareholders. Thus, in the short term, a higher conflict of interest would develop between the Telekom Austria Group and the EuroTeleSites Group as the owner of the passive mobile communications infrastructure.

Overall, therefore, in the opinion of the Management Board of Telekom Austria AG, the objectives and economic prospects pursued with the spin-off of the passive mobile communications infrastructure would not have been achievable to the same extent in the structure of an M&A transaction as they are in the structure of the intended spin-off.

3.2.3 Reasons against an internal spin-off within the Telekom Austria Group

Prior to its decision, the Management Board of Telekom Austria AG examined options for a full or partial spin-off of the passive mobile communications infrastructure within the Group. In the course of such an internal spin-off, the entire passive mobile communications infrastructure of the Telekom Austria Group would have been bundled in a separate Group company, with the listed Telekom Austria AG continuing to be the ultimate parent company of all companies involved. Accordingly, a separation of the passive mobile communications infrastructure from the

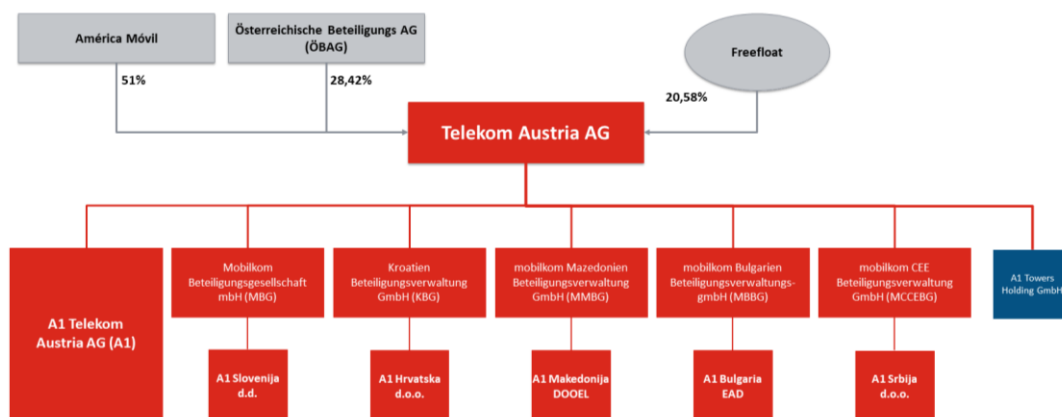
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Telekom Austria Group would not have taken place, and a more efficient use of the sites under separate entrepreneurial responsibility would appear unlikely. An internal spin-off would also not lead to a disclosure of value from which the shareholders would benefit. Ultimately, no debt-reducing effect could be achieved via an internal spin-off.

4. THE LEGAL AND ORGANIZATIONAL SEPARATION OF THE PARTIAL BUSINESS AT TOWERS

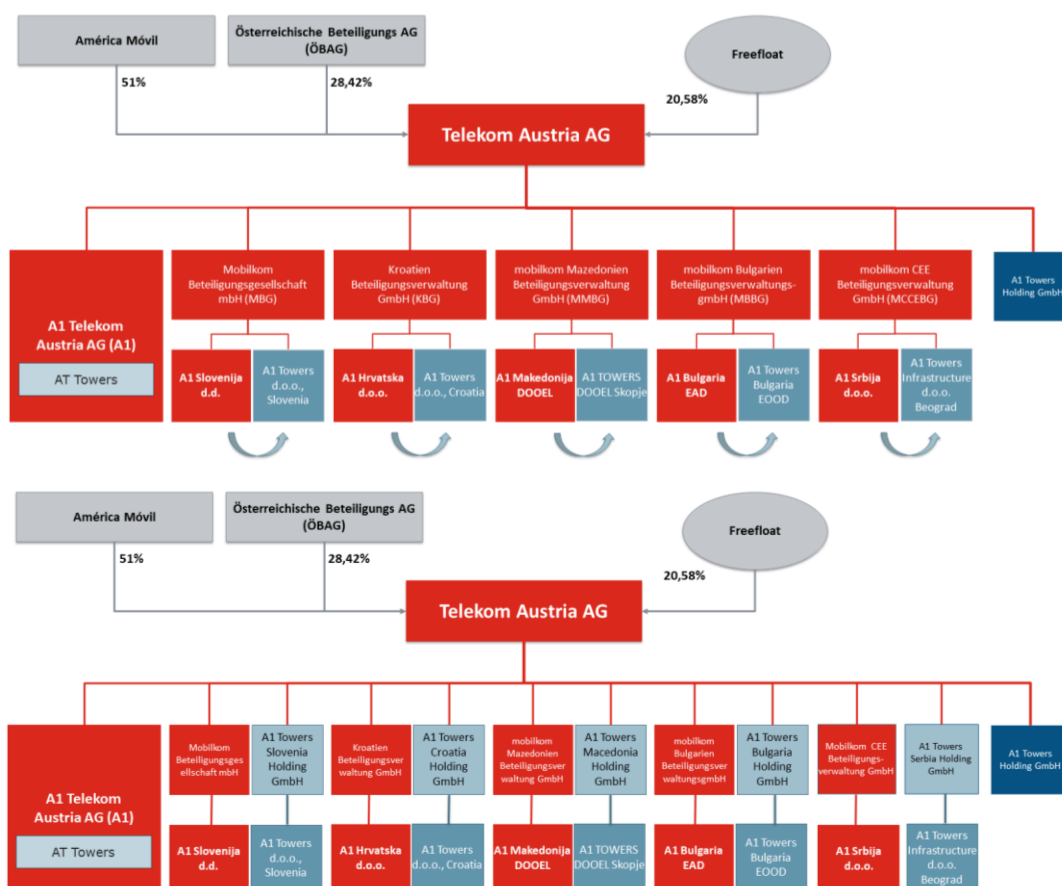
4.1 Overview of the steps of the legal carve-out

Prior to the start of the Spin-off, the Towers Business units were part of the Telekom Austria Group's mobile operators in their respective markets. The structural chart below shows the simplified structure of the Telekom Austria Group prior to the Spin-off. It should be added that Telekom Austria AG holds all shares in A1 directly, but the shares in the operating mobile communications companies in Bulgaria, Croatia, Northern Macedonia, Serbia and Slovenia are held indirectly via intermediate holding companies in the form of Austrian limited liability companies.



The Management Board of Telekom Austria AG has decided to spin off certain of its European mobile tower operations in Austria, Bulgaria, Croatia, Northern Macedonia, Serbia and Slovenia, both legally and operationally, into a new, independent mobile tower operator, which will hold and operate the AT Towers partial business. In order to separate the AT Towers partial business of the Telekom Austria Group from the other business units of the Group, the tower business units in the CEE countries Bulgaria, Croatia, Northern Macedonia, Serbia and Slovenia were initially spun off from the local mobile network operators into sister companies. Subsequently, the intermediate holding companies were spin-off up so that the shares in each CEE Tower company are held by a separate intermediate holding company that exclusively holds the shares in the CEE Tower company. These steps were fully implemented at the time of publication of this report.

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4.2 Spin-offs already carried out in CEE

In detail, the following reorganization steps were taken:

4.2.1 Spin-off in Bulgaria

A1 Bulgaria EAD ("**A1 Bulgaria**") has spun off and transferred its assets and liabilities of the Towers partial business, including 2,662 sites, to the newly established A1 Towers Bulgaria EOOD ("**TowerCo Bulgaria**") based on the resolution of its sole shareholder mobilkom Bulgarien BeteiligungsverwaltungsgmbH dated 23.12.2020. The spin-off was entered in the Bulgarian Commercial Register on February 2, 2021 and thus became legally effective. The transfer took place with accounting and tax effect as of 02.02.2021. mobilkom Bulgarien BeteiligungsverwaltungsgmbH also became the sole shareholder of TowerCo Bulgaria with a share capital of BGN 10,000,000. TowerCo Bulgaria is entered in the register of companies of the Republic of Bulgaria under 206379370.

With the spin-off plan dated 27.10.2022, mobilkom Bulgarien BeteiligungsverwaltungsgmbH (FN 242779 d) spun off its shareholding in TowerCo Bulgaria to form A1 Towers Bulgaria Holding as part of a spin-off for new formation. The spin-off was entered in the commercial register of the Commercial Court of Vienna on December 15, 2022 and thus became legally effective. The spin-off took place with accounting and tax effect as of 30.09.2022. A1 Towers Bulgaria Holding became the sole shareholder of TowerCo Bulgaria. A1 Towers Bulgaria Holding, FN 593831 g, with its registered office in Vienna, is a limited liability company incorporated under Austrian law with share capital of EUR 35,000, all of which is paid up in cash. The entire share

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capital and the entire share in A1 Towers Bulgaria were taken over by Telekom Austria AG as the sole shareholder of mobilkom Bulgarien BeteiligungsverwaltungsgmbH.

4.2.2 Spin-off in Croatia

A1 Hrvatska d.o.o. ("**A1 Croatia**") spun off and transferred the assets and liabilities of its Towers partial business, including 1,540 sites, to A1 Towers d.o.o. ("**TowerCo Croatia**") by way of a spin-off and transfer agreement (*Ugovor o podjeli i preuzimanju*) dated August 27, 2021. The spin-off was registered in the Commercial Register on 02.11.2021 and thus became legally effective, and the transfer took place with accounting and tax effect as of 31.12.2020. Kroatien Beteiligungsverwaltung GmbH became the sole shareholder of TowerCo Croatia with a share capital of HRK 20,000. TowerCo Croatia is registered in the Business Register of the Commercial Court in Zagreb under 081349073 (MBS).

With the spin-off plan dated 27.10.2022, Kroatien Beteiligungsverwaltung GmbH spun off its shareholding in TowerCo Croatia to form A1 Towers Croatia Holding as part of a spin-off for the purpose of new formation. The spin-off was entered in the commercial register of the Commercial Court of Vienna on December 2, 2022 and thus became legally effective. The spin-off took place with accounting and tax effect as of 30.09.2022. A1 Towers Croatia Holding became the sole shareholder of TowerCo Croatia. A1 Towers Croatia Holding, FN 593840 w, with its registered office in Vienna, is a limited liability company incorporated under Austrian law with share capital of EUR 35,000, all of which is paid up in cash. A1 Towers Croatia is the sole shareholder of A1 Towers d.o.o., a company incorporated under Croatian law. The entire share capital and the entire share in A1 Towers Croatia were taken over by Telekom Austria AG as the sole shareholder of Kroatien Beteiligungsverwaltung GmbH.

4.2.3 Divestment in North Macedonia

A1 Makedonija DOOEL Skopje ("**A1 Macedonia**") has spun off and transferred the assets and liabilities of its Towers partial business, including 484 sites, to A1 TOWERS DOOEL Skopje ("**TowerCo Macedonia**") by agreement on change of status - spin-off for absorption (*Spogodba za podelba - izdvojuvanje so prezemanje na trgovski drushtva*) dated 09.05.2022. The spin-off was entered in the Commercial Register on June 30, 2022 and thus became legally effective, and the transfer took place with accounting and tax effect as of December 31, 2021. mobilkom Mazedonien Beteiligungsverwaltung GmbH became the sole shareholder of TowerCo Macedonia with a share capital of EUR 5,000. TowerCo Macedonia is registered in the Commercial Register at the Central Register of the Republic of Northern Macedonia under 7474326.

With the spin-off plan dated 27.10.2022, mobilkom Mazedonien Beteiligungsverwaltung GmbH spun off its shareholding in TowerCo Macedonia to form A1 Towers Macedonia Holding as part of a spin-off for new formation. The spin-off was entered in the commercial register of the Commercial Court of Vienna on December 15, 2022 and thus became legally effective. The spin-off took place with accounting and tax effect as of 30.09.2022. A1 Towers Macedonia Holding became the sole shareholder of TowerCo Macedonia. A1 Towers Macedonia Holding GmbH, FN 593853 p, with its registered office in Vienna, is a limited liability company incorporated under Austrian law with a share capital of EUR 35,000, all of which is paid up in cash. The entire share capital and the entire share in A1 Towers Macedonia were taken over by Telekom Austria AG as the sole shareholder of mobilkom Mazedonien Beteiligungsverwaltung GmbH.

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4.2.4 Spin-off in Serbia

A1 Srbija d.o.o. Beograd ("**A1 Serbia**") spun off and transferred the assets and liabilities of its Towers partial business, including 1,566 sites, to A1 TOWERS INFRASTRUCTURE d.o.o. ("**TowerCo Serbia**") by way of an Agreement on Change of Status - Spin-off by Acquisition (*Ugovor o statusnoj promeni izdvajanje uz pripajanje*) dated 28.10.2022. The spin-off was entered in the commercial register on November 4, 2022 and thus became legally effective, and the transfer took place with accounting and tax effect as of November 1, 2022. mobilkom CEE Beteiligungsverwaltung GmbH (old) became the sole shareholder of TowerCo Serbia. TowerCo Serbia is a company under Serbian law, registered in the Serbian Commercial Register under 21645575.

In accordance with the spin-off plan dated November 7, 2022, mobilkom CEE Beteiligungsverwaltung GmbH (old) spun off its stake in A1 Srbija d.o.o. to form mobilkom CEE Beteiligungsverwaltung GmbH (new) as part of a spin-off by way of new formation. mobilkom CEE Beteiligungsverwaltung GmbH (old) was renamed A1 Towers Serbia Holding GmbH and retained its stake as the sole shareholder of TowerCo Serbia. The spin-off was entered in the commercial register of the Commercial Court of Vienna on December 15, 2022 and thus became legally effective. The spin-off took place with accounting and tax effect as of October 31, 2022. A1 Towers Serbia Holding GmbH, FN 280783 t, with its registered office in Vienna, is a limited liability company incorporated under Austrian law with share capital of EUR 35,000, all of which is paid up in cash. The sole shareholder of A1 Towers Serbia Holding GmbH is Telekom Austria AG.

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4.2.5 Spin-off in Slovenia

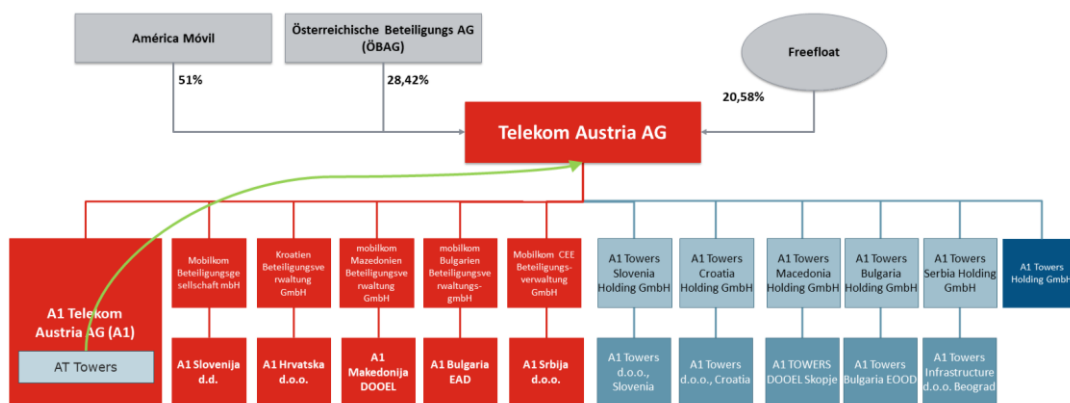
A1 Slovenija, telekomunikacijske storitve, d. d. ("**A1 Slovenia**") demerged and transferred the assets and liabilities of its Towers business unit, including 748 sites, to A1 Towers, upravljanje komunikacijske infrastrukture, d.o.o. ("**TowerCo Slovenia**") by way of a spin-off and transfer agreement (*Delitveni načrt po 624. členu ZGD-1*) dated July 19, 2022. The effective date for accounting and tax purposes was December 31, 2021. The transfer became legally effective on October 3, 2022 and resulted in the transfer of the Towers business unit by way of partial universal succession. Mobilkom Beteiligungsgesellschaft mbH, the sole shareholder of A1 Slovenia, also became the sole shareholder of TowerCo Slovenia with a shareholding of EUR 7,500. TowerCo Slovenia is a company under Slovenian law, registered in the Slovenian Commercial Register under 9222375000.

