Results Report 2024

Financial Statements
Telekom Austria AG

content

Management Report

of Telekom Austria AG for the period of January 1 to December 31, 2024

Business environment

Macroeconomic performance recovered slightly in 2024. Inflation rates fell steadily in the US and the eurozone. Interest rate cuts had a positive impact on the business environment and overall economic demand increased. Overall, global economic growth increased and the outlook for 2025 shows stable growth. Our markets reveal a mixed picture, however, with higher year-on-year GDP growth rates in most CEE countries while Austria recorded another year of recession.[1)]

Starting from a high level at the end of 2023, inflation rates fell over the course of 2024 in both the US and Europe. In the US, inflation fell from 3.4% in December 2023 to 2.9% in December 2024.[2)] In the eurozone, average inflation fell from 5.4% in 2023 to 2.4% in 2024.[3)]

In the year under review, the US Federal Reserve (FED) lowered its key short-term interest rate in three steps from a range of 5.25% to 5.5% to between 4.25% and 4.50%.[4)]
The European Central Bank carried out a total of four interest rate cuts in 2024, reducing the interest rates on main refinancing operations, the marginal lending facility, and the deposit facility from 4.5%, 4.75%, and 4.0% to 3.15%, 3.40%, and 3.0% respectively.[5)]

According to the World Economic Outlook published by the IMF in October 2024, the global growth outlook is stable with expected growth of 3.2% for 2024 and 2025. For the Eurozone, growth projections for 2024 were maintained at 0.8% in October compared to previous projections from April 2024 whereas for 2025 they were slightly decreased to 1.2%. The growth forecasts for the USA project growth of 2.8% for 2024 and 2.2% for 2025. Growth projections for China were slightly adjusted upwards versus previous forecasts due to high demand for semiconductors and electronics.[6)] [7)]

In the markets of A1 Group, as shown in the table below, most CEE countries are expected to experience higher GDP growth compared to the previous year. In Austria, however, another year of recession is forecasted for 2024.[8)]

1) Source: https://www.wko.at/statistik/jahrbuch/worldgdp.pdf
2) Source: https://tradingeconomics.com/united-states/inflation-cpi
3) Source: https://tradingeconomics.com/euro-area/inflation-cpi
4) Source: https://www.federalreserve.gov/economy-at-a-glance-policy-rate.htm
5) Source: https://www.ecb.europa.eu/stats/policy_and_exchange_rates/key_ecb_interest_rates/html/index.de.html
6) Source: https://www.imf.org/en/Publications/WEO/Issues/2024/04/16/world-economic-outlook-april-2024
7) Source: https://www.imf.org/en/Publications/WEO/Issues/2024/10/22/world-economic-outlook-october-2024
8) Source: https://www.wko.at/statistik/eu/europa-wirtschaftswachstum.pdf

GDP growth and inflation in the markets of A1 Group (in %)[1)]

in %	2023		2024e		2025e	
	GDP	Inflation	GDP	Inflation	GDP	Inflation
Austria	-0.8	7.7	-0.6	3.0	1.1	2.5
Bulgaria	1.8	8.6	2.3	2.8	2.5	2.6
Croatia	3.1	8.4	3.4	4.0	2.9	2.8
Belarus	3.9	5.0	3.6	6.0	2.3	6.4
Slovenia	2.1	7.4	1.5	2.0	2.6	2.7
Serbia	2.5	12.4	3.9	4.5	4.1	3.6
North Macedonia	1.0	9.4	2.2	3.3	3.6	2.3

Spin-off of the “EuroTeleSites AG” (“EuroTeleSites”) tower business in 2023

On September 22, 2023, Telekom Austria AG's former tower business was listed on the Vienna Stock Exchange as the newly founded EuroTeleSites AG. The shareholders of Telekom Austria AG agreed to the spin-off at an extraordinary general meeting held on August 1, 2023. They received one EuroTeleSites share for every four Telekom Austria shares.

The passive infrastructure of the towers that was spun off comprises components that are not directly attributable to the mobile communications network, such as foundations and metal structures, containers, air conditioning units, power supply, and other supporting systems.

A1 Group has secured long-term access to the towers by contract as the anchor tenant by entering into local master lease agreements with the local EuroTeleSites operating companies. The contract has been entered into for an indefinite period, but termination options are available. Inflation protection is provided. The rent and other price elements are adjusted annually by 85% of the annual adjustment of the consumer price index, but by no more than 3% per year. Prices for steel components for modifications that are additionally commissioned must be adjusted in accordance with the steel price index.

5G and the frequencies used with this technology require a densification of towers. The expansion in terms of area is also not yet complete, and new areas are being developed. For the construction of new towers, A1 Group has the freedom to choose any tower company. The majority of the required expansions are to be carried out through collaboration with the preferred tower company, EuroTeleSites.