With the spin-off plan of 07.11.2022, Mobilkom Beteiligungsgesellschaft mbH spun off its shareholding in TowerCo Slovenia to form A1 Towers Slovenia Holding as part of a spin-off for new formation. The spin-off was entered in the commercial register of the Commercial Court of Vienna on December 15, 2022 and thus became legally effective. The spin-off took place with accounting and tax effect as of 31.10.2022. A1 Towers Slovenia Holding became the sole shareholder of TowerCo Slovenia. A1 Towers Slovenia Holding GmbH, FN 594256 g, with its registered office in Vienna, is a limited liability company incorporated under Austrian law with share capital of EUR 35,000, all of which is paid up in cash. The entire share capital and the entire share in A1 Towers Slovenia were taken over by Telekom Austria AG as the sole shareholder of Mobilkom Beteiligungsgesellschaft mbH.

4.3 Transfer of the AT Towers partial business from A1 to Telekom Austria AG ("**A1 Upstream Spin-off**")

4.3.1 Overview

A1 as the transferring company and its wholly-owned parent company Telekom Austria AG as the acquiring company entered into a spin-off and Transfer Agreement on 12 June 2023 regarding the transfer of the *AT Towers division* to Telekom Austria AG by way of a spin-off for absorption pursuant to §§ 1 para. 2 no. 2, 17 Spin-off Act ("**A1 Upstream Spin-off**"). The A1 Upstream Spin-off was filed for registration with the commercial register at the time of publication of this spin-off report, but has not yet been registered and therefore has not yet been carried out.



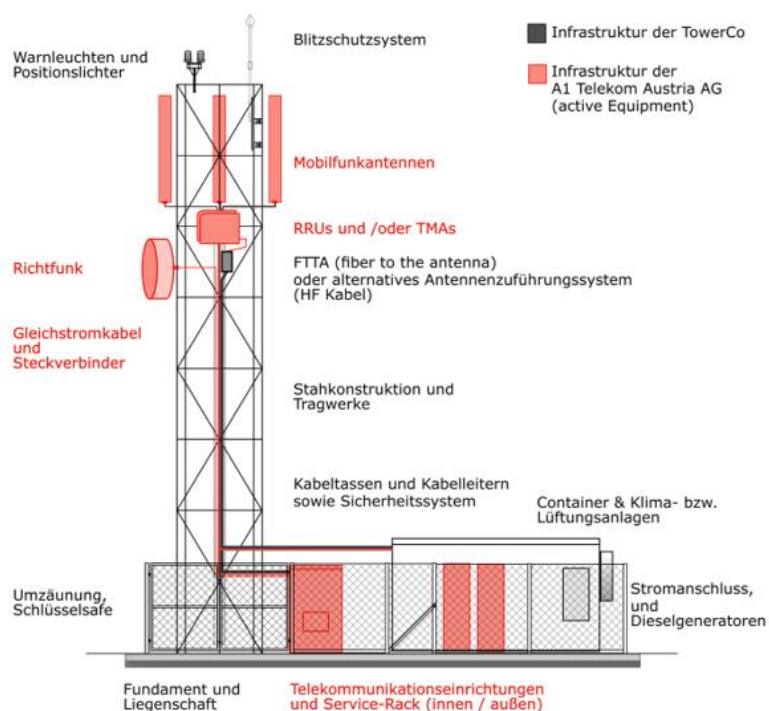
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In the course of the A1 Upstream Spin-off, A1 and Telekom Austria AG have resolved to transfer the "AT Towers" division of the Transferor Company to the Acquiring Company by way of a spin-off for absorption (§ 17 of the Spin-off Act), taking advantage of the benefits under Article VI of the Reorganization Tax Act, without granting any shares. The share capital of the Transferring Company in the amount of EUR 10,000,000 and the share capital of the Acquiring Company in the amount of EUR 1,449,274,500 shall remain unchanged. The articles of association of the companies involved in the spin-off shall not be amended. No special rights or benefits pursuant to § 2 para. 1 items 8 and 9 of the Spin-off Act will be granted to shareholders, corporate bodies or auditors. The Spin-off shall take effect for accounting and tax purposes as of December 31, 2022. As of the beginning of January 1, 2023, all actions of A1 with regard to the Spin-off Assets shall be deemed to have been taken for the account of Telekom Austria AG.

4.3.2 Subject of the A1 Upstream Spin-off

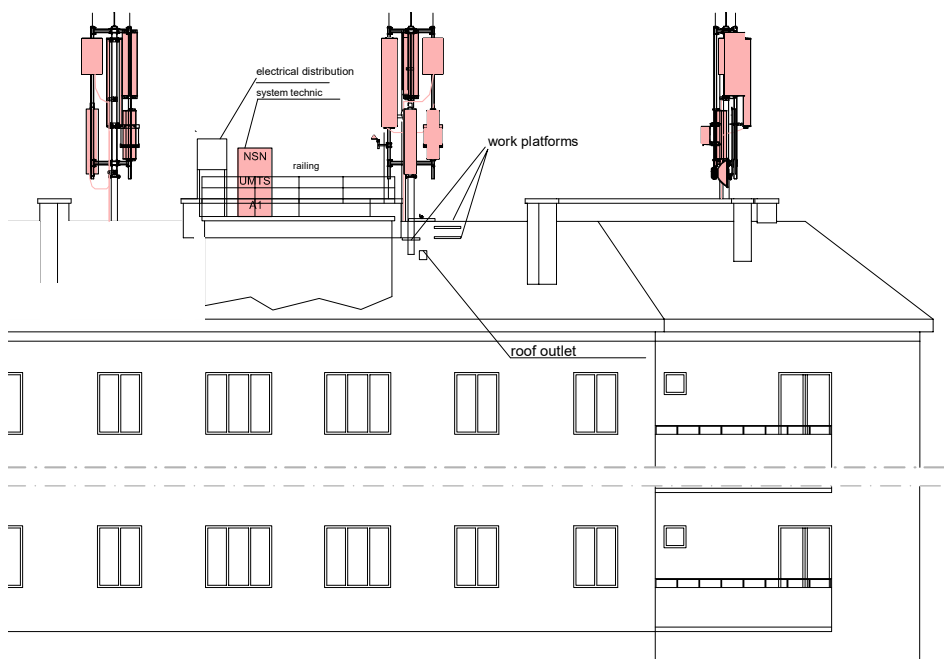
The assets to be transferred to Telekom Austria AG in the course of the A1 Upstream Spin-off mainly comprise the following assets:

- Rights to 7,528⁸ mobile communications sites in Austria, including the underlying tenancy, line rights and ownership of the parts of the radio equipment colored in black (illustration) (the parts of the radio equipment colored in red remain with A1):



⁸ As of 03/31/2023.

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To the extent that there are legal obstacles to the transfer of ownership, only the economic ownership of these sites will be transferred until further notice, but not the legal ownership as well. A1 will thus hold these sites as trustee for Telekom Austria AG in the future.

- Employment contracts with a total of 43 employees; in addition, transfer or service procurement contracts are transferred with the respective transferor.
- contractual and other legal relationships relating to the construction or operation of the structural and/or technical facilities located at the radio sites.
- The interests of the transferor company in ARGE Telekommunikationsanlagen GesbR and ARGE 5G GesbR.

In particular, line and other rights relating to the telecommunications connection of the radio site with the core network (*backhaul*), contracts with energy suppliers, sharing contracts of the Transferor (e.g., with other mobile network operators or energy suppliers) relating to the use of third-party carrier structures for the provision of telecommunications services as well as radio relay sites, airport sites, Program Mobilfunk ("ProgMo") and certain indoor facilities shall not be transferred to Telekom Austria AG. The remaining assets of A1 will not be affected by the spin-off and will remain with A1.

4.3.3 Annual General Meeting, granting of shares, reporting and cash compensation

As this is an up-stream spin-off from the Subsidiary to the Sole Shareholder, the spin-off does not require the approval of the General Meeting either at the level of the Acquiring Company (sec. 17 no. 5 Spin-off Act in connection with sec. 231 para. 1 Stock Corporation Act) or at the level of the Transferring Company (sec. 17 no. 7 Spin-off Act).

The A1 Upstream Spin-off constitutes a spin-off of A1 to its wholly-owned parent company, so that the granting of new shares is not required (§ 17 no. 5 Spin-off Act in connection with § 224

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para. 1 no. 1 Stock Corporation Act). Furthermore, in the context of the A1 Upstream Spin-off, no information on the exchange of shares, no reports of the management boards, no review of the spin-off by spin-off auditors and no review of the spin-off by supervisory boards are required (§ 17 no. 5 Spin-off Act in connection with § 232 para. 1 Stock Corporation Act).

In the context of the A1 Upstream Spin-off, no cash compensation is to be offered to shareholders because the spin-off will be carried out in a manner that preserves the legal form of the company.

4.3.4 Residual assets of A1

The fair value of the net assets remaining to A1 covers the share capital as well as the committed reserves of A1, so that no reduction of the share capital of A1 is required in the course of the spin-off.

The Commercial Court of Vienna appointed HLB Intercontrol Austria GmbH as the residual assets auditor by resolution dated March 23, 2023. The residual assets auditor has to verify whether the actual value of the net assets remaining with A1 after the spin-off at least corresponds to the amount of the share capital of A1 plus committed reserves after implementation of the spin-off. HLB Intercontrol Austria GmbH confirmed in its report dated June 16, 2023 that the net assets remaining at A1 at least correspond to the amount of the share capital of A1 plus appropriated reserves after implementation of the spin-off.

4.3.5 Company register application

The Spin-off shall become legally effective upon registration of the Spin-off in the commercial register of the Commercial Court of Vienna and the Spin-off Assets shall pass to Telekom Austria AG by way of partial universal succession. The management boards of the companies involved in the spin-off have submitted the spin-off to the commercial register for registration. The Management Board currently expects the registration to take place in the course of July 2023.

4.3.6 Tax effects of the A1 Towers Upstream Spin-off

Since a spin-off within the meaning of the Spin-off Act exists, in which a partial business within the meaning of Sec. 32 (2) in conjunction with Sec. 12 (2) item 1 of the Reorganization Tax Act is transferred and there is no restriction of the Austrian taxation right, this falls under Article VI of the Reorganization Tax Act. In its decision dated 14 July 2022, the Tax Office for Large Companies has determined that the transferred assets constitute a partial business and that the UmgrStG is therefore applicable.

As the Spin-off Entity, A1 shall prepare a closing balance sheet under tax law for the financial year ending on the Spin-off Effective Date (31 December 2022) with regard to the assets to be transferred (§ 33 para. 1 in connection with para. 6 Reorganization Tax Act). Furthermore, it shall prepare a transfer balance sheet under tax law as of the Spin-off Date, in which the assets to be transferred shall be presented with the (book) values relevant for tax purposes and the resulting transfer capital, and a residual balance sheet under tax law to present the book values relevant for tax purposes of the assets remaining after the Spin-off.

Telekom Austria AG, as the Acquiring Entity, shall continue the book values of A1 relevant for tax purposes as of the Effective Spin-off Date. The book value for tax purposes of the shares held by Telekom Austria AG in A1 shall be reduced in the same proportion as the value of the spun-off entity has been reduced by the spin-off.

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Any book profits or losses resulting from the Spin-off shall remain tax-neutral for A1 pursuant to § 33 para. 7 UmgrStG and for Telekom Austria AG pursuant to § 34 para. 2 no. 1 UmgrStG. However, changes in the business assets of Telekom Austria AG resulting from the combination of assets and liabilities (Confusio) shall be taken into account in the financial year following the effective date of the spin-off pursuant to § 34 para. 2 no. 3 UmgrStG.

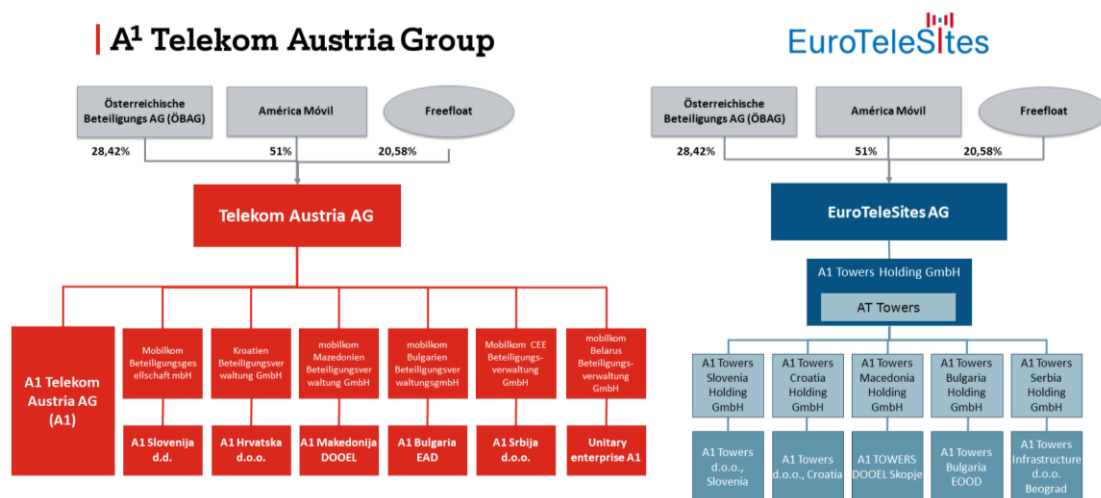
Pursuant to § 38 (3) UmgrStG, spin-offs do not qualify as taxable transactions. Telekom Austria AG, as the acquiring entity, assumes A1's legal position for VAT purposes with respect to the transferred assets. In the absence of a transfer of real property, the spin-off does not trigger any real estate transfer tax. There are also no tax implications for the shareholders of Telekom Austria AG.

4.4 Transfer of the AT Towers partial business from Telekom Austria AG to A1 Towers Holding GmbH and the shareholding in A1 Towers Holding GmbH to EuroTeleSites AG

The TAG Sidestream spin-off is described in item 5 of this spin-off report in more detail.

4.5 Structure after performing TAG sidestream spin-off

Upon execution of the TAG Sidestream Spin-off, the shareholder structure will be as follows:



Following the completion of the spin-off of EuroTeleSites AG by registration in the Austrian commercial register, the EuroTeleSites Group will become a leading operator of mobile towers in Central and Eastern Europe in terms of size and geographic diversification, with approximately 5,950 ground-mounted sites and approximately 7,250 rooftop sites (including shared use rights and ARGE sites) in six markets, namely Austria, Bulgaria, Croatia, Macedonia, Serbia and Slovenia. The EuroTeleSites Group offers similar services and products in all countries in which it will operate. Revenues are allocated to the respective country-specific company of the EuroTeleSites group.

4.6 Organizational separation of the AT Towers partial business from the Telekom Austria Group

A1 and Telekom Austria AG implemented changes in their organizations in 2020 and 2021 in order to make parts of the infrastructure area of mobile operations independent. In particular, a separate cost center accounting system was established, fixed assets were allocated accordingly

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and the separate external presence of the infrastructure unit was strengthened. The resulting infrastructure division AT Towers comprises the assets which will now be transferred to A1 Towers Holding GmbH as part of the spin-off. The broadcasting system ("active equipment") was not organizationally separated.

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The AT Towers organization has the following main tasks:

- **Site search: Search for** suitable locations for mobile communications systems (masts, rooftop systems, tunnel supply, etc.) on the basis of defined planning parameters (radio coverage, search radius, required infrastructural capacity). Once a decision has been made in favor of a site, the employees of the AT Towers unit subsequently take care of site implementation (planning of the radio infrastructure, conclusion of the lease agreement, etc.).
- **Landlord Management:** Conclusion of landlord agreements concerning mobile communications sites and their management.
- **Roll-out management:** Implementation of the conversion, addition or new construction of infrastructure, including obtaining permits, obtaining bids for construction measures, carrying out planning and complying with technical and legal regulations.
- **Operation of the passive infrastructure:** planning, commissioning and monitoring of maintenance, repair measures and defect rectification, ensuring access regulations incl. shutdown management, preventive site maintenance (e.g. with regard to safety systems such as occupational safety equipment, lightning protection protocol), energy supply, support for all measures relating to electromagnetic fields.
- **Passive Infrastructure Marketing/Sales:** market existing and planned infrastructure site capacity by leasing to third parties to maximize site sharing opportunities.

Initially, the AT Towers partial business had approximately 45 FTEs ("full-time equivalents") assigned to it in Austria, who performed and were responsible for the tasks and activities listed above. The number of personnel in Austria has decreased to approximately 43 FTEs. The AT Towers subdivision is subdivided into regions in Austria in order to provide optimum support for radio sites throughout the country.

At Telekom Austria AG, the Towers unit has been managed by a divisional manager from a Group perspective since September 2021. There are direct reporting lines from the local tower Managing Directors or the persons responsible for partial businesses to the divisional manager.

The AT Towers partial business obtains support services in the areas of HR, legal, finance and procurement from Group companies of Telekom Austria AG; separate departments are to be set up for these functions in the medium to long term. Various software programs are used for the administration of site contracts and billing with site lessors, such as SAP Real Estate, SAP Finance, MDF (internal administration tool for mobile communications sites), a document management system and a Remedy ticketing system, which will also be available to the AT Towers partial business after the spin-off.

5. LEGAL IMPLEMENTATION OF THE SPIN-OFF

5.1 Overview

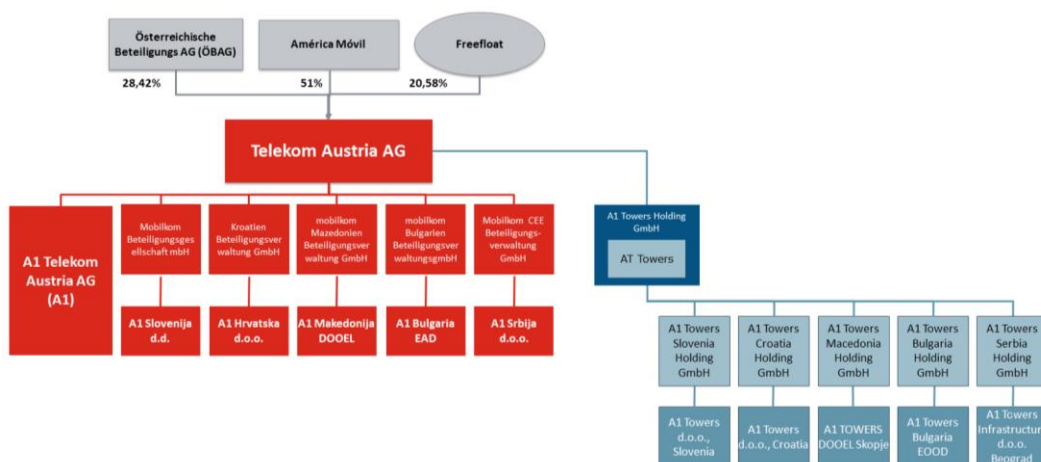
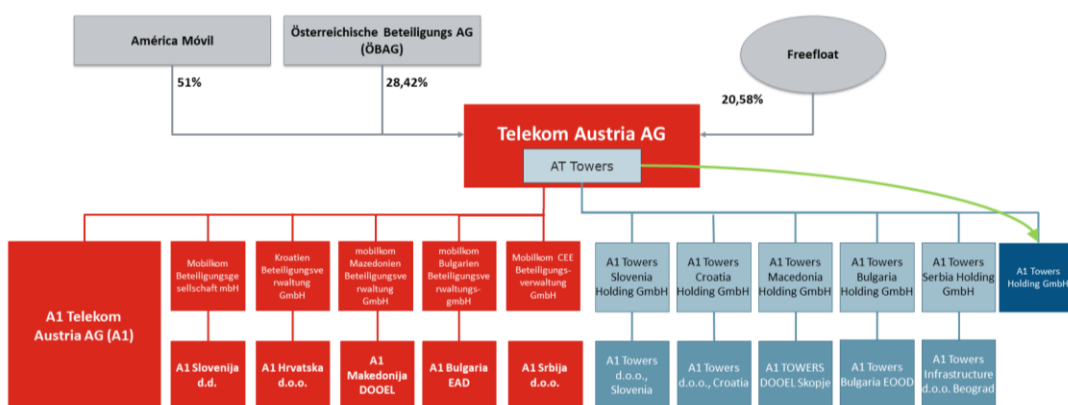
Telekom Austria AG and its wholly-owned subsidiary A1 Towers Holding GmbH, entered into a spin-off and Transfer Agreement including a spin-off plan on June 28, 2023 ("**TAG Sidestream Spin-off**").

On the basis of the spin-off and Transfer Agreement including the spin-off plan, Telekom Austria AG shall transfer the AT Towers business unit received from A1, enriched in particular by receivables from and liabilities to Telekom Finanzmanagement GmbH, FN 155563 w, as well as its

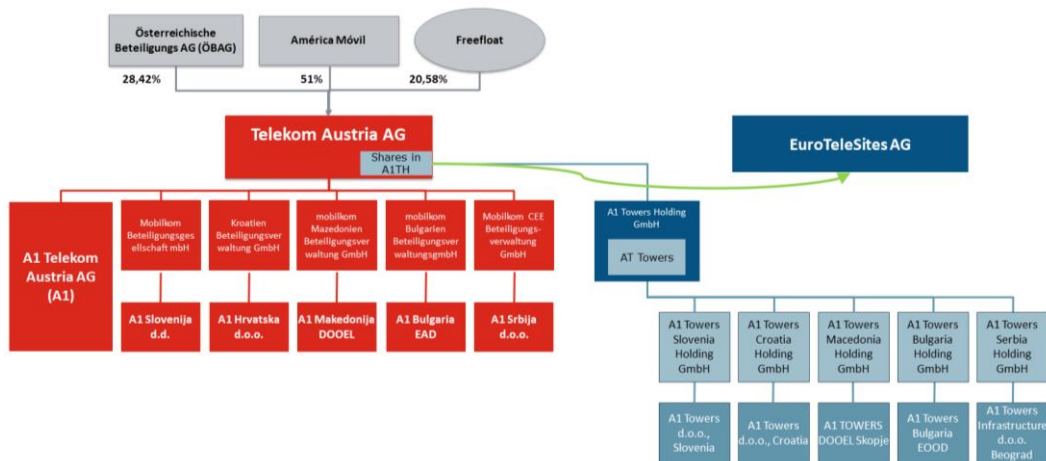
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100% shareholdings in A1 Towers Bulgaria Holding, A1 Towers Croatia Holding, A1 Towers Macedonia Holding, A1 Towers Serbia Holding and A1 Towers Slovenia Holding to A1 Towers Holding GmbH by way of a spin-off for absorption. The spin-off plan further provides for the transfer of the shareholding in A1 Towers Holding GmbH by Telekom Austria AG to the newly established EuroTeleSites AG by way of a spin-off for the purpose of new incorporation. Thus, in the course of the spin-off of Telekom Austria AG, pursuant to § 1 para. 3 of the Spin-off Act, assets are transferred both to an acquiring corporation and to a new corporation. In this context, the provisions of both a spin-off for absorption and a spin-off for new formation must be complied with.

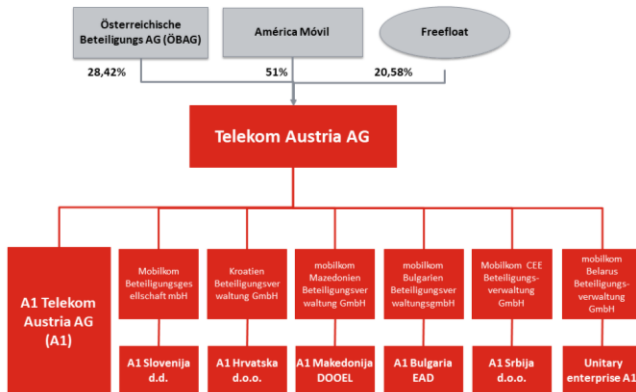
The spin-off for the new formation of EuroTeleSites AG shall take place with accounting and tax effect as of March 31, 2023. As of the beginning of April 1, 2023, all actions of Telekom Austria AG regarding the AT Towers partial business shall be deemed to have been taken for the account of A1 Towers Holding GmbH.



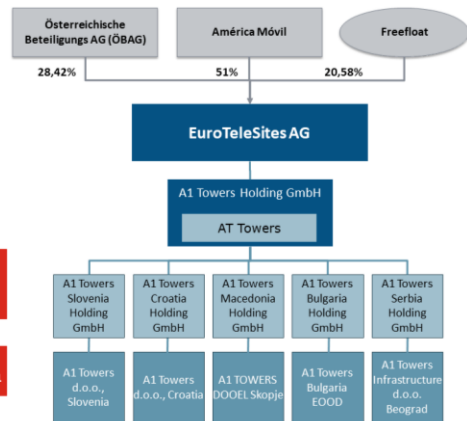
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A1 Telekom Austria Group



EuroTeleSites



As consideration for the transfer of the Spin-off Assets to EuroTeleSites AG, the shareholders of Telekom Austria AG shall receive 1 (one) share in EuroTeleSites AG for every 4 (four) shares in Telekom Austria AG in proportion to their shareholding in Telekom Austria AG upon the Spin-off becoming effective (registration in the commercial register). The entire share capital of EuroTeleSites AG shall be allocated to the existing shareholders of Telekom Austria AG as part of this allocation of shares. The spin-off for the purpose of new formation shall therefore be effected on a pro rata basis.

The effectiveness of the Spin-off Plan is subject to the condition precedent of approval by the shareholders' meeting of Telekom Austria AG and the shareholders' meeting of A1 Towers Holding GmbH.

Immediately after the Spin-off to form a new company and the issue of EuroTeleSites AG shares to the shareholders of Telekom Austria AG has become effective, the EuroTeleSites AG shares shall be admitted to official trading on the Vienna Stock Exchange.

5.2 Transferring and acquiring legal entity

The transferor company is Telekom Austria AG with its registered office in Vienna. It shall continue to exist after the Spin-off. At the time of the preparation of this Spin-off Report Telekom Austria AG has a share capital in the amount of EUR 1,449,274,500, divided into 664,500,000

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no-par value bearer shares. The share capital of Telekom Austria AG shall not be changed on the occasion of the Spin-off and shall remain unchanged after its implementation.

The acquiring company of the Spin-off for absorption is A1 Towers Holding GmbH with its registered office in Vienna and a fully paid-up share capital in the amount of EUR 35,000. The share capital of EuroTeleSites AG shall not be changed on the occasion of the Spin-off for absorption and shall remain unchanged after its implementation. The sole shareholder of A1 Towers Holding GmbH is Telekom Austria AG.

The acquiring company in the spin-off for the purpose of new formation is EuroTeleSites AG, which is newly formed in the course of the spin-off process and has its registered office in Vienna. After the implementation of the spin-off for the new formation, the share capital of EuroTeleSites AG will amount to EUR 166,125,000, divided into 166,125,000 no-par value bearer shares.

The Articles of Association of Telekom Austria AG shall not be amended in the course of the Spin-off. The memorandum of association of A1 Towers Holding GmbH shall be amended in the course of the Spin-off in the item "Object of the Company". The corporate purpose will essentially be expanded to include the items "Acquisition, holding, operation and marketing of passive mobile communications infrastructure".

5.3 Subject of the spin-off

5.3.1 Subject of the spin-off for absorption from Telekom Austria AG to A1 Towers Holding GmbH

The assets to be transferred to A1 Towers Holding GmbH in the first step of the TAG Sidestream Spin-off (spin-off for absorption) mainly comprise the following assets:

- All assets and legal relationships transferred to Telekom Austria AG in the course of the A1 Upstream Spin-off (see above item 4.3), taking into account any changes that may have occurred in these assets and legal relationships;
- Receivables and liabilities according to the acquisition balance sheet;
- Rights and obligations under the Master Lease Agreement with A1;
- employment relationships with 14 other employees;
- Payment obligations to of Telekom Finanzmanagement GmbH in the nominal amount of EUR 1,031,000,000 from intra-group loans;
- the investments in A1 Towers Bulgaria Holding, A1 Towers Croatia Holding, A1 Towers Macedonia Holding, A1 Towers Serbia Holding and A1 Towers Slovenia Holding.

5.3.2 Subject of the Spin-off for Re-establishment from Telekom Austria AG to EuroTeleSites AG

The object of the spin-off for new formation from Telekom Austria AG to EuroTeleSites AG is exclusively the business share in A1 Towers Holding GmbH with a nominal amount of EUR 35,000, which corresponds to a 100% interest in the share capital of A1 Towers Holding GmbH.

A1 Towers Holding GmbH (FN 543743 y), with its registered office in Vienna, is a limited liability company under Austrian law with share capital of EUR 35,000, all of which is paid up in cash. A1 Towers Holding GmbH was founded by Telekom Austria AG with the declaration of establishment of the company dated October 28, 2020 under the name A1 Projektentwicklungs GmbH. A1 Projektentwicklungs GmbH was renamed A1 Towers Holding GmbH by resolution

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of the General Meeting on January 13, 2021. The sole shareholder of A1 Towers Holding GmbH has remained Telekom Austria AG since its foundation. The share in A1 Towers Holding GmbH is not encumbered.

The corporate purpose of A1 Towers Holding GmbH is, according to the declaration on the establishment of the company as amended on January 13, 2021, "the development of projects, in particular infrastructure projects, in Austria and abroad, the acquisition, holding, administration, exploitation and sale of investments in companies in all legal forms in Austria and abroad, in particular investments in companies that operate passive infrastructure for mobile communications networks, in particular mobile communications towers". The corporate purpose will be expanded in the course of the spin-off to include the acquisition, holding, operation and marketing of passive mobile communications infrastructure.

A1 Towers Holding GmbH has not carried out any business activities to date.

5.4 Annual General Meeting of Telekom Austria AG and General Meeting of A1 Towers Holding GmbH

Pursuant to § 8 of the Spin-off Act, the spin-off for the purpose of absorption requires the approval of the shareholders' meeting of Telekom Austria AG and pursuant to §§ 17 Z 5 of the Spin-off Act in conjunction with 98 of the Limited Liability Companies Act the approval of the shareholders' meeting of A1 Towers Holding GmbH. Pursuant to § 8 of the Spin-off Act, the spin-off for the purpose of new formation shall require the approval of the shareholders' meeting of Telekom Austria AG. The resolution shall be adopted by a majority of three quarters of the share capital represented at the time of the adoption of the resolution in the case of Telekom Austria AG, and by a majority of three quarters of the validly cast votes in the case of A1 Towers Holding GmbH. At Telekom Austria AG, the resolution is planned for an extraordinary shareholders' meeting on August 1, 2023. The approval of the shareholders' meeting of A1 Towers Holding GmbH will be granted by Telekom Austria AG as its sole shareholder.

In preparation for the General Meeting of Telekom Austria AG, the Spin-off Documents pursuant to § 108 para. 3 to 5 Stock Corporation Act shall be made available on the website of Telekom Austria AG registered in the commercial register (www.a1.group). The Spin-off Documents (§§ 17 iVm 7 Abs 2 Spaltungsg and 221a Abs 2 AktG) comprise

- the spin-off plan including its annexes,
- the audited financial statements and management reports of Telekom Austria AG for the last three financial years (2020, 2021 and 2022),
- the financial statements of A1 Towers Holding GmbH for the last three financial years (2020, 2021 and 2022),
- the audited closing balance sheets of Telekom Austria AG as of March 30, 2023 (closing balance sheet for the spin-off for absorption) and as of March 31, 2023 (closing balance sheet for the spin-off for re-establishment)
- Telekom Austria AG's Corporate Governance Reports for the last three financial years (2020, 2021 and 2022),
- the spin-off report of the Management Board of Telekom Austria AG,
- the spin-off audit report of the spin-off auditor Deloitte Audit Wirtschaftsprüfungs GmbH and
- the report of the Supervisory Board of Telekom Austria AG.

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The spin-off documents will also be presented at the shareholders' meeting of Telekom Austria AG.

5.5 Spin-off date

The transfer of the respective Spin-off Assets (i.e. in the context of the Spin-off for absorption the transfer of the AT Towers Partial business (including the business shares in the Tower CEE Intermediate Holding Companies) to A1 Towers Holding GmbH and in the context of the Spin-off for Re-establishment the transfer of the business share in A1 Towers Holding GmbH to the newly established EuroTeleSites AG) shall become effective at the time of the registration of the respective Spin-off process in the commercial register of Telekom Austria AG.

The Spin-off Record Date within the meaning of § 2 para. 1 no. 7 of the Spin-off Act and § 33 para. 6 of the Reorganization Tax Act shall be (a) 30.03.2023 for the Spin-off for absorption and (b) 31.03.2023 for the Spin-off for new formation.

From the beginning of the day following the Spin-off Record Date - i.e. in the case of the Spin-off for absorption at the beginning of March 31, 2023 and in the case of the Spin-off for Re-establishment at the beginning of April 1, 2023 - all actions of Telekom Austria AG with regard to the respective Spin-off Assets shall be deemed to have been taken for the respective Acquiring Company from an accounting and tax perspective - i.e. in the case of the Spin-off for absorption for A1 Towers Holding GmbH and in the case of the Spin-off for Re-establishment for EuroTeleSites AG.

5.6 No cash compensation

The Spin-off Plan does not provide for a cash compensation offer because the shareholders of Telekom Austria AG will receive shares in EuroTeleSites AG, i.e. a stock corporation with its registered office in Vienna, as part of the Spin-off, and the shares in EuroTeleSites AG will be admitted to official trading on the Vienna Stock Exchange immediately after the Spin-off becomes effective.

5.7 Tax benefits

Since the spin-offs provided for in the Spin-off Plan each constitute a spin-off within the meaning of the Spin-off Act, in which a partial business within the meaning of § 32 para. 2 in conjunction with § 12 para. 2 no. 1 Reorganization Tax Act (transfer of the A1 Tower Business from Telekom Austria AG to A1 Towers Holding GmbH) or a capital share within the meaning of § 32 para. 2 in conjunction with § 12 para. 2 no. 3 Reorganization Tax Act (transfer of the shareholding in A1 Towers Holding GmbH to A1 Towers Austria AG) is transferred and the Austrian right of taxation is not restricted in each case, both spin-offs fall under Article VI Reorganization Tax Act. This ensures the tax neutrality of both the companies involved in the spin-off and their shareholders. The tax office for large companies has confirmed the applicability of the UmgrStG to the spin-offs in an information notice dated 18 April 2023.

5.8 Investment Control Act

In its decision dated May 12, 2023, GZ 2023-0.267.366, the Federal Ministry of Labor and Economic Affairs issued a clearance certificate regarding the spin-off of Telekom Austria AG's passive mobile communications tower infrastructure to a new stock corporation as part of an

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intragroup restructuring, because the transaction is not subject to approval pursuant to § 2 (1) InvKG.

5.9 Spin-off Audit Report

Pursuant to § 5 of the Austrian Spin-off Act, the spin-off in question is to be audited by a spin-off auditor. The Supervisory Board of Telekom Austria AG appointed Deloitte Audit Wirtschaftsprüfungs GmbH as spin-off auditor by resolution dated March 28, 2023.

The spin-off auditor shall conduct a spin-off audit on the basis of the spin-off plan as well as this spin-off report and prepare a written report on the result of the audit. This audit report of the spin-off auditor shall be made available in preparation for the shareholders' meeting of Telekom Austria AG which is to resolve on the approval of the spin-off and shall be published simultaneously with this report of the Management Board of Telekom Austria AG.

5.10 Review by the Supervisory Board of Telekom Austria AG

The spin-off in question is to be reviewed by the Supervisory Board of Telekom Austria AG (§§ 6, 17 Spin-off Act). No supervisory board has been established at A1 Towers Holding GmbH. The Supervisory Board of Telekom Austria AG shall review the spin-offs on the basis of the spin-off and Transfer Agreement, including the spin-off plan, drawn up by the Management Board of Telekom Austria AG and the Managing Directors of A1 Towers Holding GmbH, this spin-off report and the spin-off audit report of the joint spin-off auditor and shall issue an audit report on its review. The audit report of the Supervisory Board of Telekom Austria AG shall be made available in preparation for the General Meeting of Telekom Austria AG, which is to resolve on the approval of the Spin-off, and shall be published simultaneously with this report of the Management Board of Telekom Austria AG.

5.11 Residual asset audit at Telekom Austria AG

The fair value of the net assets remaining to Telekom Austria AG after the implementation of the spin-off covers the share capital as well as the committed reserves of A1, so that no reduction of the share capital of A1 is required in the course of the spin-off.

The Commercial Court of Vienna appointed HLB Intercontrol Austria GmbH Wirtschaftsprüfung und Steuerberatung as the auditor of residual assets by resolution dated March 31, 2023. The residual assets auditor shall verify whether the actual value of the net assets remaining with Telekom Austria AG after the Spin-off corresponds at least to the amount of the share capital of Telekom Austria AG plus committed reserves after the implementation of the Spin-off. The remaining assets auditor shall submit a written report.

5.12 Registration of spin-offs for entry in the commercial register

The Management Board of Telekom Austria AG, the Managing Directors of A1 Towers Holding GmbH and the members of the Management Board of EuroTeleSites AG shall register the Spin-off with the Commercial Court of Vienna as the competent commercial register court. The registration will be made after all documents have been submitted and, if applicable, after expiry of the one-month objection period.

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5.13 Effects of registration

The Spin-off for absorption and the Spin-off for new formation shall each become legally effective upon entry in the commercial register of Telekom Austria AG as the transferring company. Pursuant to § 14 para. 2 of the Spin-off Act, the following legal effects shall take effect at the time of the entry in the commercial register:

5.13.1 Spin-off for absorption in A1 Towers Holding GmbH

The Spin-off Assets and Liabilities of the Spin-off for absorption, consisting of the AT Towers Partial business (including, in particular, the transferred liabilities and the shares in the Tower CEE Intermediate Holding Companies), shall pass from Telekom Austria AG to A1 Towers Holding GmbH by way of universal succession.

5.13.2 Spin-off to re-establish EuroTeleSites AG

The spin-off assets of the spin-off for the new formation, consisting of the business share in A1 Towers Holding GmbH with a nominal value of EUR 35,000, which represents an interest in the share capital of A1 Towers Holding GmbH of 100%, shall pass from Telekom Austria AG to the newly formed EuroTeleSites AG by way of universal succession.

Upon registration of the spin-off for new formation, the shareholders of Telekom Austria AG shall receive one (1) EuroTeleSites AG share for every four (4) Telekom Austria AG shares as consideration for the transfer of the A1 Towers Holding GmbH shareholding as spin-off assets to EuroTeleSites AG in proportion to their shareholding in Telekom Austria AG.

5.14 Issue of shares in EuroTeleSites AG to the shareholders of Telekom Austria AG

5.14.1 General

The EuroTeleSites AG Shares shall be allotted via OeKB CSD GmbH ("**OeKB**") as central securities depository and booked in the securities accounts of the Telekom Austria AG Shareholders by their respective depository banks. The allotment of EuroTeleSites AG Shares is free of commission and expenses for Telekom Austria AG Shareholders entitled to allotment who hold their Telekom Austria AG Shares in securities accounts in Austria. For shareholders who hold their Telekom Austria AG shares in securities accounts abroad, commissions and expenses may be incurred on the basis of existing agreements with the custodian bank.

The Spin-off for the new formation of EuroTeleSites AG shall become effective upon registration in the commercial register of the Commercial Court of Vienna ("**Allocation Date**"). On the Allocation Date, the shareholders of Telekom Austria AG will be granted EuroTeleSites AG shares in accordance with the Allocation Ratio (4:1). The allotment ratio was determined in order to represent an appropriate share capital at EuroTeleSites AG on the one hand and to ensure an appropriate level of reserves on the other.

The allocation of EuroTeleSites AG shares via the clearing system of OeKB will take place on the basis of the respective securities account balances in Telekom Austria AG shares at the end of the day prior to the allocation date. The EuroTeleSites AG shares are expected to be booked by the depository banks to the securities accounts of the Telekom Austria AG shareholders one day after the allotment date (the exact time depends on the booking system of the respective depository bank).

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5.14.2 Peak balancing

Due to the allotment ratio (4:1) (i) shareholders holding a number of Telekom Austria AG shares in their respective securities accounts that is not evenly divisible by 4 shall have quota rights to one EuroTeleSites AG share or (ii) a corresponding quota delivery claim with respect to one EuroTeleSites AG share ("fractional **shares**") shall arise for stock exchange transactions with a number of Telekom Austria AG shares not evenly divisible by 4 that have not yet been fulfilled as of the allotment date. Share fractions cannot be used to assert shareholder rights.

Telekom Austria AG intends to appoint UniCredit Bank Austria AG as Paying Agent. The Paying Agent shall arrange for an OeKB securities notice to be sent to all custodian banks via OeKB, outlining the settlement of the transaction.

Insofar as no other orders are placed by shareholders with their custodian banks, fractional shares are settled by the respective custodian bank by selling whole shares on the stock exchange and paying out the mixed price as proceeds to the shareholders on a pro rata basis against derecognition of the fractional shares. To the extent that fractional shares then remain at a custodian bank, these are delivered to the paying agent and booked to the custodian banks' securities accounts at the paying agent. Subsequently, the Paying Agent will sell the sum of the remaining share fractions as whole shares on the stock exchange and pay the mixed price to the respective custodian bank for forwarding to the shareholders. If any fractional shares remain after this, they will be derecognized.

5.15 Stock exchange listing and trading

All shares of EuroTeleSites AG are to be admitted to official trading on the Vienna Stock Exchange immediately after the spin-off to the new company becomes effective.

The admission of the shares of EuroTeleSites AG and the commencement of trading for the shares of EuroTeleSites AG on the Vienna Stock Exchange shall take place in accordance with the applicable provisions on stock exchange admission and listing. It is intended that the commencement of trading in the EuroTeleSites AG shares will take place for the first time on the day of registration or on the banking day following the registration of the spin-off for new formation in the commercial register (allocation date).

5.16 Explanation and justification of the allotment ratio of shares in EuroTeleSites AG

The spin-off in question represents, on the one hand, a spin-off for absorption by a wholly-owned subsidiary of Telekom Austria AG and, on the other hand, a spin-off for the purpose of establishing a new company. In the course of the spin-off to the wholly-owned subsidiary, no new shares will be issued, so that there is no need to explain the allocation ratio.

In the course of the spin-off for the new formation, the shares in EuroTeleSites AG shall be allocated on a pro rata basis, namely in the allocation ratio of 1 EuroTeleSites AG share for every 4 Telekom Austria AG shares. Telekom Austria AG shall receive shares in EuroTeleSites AG for the existing treasury shares.

For this and for peak compensation, see above item 5.14.

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6. ACCOUNTING AND TAX EFFECTS OF THE SPIN-OFF

6.1 Balance sheet effects according to UGB of the down-stream spin-off as well as the side-stream spin-off

6.1.1 Overview

Telekom Austria AG intends to reevaluate the AT Towers business unit to be taken over from A1 pursuant to § 202 (1) UGB as of January 1, 2023. In the down-stream spin-off as of the effective date of March 30, 2023, the AT Towers business unit (including the investments in the Tower CEE intermediate holding companies and financial liabilities with a nominal value of EUR 1,031,000,000) will be transferred from Telekom Austria AG to Towers Holding GmbH at the then existing carrying amounts (and revalued for assets transferred from A1 as of January 1, 2023). As a result of this transaction, positive equity in the amount of approximately EUR 819,000,000 will be transferred to Towers Holding GmbH. This increase in equity leads to an appreciation of the investment in Towers Holding GmbH in Telekom Austria AG in the same amount.

In the side-stream spin-off of the investment in Towers Holding GmbH from Telekom Austria AG into the newly founded EuroTeleSites Aktiengesellschaft as of the reporting date March 31, 2023, an investment amounting to approximately EUR 819,000,000 will be demerged, which also corresponds to equity.

6.1.2 Relevant balances

The basis for the downstream and sidestream spin-off are the audited closing balance sheets of Telekom Austria AG as of March 30, 2023 and March 31, 2023, respectively. As the spin-off and Transfer Agreement regarding the A1 Upstream Spin-off had not yet been signed as of the balance sheet dates, the audited closing balance sheets of Telekom Austria AG as of March 30, 2023 and March 31, 2023 do not contain any values for the A1 Upstream Spin-off.03.2023 and as of 03.31.2023 do not include any values for the AT Towers business unit transferred to Telekom Austria AG as of the reporting date of 12.31.2022 as part of the A1 Upstream Spin-off in accordance with no. 55 of the expert opinion KFS/RL 25 (Expert Opinion on Accounting for Reorganizations).

As of March 30, 2023, the AT Towers partial business (enriched by certain assets of Telekom Austria AG) transferred to Telekom Austria AG as of December 31, 2022 as part of the A1 Upstream Spin-off was therefore accounted for separately, and this partial business, together with the audited closing balance sheet of Telekom Austria AG, represents the aggregate balance sheet as the basis for the spin-off.

The acquisition balance sheet for the downstream spin-off as of the reporting date March 30, 2023 contains the AT Towers business unit. This consists in particular of the AT Towers business unit transferred to Telekom Austria AG as part of the A1 Upstream Spin-off as of the reporting date December 31, 2022, whose carrying amount was written up to fair value as of January 1, 2023 in accordance with § 202 (1) of the Austrian Commercial Code (UGB) (under commercial law, not under tax law), the investments in the Tower CEE intermediate holding companies and the transferred financial liabilities with a nominal value of EUR 1,031,000,000 as well as certain receivables.

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The residual assets balance sheet of Telekom Austria AG consists of the audited closing balance sheet of Telekom Austria AG, less all assets and liabilities allocated to the AT Towers partial business.

The takeover balance sheet of the spin-off for the new formation of EuroTeleSites AG consists of the investment in Towers Holding GmbH in Telekom Austria AG at book value as of the reporting date March 31, 2023 (after execution of the downstream spin-off as of the reporting date March 30, 2023) in the amount of approximately EUR 819,000,000 and the corresponding positive transfer capital.

The residual assets balance sheet as of 01.04.2023 of Telekom Austria AG reflects the downstream spin-off and the side-stream spin-off and shows an increase in equity from 30.03.2023 to 01.04.2023 in the amount of approximately EUR 545,000,000, which is mainly due to the disposal of the investments in the Tower CEE intermediate holding companies and the financial liabilities in the nominal amount of EUR 1,031,000,000.

6.1.3 Preparation, establishment and audit of the relevant balance sheets

Telekom Austria AG has prepared the closing balance sheets as of March 30, 2023 and March 31, 2023 as well as the other reorganization balance sheets. The closing balance sheets were audited by the auditor of the annual financial statements, Ernst&Young Prüfungsgesellschaft, and received an unqualified audit opinion.

6.1.4 Closing balance sheet of Telekom Austria AG as of March 30, 2023 (UGB)

See Appendix 1 to this report.

6.1.5 Takeover balance sheet of A1 Towers Holding GmbH as of March 31, 2023 (UGB)

See Appendix 2 to this report.

6.1.6 Residual assets balance sheet of Telekom Austria AG as of March 31, 2023 (UGB)

See Appendix 3 to this report.

6.1.7 Closing balance sheet of Telekom Austria AG as of March 31, 2023 (UGB)

See Appendix 4 to this report.

6.1.8 Takeover balance sheet of EuroTeleSites AG as of 1.4..2023 (UGB)

See Appendix 5 to this report.

6.1.9 Residual assets balance sheet of Telekom Austria AG as of April 1, 2023 (UGB)

See Appendix 6 to this report.

6.2 Tax Effects of the Telekom Austria AG Sidestream Spin-off

Since both the transfer of the AT Towers business and the transfer of the shareholding in A1 Towers Holding GmbH constitute a spin-off within the meaning of the Spin-off Act, in which a partial business within the meaning of § 32 para. 2 in conjunction with § 12 para. 2 no. 1 of the Reorganization Tax Act (transfer of the A1 Tower Business from Telekom Austria AG to A1 Towers Holding GmbH) or a capital share within the meaning of § 32 para. 2 in conjunction with § 12 para. 2 no. 3 of the Reorganization Tax Act (transfer of the shareholding in A1 Towers Holding GmbH to A1 Towers Austria AG) is transferred and in both cases there is no restriction

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of the Austrian right of taxation, both spin-offs fall under Article VI of the Reorganization Tax Act.

6.2.1 Tax implications for shareholders

The spin-off of Telekom Austria AG to A1 Towers Holding GmbH has no effect on the shareholders of Telekom Austria AG. In the event of the spin-off of Telekom Austria AG to EuroTeleSites AG, the shareholders of Telekom Austria AG shall, from an Austrian perspective, allocate the acquisition costs or carrying amounts of the shares in Telekom Austria AG; a portion of the acquisition costs or carrying amounts of the shares in Telekom Austria AG shall therefore be transferred to the new shares in EuroTeleSites AG granted as a result of the spin-off.

Since the shareholders of Telekom Austria AG will receive one share in EuroTeleSites AG for every four Telekom Austria shares held, individual Telekom Austria shareholders will not hold an interest in EuroTeleSites AG to exactly the same extent. In accordance with § 2 para. 1 no. 3 of the Spin-off Act, such shareholders will be granted an additional cash payment. The acquisition costs or book values of the shares in Telekom Austria AG shall first be reduced by these additional cash payments received and only the acquisition costs or book values in Telekom Austria AG thus reduced shall be allocated to the shares in Telekom Austria AG and the shares in EuroTeleSites AG.

The allocation of the acquisition costs or the carrying amounts of the Telekom Austria shares to the shares in EuroTeleSites AG acquired as a result of the Spin-off shall be based on the ratio of the fair values; i.e., the ratio of the fair value of the investment in A1 Towers Holding GmbH to the fair value of Telekom Austria AG prior to the Spin-off. The fair value ratio at the time of the conclusion of the Spin-off and Transfer Agreement including the Spin-off Plan shall be decisive. As of the effective date for the Spin-off, i.e. March 31, 2023, the Management Board of Telekom Austria AG assumes a ratio of the fair value of the shareholding in A1 Towers Holding GmbH to the fair value of Telekom Austria AG of approximately 20% to 80%, but points out that this is merely an indication which is not binding on the shareholders or the tax office responsible in the individual case and may therefore be assessed differently under certain circumstances.

The allocation of the acquisition costs or carrying amounts remains tax-neutral in Austria. For the shares in EuroTeleSites AG received, the acquisition dates of the shares in Telekom Austria AG are decisive for tax purposes.

6.2.2 Tax effects on Telekom Austria AG

Telekom Austria AG, as the Spin-off Entity, shall prepare a closing balance sheet under tax law for the financial year ending on the respective effective date of the Spin-off (30.03.2023 or 31.03.2023) with regard to the assets to be transferred (§ 33 para. 1 in connection with para. 6 UmgrStG). Furthermore, it shall prepare transfer balance sheets under tax law as of the respective effective date of the Spin-off, in which the assets to be transferred shall be presented with the (book) values relevant for tax purposes and the resulting transfer capital, and residual balance sheets under tax law to present the book values relevant for tax purposes of the assets remaining after the Spin-off.

The book value for tax purposes of the shares held by Telekom Austria AG in A1 Towers Holding GmbH shall be increased by the book value of the transferred assets, so that neither a book profit nor a book loss shall result for Telekom Austria AG from the spin-off to A1 Towers Holding

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GmbH. Any book profits or losses resulting from the spin-off to EuroTeleSites AG shall remain tax-neutral for Telekom Austria AG pursuant to § 33 para. 7 UmgrStG.

Telekom Austria AG does not have a tax loss deduction, so there are no tax implications in this respect. In accordance with § 38 (3) UmgrStG, the spin-offs do not qualify as taxable transactions. A1 Towers Holding GmbH and EuroTeleSites AG, as the acquiring entities, shall assume the legal position of Telekom Austria AG for VAT purposes with respect to the transferred assets. In the absence of a transfer of real estate or shares in real estate holding companies, the spin-offs do not trigger any real estate transfer tax.

6.2.3 Tax effects on A1 Towers Holding GmbH

A1 Towers Holding GmbH, as the Acquiring Entity, shall continue to use the book values of Telekom Austria AG that are relevant for tax purposes as of the Effective Spin-off Date. Any book profits or losses resulting from the spin-off shall remain tax-neutral for A1 Towers Holding GmbH pursuant to § 34 para. 2 no. 1 UmgrStG. However, changes in the business assets of A1 Towers Holding GmbH resulting from the combination of assets and liabilities (Confusio) shall be taken into account in the financial year following the Spin-off Date pursuant to § 34 para. 2 no. 3 UmgrStG.

6.2.4 Tax effects on the future EuroTeleSites AG

As the Acquiring Entity, EuroTeleSites AG shall continue to use the book values of Telekom Austria AG that are relevant for tax purposes as of the Effective Spin-off Date. Any book profits or losses resulting from the spin-off shall remain tax-neutral for EuroTeleSites AG pursuant to § 34 para. 2 no. 1 UmgrStG.

7. OTHER EFFECTS OF THE INTENDED SPIN-OFF

7.1 Liability consequences under the Spin-off Act

§ Section 15 of the Spin-off Act provides for joint and several liability of companies involved in a spin-off for those liabilities of the transferring company which were created prior to the registration of the spin-off and are assigned to the respective other company. The liability is limited in amount to the market value of the net assets assigned to each company (value of the assets assigned to the liable company less the value of the liabilities assigned to it). According to the wording of § 15 of the Spin-off Act, the liability is unlimited in time. According to a decision of the Austrian Supreme Court, a restriction of this principle exists for synallagmatic continuing obligations and the resulting individual liabilities, according to which the liability is limited to individual liabilities which fall due within 5 years of the entry of the spin-off.

On this basis, Telekom Austria AG is liable for liabilities which were created by Telekom Austria AG until the registration of the down-stream spin-off and which are transferred to A1 Towers Holding GmbH. A1 Towers Holding GmbH, in turn, is liable for liabilities of Telekom Austria AG that remain with Telekom Austria AG and are created until the registration of the spin-off. Furthermore, EuroTeleSites AG is liable for liabilities of Telekom Austria AG that remain with Telekom Austria AG and are created until the registration of the side stream spin-off. In the course of the Side Stream Spin-off, no liabilities of Telekom Austria AG shall be transferred to EuroTeleSites AG, so that Telekom Austria AG shall have no subsequent liability for liabilities of EuroTeleSites AG.

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Telekom Austria AG has not issued any bonds within the meaning of § 15 para. 5 of the Spin-off Act.

7.2 Effects of the spin-off on the Telekom Austria AG share

In the ten days following the announcement of the transaction on February 06, 2023, the share price rose by up to 14.8% on the basis of closing prices. Due to the large number of different influences, it is not possible to make any reliable statements on the future development of the share price.

7.3 Effects of the spin-off on the dividend policy of Telekom Austria AG

Telekom Austria AG's current dividend policy has been in place since 2016, on the basis of which the dividend was gradually increased from EUR 0.20 per share for the financial year 2016 to 32 cents per share for the financial year 2022 on a sustainable basis in line with the company's operating and economic development. For the financial year 2023, the Management Board expects a continuation of this dividend policy.

7.4 Effects of the spin-off concerning employees

7.4.1 No individual law consequences of the spin-off for the employees

From the point of view of labor law, there is a transfer of business within the meaning of Sec. 3 AVRAG, so that, in addition to the relevant provisions of the Works Constitution, Secs. 3 to 6 AVRAG in particular apply. This has the consequence that the company taking over the employees enters into the contracts of the employees and these are therefore taken over unchanged. This affects numerous terms and conditions of employment, such as the previous protection against dismissal under collective bargaining agreements for certain groups of employees, which was incorporated into the employment contracts. The working conditions of civil servants also remain unchanged as a result of the transfer of their jobs pursuant to § 17 ff PTSG in conjunction with BDG and GehG. Notification would only be required if the civil servants were assigned other jobs or if their place of employment changed; neither of these is the case.

7.4.2 Effects of the spin-off for employee representative bodies under works constitution law

The framework conditions for employee representation are regulated by mandatory law on both sides; private autonomy is not possible in this area. Works constitution is regulated in the Labor Constitution Act. The Postal Works Constitution Act (PBVG) regulates works constitution only in the area of the former postal and telegraph administration, i.e. it applies indisputably to Österreichische Post AG and Telekom Austria AG. Whether the scope of the PBVG will also cover EuroTeleSites AG has not been clarified due to a lack of case law for comparable situations. The application of the ArbVG is supported by the fact that the requirements for reorganization and legal succession in § 3 PBVG expressly refer to "Post und Telekom Austria AG", i.e., to a company that no longer exists in this form. In this respect, the scope of application provision runs into the void. The provision therefore no longer appears to have any scope of application. With regard to participation rights, there would be virtually no difference in practice insofar as the PBVG refers to the ArbVG with regard to participation rights.

The only changes will be in the structure of the employee representation, namely works councils would have to be elected at the next employee representation elections (and at most a central

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works council). Until the next works council election, however, the bodies remain responsible as before.

8. FUTURE LEGAL RELATIONSHIPS BETWEEN THE TELEKOM AUSTRIA GROUP AND THE EUROTELESITES GROUP AFTER THE SPIN-OFF

8.1 Master Lease Agreements

The local companies, TowerCo Bulgaria, TowerCo Croatia, TowerCo North Macedonia, TowerCo Serbia and TowerCo Slovenia (together the "**Local TowerCos**" and each individually a "**Local TowerCo**") have each entered into a Master Lease Agreement with the respective mobile telecommunications company in the same country, i.e. A1 Bulgaria, A1 Croatia, A1 North Macedonia, A1 Serbia and A1 Slovenia (together the "**Local Mobile Companies**" and each individually a "**Local Mobile Company**") or A1 and Telekom Austria AG will enter into such Master Lease Agreement in the course of the Upstream Spin-off (the "**MLAs**" and each individually an "**MLA**").

The Austrian MLA between A1 and Telekom Austria AG is expected to become effective in July 2023. This MLA will be transferred from Telekom Austria AG to A1 Towers Holding GmbH for absorption in the TAG Sidestream Spin-off. The MLAs between the remaining Local TowerCos and the Local Mobile Companies entered into force on 01.06.2023. The common core provisions of the MLAs are presented below. The specific provisions of the individual agreements may vary in detail from country to country.

8.1.1 Rental object

Pursuant to the MLAs, each Local Mobile Company leases from the Local TowerCo certain areas of radio towers and other passive infrastructure as well as associated technical and ancillary areas for the installation and operation of active telecom infrastructure. In addition to carrying out conversions (see below for details), additional space can be leased in return for a rent increase.

8.1.2 Rent and indexation

The rent for existing and for new sites is basically predefined for each type of site (Greenfield Site, Rooftop Site, Special Site). It also varies according to the location of the site (Eurostat region classification; urban, suburban, rural or extraordinary location).

For existing sites, A1 also has to pay an additional, flat-rate rent increase in the first 8 years of the contract, which covers the planned upgrade of a certain number of sites to newer technologies (esp. 5G). Other conversions of the passive infrastructure or site modifications for the Local Mobile Company are carried out by the Local TowerCo for a fee according to a predefined price list, which is settled as a one-time payment or as an 8-year rental increase.

The rent and other price elements shall be adjusted annually by 85 % of the annual adjustment of the consumer price index, but by a maximum of 3 % per year. Deviating from this, certain steel components (in particular from the price list for conversions) are subject to an adjustment of 100% of the steel price index.

8.1.3 Contract duration and termination

Each MLA has an initial term of eight years, which is extended up to two times for a further period of eight years in each case in the absence of termination by Local TowerCo. The Local

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TowerCo may give ordinary notice of termination of the MLA for the first time at the end of the 24th year of the contract. In addition, the MLAs contain customary termination rights for good cause.

In addition, the Local Wireless Company may give ordinary notice to terminate up to 1% of the sites per calendar year, up to a maximum total of 5% of the sites in existence at the beginning of the eight-year term interval.

In certain cases of termination of the MLA for cause, the Local Mobile Network Company is entitled to acquire the passive infrastructure of the Local TowerCo and to demand the transfer of the corresponding (in)lease agreements. The purchase price is determined by an independent expert and corresponds to the fair value of the repurchased assets.

8.2 Continuing service agreements (Service Agreements)

Depending on the needs of the Local TowerCo, the Local Mobile Communications Company provides various services on the basis of service contracts. These may essentially include the following areas:

- Renting office space or workplaces in the respective company building of the Local Mobile Communications Company, granting the use of motor vehicles;
- Provision of Information and Communication Services (ICTS) incl. PCs, laptops, monitors, printers, helpdesk, software and mobile equipment etc;
- Provision of IT tools such as the Mobile Database Facilities (MDF) (i.e. planning, rollout & information database for mobile communications), the WebGIS (i.e. application geodata), Remedy Services (ticketing tool) etc.
- HR services incl. payroll, employee development, recruiting, administration etc;
- SAP Services - Shared use of SAP Services including maintenance and software development services;
- Other support services such as legal, data privacy, accounting.

A1 Bulgaria provides accounting, bookkeeping and operational purchasing services to A1 Towers Holding GmbH and the local TowerCos.

In Austria, A1 leases space to A1 Towers Holding GmbH for approximately 370 sites on which the passive mobile communications infrastructure spun off to A1 Towers Holding GmbH is built.

Conversely, the Local TowerCo provides services relating to mobile communications-related infrastructure. All these reciprocal service relationships are contractually structured in the form of service agreements or lease agreements with standard market terms and conditions.

8.3 Funding

The repayment by A1 Towers Holding GmbH to TFG of the financial liabilities to be transferred to A1 Towers Holding GmbH in the nominal amount of EUR 1,031,000,000 is to take place shortly after completion of the spin-offs.

For this purpose, A1 Towers Holding GmbH has concluded or taken up the following financing instruments or will conclude or take up such instruments prior to the completion of the spin-off:

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- Bonds with a nominal value of EUR 500,000,000, the proceeds of which will be paid into a bank account of A1 Towers Holding GmbH until completion of the Spin-offs (the "**Bonds**");
- Final syndicated loan agreement for a loan amount of EUR 500,000,000, the proceeds of which will be deposited into a bank account of A1 Towers Holding GmbH until completion of the Spin-offs (the "**Syndicated Loan**"); and
- Revolving credit facility of EUR 75,000,000 to be drawn by A1 Towers Holding GmbH upon completion of the Spin-offs (the "**RCF**").

The bond and the syndicated loan are secured by a guarantee of Telekom Austria AG until the date of registration of the final spin-off. The guarantee for the syndicated loan expires upon registration of the side-stream spin-off, while the guarantee for the bond expires no later than 30 days after registration of the spin-off.

EuroTeleSites AG has to issue a new guarantee for the RCF, the bond and the syndicated loan after registration of the side-stream spin-off (and fulfillment of certain contractual requirements).

8.4 Public-law permits and subsidies

Site-related permits under public law, such as in particular building permits, permits under nature conservation and forestry law or permits under the Aviation Act, constitute notices with an effect in rem. The rights and obligations established by the respective notice adhere to the site and are not affected by a change of ownership. These permits under public law are thus transferred along with the spin-offs of the sites to the new owners. This is also clearly indicated in the spin-off plan.

A1 Towers Holding has already successfully applied for a general license according to § 6TKG as of 04.04.2023.

The subsidy agreements with subsidy agencies will remain with A1, also with regard to the components of the passive mobile communications infrastructure. A1 and A1 Towers Holding will seek agreement with the federal funding agency to conclude separate funding agreements relating to the passive mobile communications infrastructure.

8.5 IT / IT infrastructure

The strategy of the EuroTeleSites group is to operate a hosted IT infrastructure and to outsource the operation and development of individual IT components and applications to professional hosting service providers such as A1 or, for individual platforms, to providers specialized in this area. The IT infrastructure of the EuroTeleSites Group includes various BSS business support systems such as Sitetracker, NetCracker, MDF, ERP systems such as SAP, as well as payroll applications, ticketing systems and office applications.

The tower company's IT architecture follows a centralized IT architecture approach, which also includes the cloudification of those systems where this is technically possible and economically viable. The basic planning, management systems as well as ERP systems are centrally hosted on-premises for the EuroTeleSites group and are shared by all companies of the EuroTeleSites group. For office applications, O365 including Microsoft Azure Cloud is used. The EuroTeleSites group will initially be hosted by A1.

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8.6 A1 brand

The holding company to be newly founded will operate under the name "EuroTeleSites" AG. The word picture mark



was filed on June 15, 2023 and will also be available to local TowerCos. A change of name is to take place in the course of the next fiscal year. To the extent necessary by then, A1 will make the "A1" brand available and permit its use.

9. THE EUROTELESITES GROUP AFTER THE SPIN-OFF

9.1 Legal structure of EuroTeleSites AG and the EuroTeleSites Group after the spin-off

9.1.1 Shareholder structure of EuroTeleSites AG and share capital

The shareholder structure of EuroTeleSites AG after the implementation of the Spin-off will correspond overall to that of Telekom Austria AG before the implementation of the Spin-off. This means in concrete terms:

The share capital of EuroTeleSites AG will amount to EUR 166,125,000, divided into 166,125,000 no-par value shares. The shares in EuroTeleSites AG shall be divided among the shareholders of Telekom Austria AG in proportion to their shareholding in Telekom Austria AG. The shareholders of Telekom Austria AG shall receive one no-par value bearer share in EuroTeleSites AG for every four no-par value bearer shares in Telekom Austria AG. The allotment ratio and the reasons for its occurrence are described above in section 5.14.1 described in more detail.

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The shareholdings in EuroTeleSites AG after implementation of the spin-off will therefore be as follows:

Shareholder	Share of capital stock in % (rounded)
América Móvil B.V.	51,00
Österreichische Beteiligungs AG (ÖBAG)	28,42
Telekom Austria AG	0,06
Free float	20,5858

ÖBAG, América Movil S.A.B. de C.V. and América Móvil B.V. have notified on February 6, 2023 to enter into a shareholders' agreement with a term of ten years with respect to EuroTeleSites AG at a future date, which will become effective upon registration of EuroTeleSites AG in the Austrian commercial register. Under the shareholders' agreement, the parties have contractually agreed the following terms and conditions for the management of EuroTeleSites:

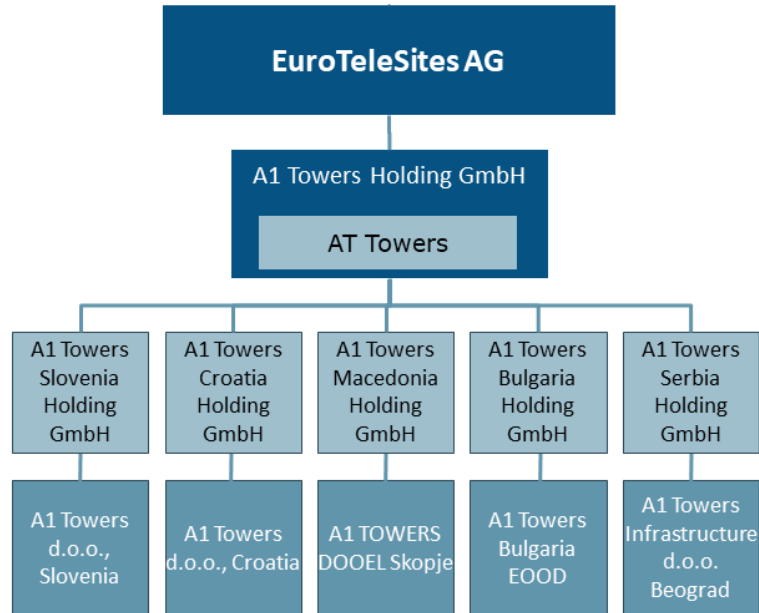
- (a) the headquarters of EuroTeleSites AG and all major corporate and business functions will remain in Vienna, Austria;
- (b) the shares of EuroTeleSites AG will be listed on the Vienna Stock Exchange;
- (c) eight members of the Supervisory Board of EuroTeleSites AG are nominated by América Móvil and two members of the Supervisory Board of EuroTeleSites AG are nominated by ÖBAG;
- (d) the Management Board of EuroTeleSites AG shall consist of at least two and at most three members, with at least one member being the CEO to be appointed by América Móvil and one member being the CFO to be appointed by ÖBAG. If at any time a third member is required, such member shall be appointed by América Móvil;
- (e) ÖBAG is granted certain veto rights with respect to a number of decisions, including capital increases, subscription right exclusions, mergers and spin-offs of EuroTeleSites AG, provided that ÖBAG holds at least 25% plus one share of the issued EuroTeleSites shares at the time of such resolution;
- (f) a five-year lock-up period is stipulated, during which the parties have agreed not to transfer their shares in EuroTeleSites AG to third parties or to commit themselves to a transfer;
- (g) ÖBAG and América Móvil are granted a right of first refusal in the event that one of these parties intends to sell or otherwise transfer part or all of its shares in EuroTeleSites AG.

9.1.2 Group structure of the EuroTeleSites Group

Following the implementation of the spin-off, EuroTeleSites AG will be the Group holding company for the entire passive infrastructure of the Telekom Austria Group (with the exception of

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Belarus and a minor number of sites, the transfer of which is currently not possible for legal reasons).



In addition, A1 Towers Holding GmbH will have acquired the entire share capital of all Tower CEE intermediate holding companies and will thus hold 100% of all shares in each of the Tower CEE intermediate holding companies.

The Tower CEE intermediate holding companies will in turn have taken over the entire share capital of the foreign Tower companies and will thus each hold 100% of all shares in the CEE Tower companies.

9.1.3 Articles of Association of EuroTeleSites AG

The Articles of Association of EuroTeleSites AG are attached to the spin-off plan as Annex 12 and essentially provide for the following regulations:

General provisions

§§ Sections 1 to 3 of the Articles of Association regulate general issues such as the company name ("EuroTeleSites AG"), the registered office ("Vienna"), the purpose of the company and announcements. In terms of content, these are standard provisions.

According to § 2 of the Articles of Association, the corporate purpose of EuroTeleSites AG is:

"the holding of interests in companies and enterprises and the management and administration of such interests (holding), including the acquisition and disposal of interests in Germany and abroad; all activities relating to the provision of services and the creation of the necessary conditions for the operation and provision of passive infrastructure for providers of telecommunications services in Germany and in other European countries, as well as access services to such infrastructures and ancillary services related to these activities; these activities may be performed either directly or through associated companies.

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EuroTeleSites AG is entitled to all transactions and measures that are necessary or useful to achieve the purpose of the company, in particular also in all areas of activity that are similar or related to the purpose of the company. EuroTeleSites AG can process personal data with the help of automated systems."

Share capital and shares

§ Section 4 of the Articles of Association contains the provisions on the share capital, the shares and the exclusion of the shareholders' right to securitization of their shares.

The share capital of EuroTeleSites AG amounts to EUR 166,125,000 and is divided into 166,125,000 bearer shares.

Management Board, Supervisory Board and Annual General Meeting

The provisions in §§ 7 to 19 of the Articles of Association contain regulations concerning the Management Board, the Supervisory Board and the Annual General Meeting of EuroTeleSites AG that are customary for Austrian stock corporations in terms of content. The Articles of Association also provide for the possibility of virtual or hybrid general meetings.

The Management Board of EuroTeleSites AG consists of two to three persons according to § 5 para. 1 of the Articles of Association. The Supervisory Board of EuroTeleSites AG comprises up to ten capital representatives plus the statutory employee representatives in accordance with Section 8 (1) of the Articles of Association.

Annual financial statements and distribution of profits

§ Section 20 deals with the approval of the annual financial statements and consolidated financial statements, the resolution on the appropriation of net income and the shareholders' entitlement to profits.

9.1.4 Supervisory Board of EuroTeleSites AG

In the spin-off plan, the following persons are appointed as rental members of the first Supervisory Board of EuroTeleSites AG. The members have each accepted the appointment:

- Dr. Edith Hlawati, born 08.06.1957;
- Barbara Potisk-Eibensteiner, born 09.09.1968;
- Oscar von Hauske Solís, born 01.09.1957;
- Daniel Hajj Slim, born 21.03.1994;
- Dipl.Ing. Elisabeth Muhr, born 06.10.1956;
- Roxana Alexandra Flores Alexanderson, born 02.10.1972;
- Ana Simic, born 22.12.1977;
- Dr. Elisabeth Castiglioni, born 01.10.1964;
- Ernesto Leyva Pedrosa, born 29.06.1981;
- Santiago Andres Dawson Lemus, born 19.12.1984.

9.1.5 Management Board of EuroTeleSites AG

The Supervisory Board of EuroTeleSites AG has informed the Management Board of Telekom Austria AG that the following persons are to be appointed as members of the Management Board and that the appointments are to be accepted:

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- **Ivo Ivanovski** is currently Head of International Regulatory & European Affairs and M&A at A1 Telekom Austria Group and is to take over the position of CEO of EuroTeleSites AG. Previously, he held various positions at international institutions, including the Board of UN-GAID (Global Alliance for Information and Communication Technologies and Development). From 2010 to 2015, he was Commissioner of the Broadband Commission for Digital Development of the International Telecommunication Union (ITU), a UN specialized agency, and worked as Head of Governmental & Regulatory Affairs of América Móvil in Brussels. He was born in Macedonia, where he served as Minister of Information Society and Administration of his home country from 2006 to 2015. Ivo Ivanovski holds a master's degree in computer science and was awarded the title of Dr. h.c. for technology leadership by Franklin University, USA.

- **Lars Mosdorf** has spent his career in various management positions, with a focus on finance, digitalization, and commercial and general management. He is to take over the position of CFO at EuroTeleSites AG. He has 16 years of experience in the infrastructure sector, including 10 years at C-level, managing organizations with up to 4,500 employees. Most recently, he was CFO, CHRO and member of the Management Board of Düsseldorf Airport with comprehensive responsibility for all finance functions, IT, procurement and human resources. Prior to that, Lars Mosdorf was CFO and Deputy General Manager at Northern Capital LLC in St. Petersburg and held various senior positions in pricing strategy, regulation and finance at Fraport AG. Lars Mosdorf holds a Master's degree in Public Policy and Management and an Executive MBA. He studied in Germany, China, France, India and the USA.

9.1.6 Auditor

Ernst & Young Wirtschaftsprüfungsgesellschaft mbH is appointed as auditor and group auditor of EuroTeleSites AG for the short fiscal year 2023 in the spin-off plan.

9.2 Business activities of the EuroTeleSites Group after the spin-off

Following the implementation of the spin-off, the EuroTeleSites Group will be a leading operator of mobile towers in Austria and Central Eastern Europe. The EuroTeleSites Group will be either the market leader or second in the respective market, based on the number of sites, with approximately 13,200 macro sites (free-standing sites and rooftop sites) and more than 1,000 micro sites in five out of six markets. The EuroTeleSites group will operate through its group companies in Austria, Bulgaria, Serbia, Croatia, Slovenia and Northern Macedonia. The principal activity of the EuroTeleSites group will be to build and operate passive mobile sites in order to provide customers with space, power management and related services, with customers in turn providing mobile, voice, data and other services to end users.

The tenant portfolio of the EuroTeleSites Group is enhanced by contracts with other leading MNOs in the markets of the EuroTeleSites Group (such as Deutsche Telekom, United Group, Cetin, Telekom Srbija, Telekom Slovenije or H3G (Drei)) in addition to the long-term contractual obligations with MNOs of the Telekom Austria Group as anchor tenants.

In most of the markets in which the EuroTeleSites Group will operate in the future, the majority of the passive mobile infrastructure has been developed organically since the start of the Telekom Austria Group's mobile business in the 1990s. The Management Board of Telekom Austria AG

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therefore believes that the international site portfolio of the EuroTeleSites Group is well integrated, benefits from the strategic placement of sites and that the EuroTeleSites Group is an attractive partner for MNO customers looking to expand or densify their network.

The Management Board of Telekom Austria AG believes that the EuroTeleSites Group will be well positioned to benefit from the long-term trends in the European mobile communications market and to provide growth and value creation opportunities in each of its markets.

As part of the Spin-off, the EuroTeleSites Group is adopting an operating model that delivers binding, long-term revenues with regular adjustments that are generally indexed at 85% of the consumer price index for the Telekom Austria Group's anchor tenants, but by a maximum of 3% p.a. The EuroTeleSites Group's operating model is based on the following assumptions. The following table contains certain important operational information about the future portfolio of the EuroTeleSites Group as of March 31, 2023:

As of 31.03.2023	Austria	Bulgaria	Croatia	Serbia	Slovenia	N Macedonia	Total
# Macro Sites	6.110	2.716	1.538	1.597	752	484	13.197
# Micro Sites	1.418		62				1.480

9.3 Earnings position of the EuroTeleSites Group after the spin-off

The final corporate structure of the EuroTeleSites Group has not yet been established at the time of this report. The independent EuroTeleSites Group comes into existence when the spin-off takes effect (entry in the commercial register). The obligation to prepare consolidated financial statements arises at this time. IFRS consolidated financial statements must be prepared for the first time for the following balance sheet date. The EuroTeleSites Group is then an IAS 1 user.

In principle, the EuroTeleSites Group continues to carry the book value, but the EuroTeleSites Group may exercise recognition options for assets and liabilities that may differ from those of the Telekom Austria Group and have not yet been determined at the present time (e.g., IAS 16.31 revaluation model). A EuroTeleSites group can therefore not yet be presented.

As a pure holding company, EuroTeleSites AG will only generate income from investments. Profit distributions to EuroTeleSites AG are expected for the first time in the financial year 2025. The minor expenses of EuroTeleSites AG are expected to be covered by intra-group cash pooling until then.

The main source of revenues of the EuroTeleSites Group are the master lease agreements concluded with the respective telecom companies of the Telekom Austria Group. They initially contribute to more than 95% of the EuroTeleSites Group's revenues. These revenues are secured on a sustained basis, as the termination rights of the Telekom Austria Group's mobile communications companies are limited. The site rents are value-adjusted at 85% of the consumer price index, although the value adjustment may not exceed 3% per annum.

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In addition, it is planned that the EuroTeleSites Group will expand its third-party business. The current tenancy ratio of around 1.2 tenants per radio tower is to be increased to an average of around 1.4 tenants per radio tower by 2031. Attractive offers are to be made to third-party tenants.

The attractiveness of the passive radio tower network of the EuroTeleSites Group is increased by the ongoing adaptation to the requirements of 5-G networks.

Based on the pro forma P&L, the Group would have generated sales of around EUR 230 million in 2022.

In the period from 2023 to 2031, average capital expenditures of approximately EUR 63 million per year are expected. Current operating costs mainly consist of expenses for rents payable to tenants, expenses for the operation, maintenance and repair of the passive infrastructure and the power supply facilities and air conditioning systems. Personnel expenses also have to be calculated for around 170 employees throughout the Group. Energy costs are of little significance to EuroTeleSites, as the costs of supplying power to active network components and the costs of power for air conditioning are borne economically by the tenants.

Overall, on the basis of the pro forma figures for 2022, the EuroTeleSites Group would have achieved an EBITDAaL of around EUR 127 million. The revaluation of non-current assets according to IAS 16.31 is not effective for tax purposes and therefore does not reduce the tax base in the future.

The effect of the transfer of the financial liability with a nominal value of EUR 1,031,000,000 arising current interest expenses on the result of the EuroTeleSites Group is partly compensated by the tax deductibility of the expenses.

10. TELEKOM AUSTRIA AG AFTER THE SPIN-OFF

10.1 Legal structure of Telekom Austria AG and the Telekom Austria Group after the spin-off

10.1.1 Telekom Austria AG

The legal structure of Telekom Austria AG remains unchanged after the spin-off. The share capital will not be reduced, the number of shares and the listing on the Vienna Stock Exchange will remain unchanged - as will the Articles of Association.

After the Spin-off, the legal structure of the Telekom Austria Group comprises the operating Telco national companies together with their respective intermediate holding companies. After the spin-off, the local TowerCos and the Tower CEE intermediate holding companies are assigned 100% to the EuroTeleSites Group and are therefore no longer (indirectly) owned by Telekom Austria AG

10.1.2 Management Board of Telekom Austria AG

The Management Board of Telekom Austria AG will not change on the occasion of the Spin-off. Irrespective of this, DI Mayrhofer has refrained from extending his Management Board mandate beyond August 31, 2023 of his own accord. In the future, the Management Board will consist of Alejandro Plater, who will assume the function of CEO as of September 1, 2023, and Thomas Arnoldner, who will act as his deputy as of September 1, 2023.

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10.1.3 Supervisory Board of Telekom Austria AG

There will also be no changes in the composition of the Supervisory Board of Telekom Austria AG as a result of the Spin-off. At the Annual General Meeting on June 7, 2023 Dr. Stefan Fürnsinn was appointed as a member of the Supervisory Board of Telekom Austria AG; he took over the mandate of Dr. Christine Catasta.

10.1.4 Shareholder structure and share capital

As described above, there will also be no change in the shareholder structure as a result of the spin-off, which will preserve the ratio, and the agreements reached between the core shareholders. The shareholdings of the core shareholders will remain unchanged, and there will also be no change in the proportion of free float. Telekom Austria AG will also receive shares in EuroTeleSites AG in proportion to its own shares.

10.2 Business activities of the Telekom Austria Group after the spin-off

The core business activities of Telekom Austria and its Group companies will essentially be positively affected by the spin-off, as the companies will be able to focus on their core business and the spin-off will lead to a not inconsiderable reduction in the Group's debt. In this regard, reference is also made to the explanations in section 3.2

10.3 Results of Operations, Financial Position and Net Assets of the Telekom Austria Group after the Spin-off

On the revenue side, the effect of the spin-off is only insignificant and amounts to approximately 0.2%, because only the current third-party business in mobile tower rental is being spun off. Non-staff costs are reduced by those non-staff costs that are associated with the operation of the passive infrastructure of the mobile communications towers (mainly maintenance and personnel costs) and increased by rental payments for the use of this infrastructure. In 2023, there will also be one-time lease fees in Austria of EUR 36,000,000. Excluding these one-off costs and based on the expected annual result in 2023, EBITDAaL would decrease by around 11% if the effects are considered on an annual basis. Under the same assumptions, the negative effect on EBIT from lower depreciation and amortization for the transferred radio towers would be 9%.

The spin-off of financial liabilities with a nominal value of EUR 1,031,000,000 also eliminated the related interest expense. On the other hand, the interest component of the long-term right to use the radio towers has a negative impact on EBT. The slightly lower EBT reduces income tax expense, which in total has a negative effect on net income of around 14%.

The necessary investments for the passive infrastructure of the mobile communications masts are omitted (around 6% of total investments).

Overall, this results in a reduction in free cash flow for the Telekom Austria Group of approximately EUR 60,000,000 per year on average, which is offset by the relief from financial liabilities in the nominal amount of EUR 1,031,000,000.

The transaction also leads to an increase in total assets of around 7%, as the long-term rights of use for the radio towers and the associated leasing liabilities increase. Equity will be slightly positively impacted by the transaction.

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The gearing ratio measured by net debt/EBITDAaL will be more than halved to 0.4x as a result of the spin-off, while including lease liabilities (net debt incl. lease liability/EBITDA) it will increase from 1.2x to 1.3x.

The disposals at Telekom Austria AG are shown in the transfer balance sheets in Note 6.1.5 and Note 6.1.8 are presented in note 6.1.5 and 6.1.8.

11. EXPLANATIONS OF THE SPIN-OFF AND TRANSFER AGREEMENT INCLUDING THE SPIN-OFF PLAN AND ANNEXES

11.1 Structure of the spin-off plan

Following the preliminary remarks, the Spin-off Plan is divided into three parts: Part I concerns the spin-off of the AT Towers business unit by Telekom Austria AG for absorption in A1 Towers Holding GmbH (*down-stream* spin-off). Part II regulates the spin-off of the shareholding in A1 Towers Holding GmbH by Telekom Austria AG into the newly established EuroTeleSites AG (*side-stream spin-off*) as well as the appointment of the members of the first Supervisory Board and the auditor of the financial statements and consolidated financial statements of EuroTeleSites AG. Part III contains common provisions relevant for both spin-offs regarding tax aspects, recourse provisions in the event of recourse pursuant to § 15 of the Spin-off Act, approval by the shareholders' meetings of Telekom Austria AG and the shareholders' meeting of A1 Towers Holding GmbH, as well as other final provisions.

11.2 Explanation of the individual points of the spin-off plan

11.2.1 Preliminary remarks (point 1)

The preliminary remarks of the spin-off plan define, among other things, the companies involved in the two spin-offs, Telekom Austria AG, A1 Towers Holding GmbH and EuroTeleSites AG, which will be newly established in the course of the spin-off, and describe the assets to be transferred in the course of the spin-offs. Furthermore, the amounts of share capital and the number of shares issued as well as the reorganization step preceding the two spin-offs, i.e. the spin-off of the AT Towers business unit from A1 for incorporation into Telekom Austria AG, are described.

11.2.2 Subject of the contract (point 1 and point 4)

- Pursuant to item 1 of the Spin-off Plan, Telekom Austria AG shall transfer the AT Towers business unit to A1 Towers Holding GmbH for absorption by way of a cross-entity spin-off which preserves the legal form of the business unit. This spin-off shall take place without the granting of shares by A1 Towers Holding GmbH and with the continued existence of Telekom Austria AG. Point 1 also specifies the provisions of corporate law applicable to this, namely §§ 1 (2) 2 and 17 of the Federal Act on the Spin-off of Corporations (SpaltG).
- Pursuant to item 4 of the Spin-off Plan, Telekom Austria AG shall transfer its shareholding in A1 Towers Holding GmbH to EuroTeleSites AG, which is to be newly established in this context, by way of a spin-off for the purpose of new formation which preserves the legal form of the company. This spin-off shall be effected against the granting of shares in EuroTeleSites AG to the Telekom Austria AG shareholders in proportion to their shareholdings in Telekom Austria AG and with the continued

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existence of Telekom Austria AG. Point 4 further specifies the provisions of company law applicable thereto, namely Sections 1 para. 2 no. 2 and 2ff of the Spin-off Act.

11.2.3 Mandatory content of the contract - spin-off for absorption (item 2)

Item 2 of the Spin-off Plan contains the following ("mandatory") content of the Spin-off and Transfer Agreement for the Spin-off for absorption governed by Part I, which must be included pursuant to § 2 para. 1 of the Spin-off Act:

Transferring and Acquiring Company (§ 2 para. 1 no. 1 Spin-off Act)

The content of item 2.1.1 of the Spin-off Plan regarding the company name and registered office of Telekom Austria AG and A1 Towers Holding GmbH is self-explanatory, and reference is therefore made to the statements made there. The Articles of Association of Telekom Austria AG shall not be changed on the occasion of the Spin-off for absorption and are attached to the Spin-off Plan as Annex 1. The establishment declaration of A1 Towers Holding GmbH shall be amended in its item 3 (object of the company) on the occasion of the spin-off. A comparative version of the declaration of incorporation of A1 Towers Holding GmbH showing the amendment is attached to the spin-off plan as Annex 2.

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Transfer agreement, no granting of shares (§ 2 para. 1 items 2, 3 and 5 Spin-off Act, § 220 para. 2 item 3 Stock Corporation Act)

Item 2.2 of the Spin-off Plan contains the agreement between the two companies involved in the Spin-off for absorption to transfer the Spin-off Assets to the Acquiring Company A1 Towers Holding GmbH by way of universal succession. As Telekom Austria AG as the transferring company is the sole shareholder of A1 Towers Holding GmbH as the acquiring company and the spin-off is therefore a *down-stream spin-off* from the parent company to the subsidiary, no shares may be granted pursuant to § 17 of the Spin-off Act in conjunction with § 224 para. 2 no. 1 of the Stock Corporation Act. Thus, the information required under sec. 2 para. 1 no. 3 and no. 5 of the Spin-off Act regarding the exchange ratio and details of the granting of shares is not required.

Point 2.2 also states that neither additional cash payments by the participating companies nor additional payments by third parties will be made.

No reduction of the share capital of Telekom Austria AG (§ 2 para. 1 no. 4 Spin-off Act)

Pursuant to item 2.3 of the Spin-off Plan, the share capital of the transferring Telekom Austria AG amounting to EUR 1,449,274,500 as of the effective date of the Spin-off for absorption shall not be reduced and shall remain unchanged after the implementation of the Spin-off for absorption. Although the transfer of the Spin-off Assets from Telekom Austria AG to A1 Towers Holding GmbH in the course of the Spin-off for absorption results in a Spin-off Loss in the amount of the book value of the net Spin-off Assets being transferred at Telekom Austria AG, on the other hand, the book value of Telekom Austria AG's investment in A1 Towers Holding GmbH increases by the same amount, so that in the overall view neither a gain nor a loss is realized.

Section 2.3 of the Spin-off and Transfer Agreement further explains, with reference to the Spin-off Balance Sheet attached thereto as Annex 4, that the net assets remaining with Telekom Austria AG after the implementation of the Spin-off for absorption shall at least correspond to the amount of its share capital plus committed reserves, and that the share capital of the Acquiring A1 Towers Holding GmbH amounting to EUR 35,000 as of the effective date of the Spin-off for absorption shall not be increased and shall also remain unchanged after the implementation of the Spin-off for absorption.

Effective Date of the Start of Profit Sharing (§ 2 para. 1 no. 6 Spin-off Act)

Pursuant to item 2.4 of the spin-off plan, no date is set for the accrual of the profit participation right, as in the absence of a grant of shares or a change in the shareholding ratios, the existing profit participation rights in Telekom Austria AG and A1 Towers Holding GmbH are not changed.

Effective date of the spin-off (§ 2 para. 1 no. 7 Spin-off Act)

Pursuant to item 2.5 of the Spin-off Plan, the Spin-off Assets of Telekom Austria AG shall be taken over by A1 Towers Holding GmbH with effect as of March 30, 2023 (Spin-off Date within the meaning of §§ 2 para. 1 no. 7 of the Spin-off Act and 33 para. 6 of the Reorganization Tax Act), both for accounting purposes and for income tax purposes.

Balance sheets (§ 2 para. 1 no. 12 Spin-off Act)

Item 2.6 of the Spin-off Plan states that the closing balance sheet of Telekom Austria AG as of March 30, 2023, the spin-off balance sheet of Telekom Austria AG as of March 31, 2023 and the

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takeover balance sheet of A1 Towers Holding GmbH as of March 31, 2023 are attached thereto in accordance with the statutory provisions.

Closing balance

Pursuant to § 2 para. 2 of the Spin-off Act, the transferring Telekom Austria AG shall prepare a closing balance sheet as of the spin-off date (March 30, 2023), to which the provisions of the Austrian Commercial Code (UGB) regarding the annual financial statements and their audit shall apply mutatis mutandis. The closing balance sheet was audited by the auditor of Telekom Austria AG, Ernst & Young Wirtschaftsprüfungsgesellschaft mbH and issued with an unqualified audit opinion. The closing balance sheet must be prepared as of a reporting date no more than nine months prior to the application for entry of the spin-off in the commercial register. The closing balance sheet has been prepared in accordance with the statutory provisions.

Spin-off balance

Pursuant to § 2 para. 1 no. 12 of the Spin-off Act, the transferring Telekom Austria AG shall prepare, in addition to the closing balance sheet, a spin-off balance sheet showing the remaining assets of Telekom Austria AG as of the day after the spin-off effective date (March 31, 2023). The spin-off balance sheet was prepared in accordance with the statutory provisions and attached to the spin-off plan.

Acquisition balance

In addition, a takeover balance sheet was prepared and attached to the spin-off plan. The takeover balance sheet contains the spin-off assets transferred to the acquiring A1 Towers Holding GmbH as of the day after the spin-off date (March 31, 2023).

No special rights or benefits (§ 2 para. 1 no. 8 and 9 Spin-off Act)

Pursuant to sec. 2 para. 1 no. 8 of the Spin-off Act, the spin-off plan shall address the rights granted by the companies involved in the spin-off to individual shareholders as well as to the holders of special rights, such as non-voting shares, preference shares, multiple voting shares, profit participation bonds and profit participation rights, and, if applicable, contain the measures provided for these persons. Pursuant to sec. 2 para. 1 no. 9 of the Spin-off Act, the spin-off and Transfer Agreement, including the spin-off plan, shall contain any special benefit granted to a member of the Management Board or of a supervisory body of the companies involved in the spin-off, or to a closing auditor, formation auditor or spin-off auditor, shall be included in the spin-off and takeover agreement.

Accordingly, item 2.7 of the spin-off plan states that neither special rights or rights of individual shareholders within the meaning of § 2 para. 1 no. 8 of the Spin-off Act exist nor are granted, nor are special benefits granted to members of corporate bodies or auditors within the meaning of § 2 para. 1 no. 9 of the Spin-off Act.

Description and allocation of the assets (§ 2 para. 1 no. 10 Spin-off Act)

Item 2.8 of the Spin-off and Transfer Agreement contains the description of the Spin-off Assets required under § 2 para. 2 no. 10 of the Spin-off Act, which Telekom Austria AG transfers to A1 Towers Holding GmbH for absorption by means of a Spin-off.

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Shares in the Tower CEE intermediate holding companies

Pursuant to item 2.8.1, this includes the AT Towers partial business. In item 2.8.2 of the spin-off plan, the assets and legal relationships belonging to this partial division are presented in detail and explained in more detail. Included are

- (a) the shareholdings in the Tower CEE intermediate holding companies;
- (b) the employees shown in Annex 6 to the spin-off plan (together with their contractual relationships), including the legal relationships concerning leased employees and jobs within the meaning of the BDG 1979 together with assigned legal relationships;
- (c) the radio sites specified in an annex to the spin-off plan, including the structural and technical facilities located thereon, which are specified in more detail in the same annex, the associated tenancy agreements, servitude agreements and usage agreements, all individual site usage agreements with third parties regarding the use of the transferred radio sites, legal relationships relating to their construction/operation, official construction and operating permits and approvals therefor, and radio relay links specified in a separate annex;
- (d) the master lease agreement between TAG as lessor and A1 Telekom Austria AG as lessee;
- (e) all rights and obligations of Telekom Austria AG under clause 3.8.5 of the Spin-off and Transfer Agreement of the A1 Upstream Spin-off regarding trust sites (according to which Telekom Austria AG shall be transferred the economic, but not the legal ownership of the trust sites and A1 shall hold the trust sites as trustee for Telekom Austria AG);
- (f) Liabilities of Telekom Austria AG to Telekom Finanzmanagement GmbH in the total nominal amount of EUR 1,031,000,000 from two intercompany loans, one in the nominal amount of EUR 750,000,000 from the EUR 750 million intercompany loan of September 14, 2012 due on April 2, 2024, and one in the nominal amount of EUR 281,000,000 from a EUR 300 million intercompany loan of September 4, 2013 - after mutually agreed extension due on April 2, 2024.07.2013 - after extension by mutual agreement - due on April 2, 2024 (whereby the remaining liability from the latter loan in the amount of EUR 19,000,000 remains with Telekom Austria AG); furthermore, interest liabilities relating to the two intercompany loans due after March 30, 2023 are transferred, even if they are to be paid for periods up to March 30, 2023;
- (g) Telekom Austria AG's investments in ARGE Telekommunikationsanlagen GesbR and ARGE 5G GesbR;
- (h) certain protective equipment, tools and measuring devices, and two cars (including insurance policies);
- (i) all data concerning the AT Towers partial business (including the right to use data),
- (j) a claim of Telekom Austria AG against A1 created in the course of the A1 Upstream Spin-off in the amount of the net payments of the AT Towers partial business in the period from March 30, 2023 until the registration of the A1 Upstream Spin-off;

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- (k) all rights and obligations of Telekom Austria AG under clause 6.1 of the Spin-off and Transfer Agreement of the A1 Upstream Spin-off (regarding the rights of return granted to the employees belonging to the AT Towers partial business who were transferred for absorption in the course of the Spin-off and who were originally employed by A1 prior to the implementation of the A1 Upstream Spin-off),
- (l) two business accounts at UniCredit Bank Austria AG in the name of Telekom Austria AG and belonging to the Tower Business Austria partial business, as well as
- (m) rights in rem and other legal relationships, and any other assets and legal relationships attributable to the transferred assets.

Pursuant to item 2.8.4 of the spin-off plan, the fair value of the spin-off assets is positive both on the spin-off record date of the spin-off for absorption and on the date of completion of the spin-off plan.

Standard rule for the allocation of assets (§ 2 para. 1 no. 11 Spin-off Act)

Item 2.9 of the Spin-off Plan clarifies that all those assets which otherwise cannot be allocated to either Telekom Austria AG or A1 Towers Holding GmbH on the basis of the Spin-off Plan (in particular item 2.8 thereof) shall remain with Telekom Austria AG.

No cash compensation (§ 2 para. 1 no. 13 Spin-off Act)

Pursuant to item 2.10 of the Spin-off Plan, an offer of cash compensation to the shareholders of Telekom Austria AG is not applicable for the following reasons: Since, on the one hand, the Spin-off for absorption is a spin-off preserving the legal form of the company, there is no right of withdrawal pursuant to § 9 of the Spin-off Act. On the other hand, although a cross-legal form spin-off pursuant to § 11 Spin-off Act exists, the shareholders of Telekom Austria AG shall not receive any shares in A1 Towers Holdings GmbH in the course of the Spin-off for absorption when viewed as a whole in accordance with § 17 Spin-off Act in conjunction with § 224 para. 2 no. 1 Stock Corporation Act. Since the right of withdrawal pursuant to § 11 of the Spin-off Act only applies to shareholders who are affected by the change of legal form, but the shareholders of Telekom Austria AG do not find themselves in a different legal form as a result of the failure to grant shares after the implementation of the spin-off for absorption, there is also no right of withdrawal pursuant to § 11 of the Spin-off Act. Consequently, it is also not necessary to determine an appropriate cash settlement.

11.2.4 Labor law provisions in connection with the spin-off for absorption (item 3)

Item 3 regulates the handling of separately agreed return options in connection with the Spin-off for absorption granted to certain employees previously employed by Telekom Austria AG and assigned to the AT Towers Business Austria partial business in the run-up to the Spin-off for absorption and thus transferred to A1 Towers Holding GmbH in the context of the Spin-off for absorption.

11.2.5 Mandatory content of the contract - spin-off for new incorporation (item 5)

Transferring and Acquiring Company (§ 2 para. 1 no. 1 Spin-off Act)

The content of Section 5.1.1 of the Spin-off Plan regarding the company name and registered office of Telekom Austria AG and EuroTeleSites AG is self-explanatory, and reference is

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therefore made to the statements made there. The Articles of Association of Telekom Austria AG shall not be changed on the occasion of the Spin-off for the New Formation and are attached to the Spin-off Plan as Annex 1. The Articles of Association of the newly established EuroTeleSites AG are attached to the Spin-off Plan as Annex 12.

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Transfer Agreement (§ 2 para. 1 no. 2 Spin-off Act)

Item 5.2 of the spin-off plan contains the declaration of Telekom Austria AG to transfer the demerged assets to the newly established EuroTeleSites AG as the acquiring company by way of universal succession.

Exchange Ratio and Details of the Granting of Shares (§ 2 para. 1 no. 3 and 5 Spin-off Act)

Point 5.3.1 of the Spin-off Plan sets the share capital of the newly established EuroTeleSites AG at EUR 166,125,000, divided into 166,125,000 no-par value shares. Furthermore, this item stipulates that the shareholders of Telekom Austria AG shall be allocated one (1) no-par value bearer share in EuroTeleSites AG for every four (4) no-par value bearer shares in Telekom Austria AG in proportion to their shareholding in Telekom Austria AG (on a pro rata basis) with effect from the registration of the Spin-off for the new formation in the commercial register.

Item 5.3.2 explains the details of the issuance of EuroTeleSites AG shares to Telekom Austria AG shareholders and Item 5.3.4 specifies how fractional shares will be dealt with. With regard to these points, point 5.14 of this Spin-off Report contains more detailed explanations.

No additional cash payments are made by the participating companies or by third parties.

No reduction of the share capital of Telekom Austria AG (§ 2 para. 1 no. 4 Spin-off Act)

Pursuant to Section 5.4 of the Spin-off Plan, the share capital of the transferring Telekom Austria AG amounting to EUR 1,449,274,500 as of the effective date of the Spin-off for the Re-establishment shall not be reduced and shall remain unchanged after the implementation of the Spin-off for the Re-establishment. Section 5.4 further states, with reference to the Spin-off Balance Sheet, that the net assets remaining with Telekom Austria AG after the implementation of the Spin-off for the Re-Foundation shall at least correspond to the amount of its share capital plus committed reserves.

Effective date of spin-off and effective date of commencement of profit sharing (§ 2 para. 1 no. 6 and no. 7 Spin-off Act)

Pursuant to Section 5.5 of the Spin-off Plan, the takeover of the Spin-off Assets of Telekom Austria AG by EuroTeleSites AG shall take place with effect as of March 31, 2023 (Spin-off Date within the meaning of Sections 2 para. 1 no. 7 of the Spin-off Act and 33 para. 6 of the Reorganisation Tax Act), both for accounting purposes and for income tax purposes. The shares in EuroTeleSites AG granted to the shareholders of Telekom Austria AG shall entitle the shareholders to the balance sheet profit as of the formation of EuroTeleSites AG.

Balance sheets (§ 2 para. 1 no. 12 Spin-off Act)

Item 5.6 of the spin-off plan states that the closing balance sheet of Telekom Austria AG as of March 31, 2023, the spin-off balance sheet of Telekom Austria AG as of April 1, 2023 and the opening balance sheet of EuroTeleSites AG as of April 1, 2023 are attached thereto in accordance with the statutory provisions.

Closing balance

Pursuant to § 2 para. 2 of the Spin-off Act, the transferring Telekom Austria AG shall prepare a closing balance sheet as of the spin-off date (March 31, 2023), to which the provisions of the Austrian Commercial Code (UGB) regarding annual financial statements and their audit shall

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apply mutatis mutandis. The closing balance sheet was audited by the auditor of Telekom Austria AG, Ernst & Young Wirtschaftsprüfungsgesellschaft mbH, and issued with an unqualified audit opinion. The closing balance sheet must be prepared as of a reporting date no more than nine months prior to the application for entry of the spin-off in the commercial register. The closing balance sheet has been prepared in accordance with the statutory provisions.

Spin-off balance

Pursuant to § 2 para. 1 no. 12 of the Spin-off Act, the transferring Telekom Austria AG shall prepare, in addition to the closing balance sheet, a spin-off balance sheet showing the remaining assets of Telekom Austria AG as of the day after the spin-off effective date (01.04.2023). The spin-off balance sheet was prepared in accordance with the statutory provisions and attached to the spin-off plan.

Opening balance

In addition, an opening balance sheet was prepared as of the day after the spin-off effective date (April 1, 2023) and attached to the spin-off plan, which contains the spin-off assets transferred to the acquiring EuroTeleSites AG. The positive fair value of the assets to be transferred to EuroTeleSites AG within the framework of the spin-off for new formation results from this opening balance sheet.

No special rights or benefits (§ 2 para. 1 no. 8 and 9 Spin-off Act)

Pursuant to sec. 2 para. 1 no. 8 Spin-off Act, the spin-off plan shall address the rights granted by the companies involved in the spin-off to individual shareholders as well as to the holders of special rights, such as non-voting shares, preference shares, multiple voting shares, profit participation bonds and profit participation rights, and, if applicable, contain the measures envisaged for these persons. Pursuant to sec 2 para 1 no 9 Spin-off Act, the spin-off plan shall contain any special benefit granted to a member of the Management Board or a supervisory body of the companies involved in the spin-off or to an auditor of the financial statements, the formation or the spin-off.

Accordingly, item 5.7 of the spin-off plan states that neither special rights or rights of individual shareholders within the meaning of § 2 para. 1 no. 8 of the Spin-off Act exist nor are granted, nor are special benefits granted to members of corporate bodies or auditors within the meaning of § 2 para. 1 no. 9 of the Spin-off Act.

Description and allocation of the assets (§ 2 para. 1 no. 10 Spin-off Act)

Item 5.8 of the Spin-off and Transfer Agreement contains the description of the Spin-off Assets required under § 2 para. 2 no. 10 of the Spin-off Act, which Telekom Austria AG transfers to the newly established EuroTeleSites AG. Accordingly, the spin-off assets exclusively comprise the shareholding held by Telekom Austria AG in A1 Towers Holding GmbH together with all associated rights and obligations (for clarification purposes, it is stated that there are no additional funding or other financing obligations of Telekom Austria AG vis-à-vis A1 Towers Holding GmbH which could be transferred to EuroTeleSites AG). Pursuant to clause 5.8.4 of the Spin-off Plan, the fair value of the Spin-off Assets is positive both at the Spin-off Record Date of the Spin-off to New Formation and at the time of the completion of the Spin-off Plan.

Standard rule for the allocation of assets (§ 2 para. 1 no. 11 Spin-off Act)

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Point 5.9 of the Spin-off Plan clarifies that all those assets which otherwise cannot be allocated to either Telekom Austria AG or EuroTeleSites AG on the basis of the Spin-off Plan (in particular its point 5.8) shall remain with Telekom Austria AG.

No cash compensation (§ 2 para. 1 no. 13 Spin-off Act)

Item 5.10 of the spin-off plan states that the spin-off for the purpose of the formation of a new company is a spin-off which preserves the legal form of the company. Therefore, there is no right of withdrawal pursuant to Sections 9 or 11 of the Spin-off Act and the determination of a cash settlement is not applicable.

11.2.6 Appointment of the first Supervisory Board of EuroTeleSites AG (Item 6)

In Section 6.1 of the Spin-off Plan, Telekom Austria AG, in its capacity as founder of EuroTeleSites AG, appoints the following persons as members of the first Supervisory Board of EuroTeleSites AG (for the period until the end of the first General Meeting of EuroTeleSites AG, which shall take place after the expiry of one year from the date of its entry in the commercial register for the purpose of adopting a resolution on the discharge):

Dr. Edith Hlawati, born 08.06.1957;

Barbara Potisk-Eibensteiner, born 09.09.1968;

Santiago Andres Dawson Lemus, born 19.12.1984;

Oscar von Hauske Solís, born 01.09.1957;

Daniel Hajj Slim, born 21.03.1994;

Dipl.Ing. Elisabeth Muhr, born 06.10.1956;

Roxana Alexandra Flores Alexanderson, born 02.10.1972;

Ana Simic, born 22.12.1977;

Dr. Elisabeth Castiglioni, born 01.10.1964; and

Ernesto Leyva Pedrosa, born 29.06.1981.

Item 6.2 of the spin-off plan states that all persons appointed as members of the Supervisory Board meet the legal requirements both in professional and personal terms, as well as the composition of the Supervisory Board and the appointment process as such.

11.2.7 Appointment of the auditor of EuroTeleSites AG (item 7)

In item 7 of the spin-off plan, Telekom Austria AG, in its capacity as founder of EuroTeleSites AG, appoints Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. (FN 267030 t) as auditors of the financial statements and consolidated financial statements of EuroTeleSites AG for the financial year 2023.

11.2.8 Tax provisions (point 8)

Point 8 states, with reference to the relevant legal provisions, that both spin-off transactions are carried out under application of the Reorganization Tax Act, that the book values of the transferred assets are continued in both spin-off transactions and that no value added tax is incurred.

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11.2.9 Recourse in the event of a claim under section 15 of the Spin-off Act (item 9)

Pursuant to § 15 para. 1 of the Spin-off Act, in addition to the company to which the liability is allocated in accordance with the spin-off plan, the other company involved in the spin-off shall be jointly and severally liable for the liabilities of the transferring Telekom Austria AG created up to the registration of the spin-off, including liabilities arising from subsequent improper performance and from subsequent reversals, up to the amount of the net assets allocated to it (value of the active assets allocated to the liable company less the value of the liabilities allocated to it). The liability consequences of the spin-off are described under item 7.1 of this spin-off report.

Item 9 of the spin-off plan contains the provisions regarding internal recourse between the companies involved in the spin-offs. According to this item, A1 Towers Holding GmbH and EuroTeleSites AG, on the one hand, shall fully indemnify and hold Telekom Austria AG harmless, on the other hand, if and to the extent that Telekom Austria AG is held liable on the basis of § 15 of the Spin-off Act for liabilities, obligations or liabilities legally or economically assigned to A1 Towers Holding GmbH in accordance with the provisions of the spin-off plan, and *vice versa*. The same applies in the event that one of the companies involved in the spin-off is called upon to provide security.

In addition, item 9.2 of the spin-off plan provides for indemnification and hold harmless by A1 Towers Holding GmbH in favor of Telekom Austria AG with respect to bank guarantees entered into by banks on behalf of Telekom Austria AG or A1 in connection with the obligation to dismantle certain radio towers. As the radio towers in question are assigned to A1 Towers Holding GmbH in accordance with the spin-off plan, the latter is also to bear the risk of the call of these bank guarantees in its internal relationship with Telekom Austria AG and is to be liable for any call of the bank guarantees and recoveries resulting therefrom. In addition, section 9.2 of the spin-off plan contains a guarantee obligation for A1 Towers Holding GmbH to ensure that the assumed bank guarantees are replaced by bank guarantees relating to A1 Towers Holding GmbH.

11.2.10 Approval by the General Meeting of Telekom Austria AG and the General Meeting of A1 Towers Holding GmbH (Item 10)

Item 10.1 of the Spin-off Plan provides that the effectiveness of the Spin-off Plan is conditional upon its approval by the General Meeting of Telekom Austria AG and the General Meeting of A1 Towers Holding GmbH.

Item 10.2 of the Spin-off Plan provides, by way of clarification, that the registration of the spin-off for new incorporation shall not take place prior to the registration of the spin-off for absorption.

11.2.11 Other provisions (item 11)

Item 11 of the Spin-off Plan contains various final provisions, including a provision according to which the costs incurred as a result of the Spin-off shall be borne by Telekom Austria Aktiengesellschaft.

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***[WITH REGARD TO ANNEXES, WE REFER TO THE SIGNED ORIGINALS IN THE GERMAN
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