In the event of significant financial difficulties or the disposal of a significant amount of infrastructure at or by a EuroTeleSites operating company in breach of contract, A1 Group has a right to repurchase the towers at country level.
More detailed information can be found in the Group Management Report 2023.

Since the spin-off took place in September of the comparative year, there are still financial impacts on the year-on-year performance. An overview can be found on page 12 with the table "A1 Group Comparison of reported vs. pro forma values".

[1)] Source: https://www.imf.org/en/Publications/WEO/Issues/2024/10/22/world-economic-outlook-october-2024, data on inflation based on average consumer prices

Financial key performance indicators

Total assets as of December 31, 2024 amounted to EUR 8,213 million (previous year: EUR 8,247 million). In 2024, long-term assets decreased to EUR 7,278 million (previous year: EUR 7,522 million), primarily due to the amortization of investments.

The increase in current assets by EUR 210 million to EUR 932 million as of December 31, 2024 is mainly due to higher receivables from the affiliated company Telekom Finanzmanagement GmbH and relates to short-term investments and to cash pooling.

Revenues increased by 12.7 % to EUR 45 million in 2024.

The operating result improved and amounts to EUR -38 million in financial year 2024 (previous year: EUR 116 million).

Income from investments decreased to EUR 287 million (previous year: EUR 420 million). This is mainly due to a lower dividend payment by A1 Telekom Austria AG and mobilkom Belarus Beteiligungsverwaltung than in 2023.

Expenses from financial assets of EUR 61 million (previous year: EUR 51 million) relate to the impairment of mobilkom Belarus Beteiligungsverwaltung. In 2024, interest expenses increased to EUR 12 million (previous year: EUR 47 million).

As a result of the factors described above, the result before income taxes increased to EUR 198 million (previous year: EUR 240 million).

The income tax benefit for 2024 was EUR 6 million (previous year: EUR 22 million), mainly due to the Group tax allocation.

Net income amounted to EUR 204 million in financial year 2024 (previous year: EUR 1,690 million).

The Management Board plans to propose a dividend of EUR 0.40 (previous year: EUR 0.36) per share to the Annual General Meeting, subject to the approval of the Supervisory Board.

The following section provides a brief explanation of the most important financial and operational key figures:

- The equity ratio according to Section 23 of the Austrian Company Reorganization Act (URG) was 89.6% as of December 31, 2024 (previous yeat: 89.7%). This ratio is calculated by dividing stockholders' equity by total assets.
- The "notional debt repayment period" according to Section 24 URG was to 3.2 years as of December 31, 2024 (previous year: 0.5 years). The "notional debt repayment period" indicates how many years it would theoretically take to repay the total debt on the basis of the result before income taxes.
- The return on equity (ratio of EBIT to stockholders' equity) was 2.5% (previous year: 3.4%). Return on assets (EBIT divided by the sum of total liabilities and stockholders' equity) was 2.3% (previous year: 3.1%).
- Net debt is the balance of interest-bearing liabilities and cash and cash equivalents. On December 31, 2024, net debt amounted to EUR 773 million (previous year: EUR 775 million).
- In addition to other operating cash flows, dividends amounting to EUR 287 million (previous year: EUR 420 million) were received from subsidiaries, dividends amounting to EUR 239 million (previous year: EUR 213 million) were distributed to owners and liabilities to banks amounting to EUR 0 million (previous year: EUR 300 million) were repaid in the reporting year.

Equity investments

In addition to Austria, A1 Group was successfully positioned in six other European countries as of December 31, 2024:

	Inhabitants [1]	GDP/capita [2]	Mobile subscribers		RGUs	
	in million	in USD	in million	market position [3]	in million	market position [3]
Austria	9.1	73,100	5.1	#1	2.7	#1
Bulgaria	6.4	38,900	3.8	#2	1.3	#2
Croatia	3.8	46,800	2.2	#2	0.7	#2
Belarus	9.2	30,800	4.9	#2	0.9	#2
Slovenia	2.1	55,700	0.7	#2	0.2	#3
Serbia	6.6	29,600	2.4	#3		
North Macedonia	1.8	26,300	1.1	#1	0.4	#2

1) Source for inhabitants as well as GDP/capita (PPP, current international USD): https://data.worldbank.org/indicator/SP.POP.TOTL, data for most recent year: 2023, figures rounded
2) Source for GDP/capita (PPP, current international USD): https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD, data for most recent year: 2023, figures rounded
3) Mobile and fixed market positions both based on service revenue market shares

In mobile communications, A1 Group served around 27.1 million subscribers at the end of 2024 (2023: 25.2 million), of which around 6.8 million were attributable to A1 Digital; in the fixed-line business, the total number of revenue-generating units (RGUs) was around 6.3 million, 1.3% more than in the previous year.

A1 Austria, the largest telecommunications provider in Austria, had 5.1 million customers (0.1%) at the end of the year. In the fixed network, the number of RGUs decreased by 4.2 % to around 2.7 million in 2024.

A1 Bulgaria EAD, the largest mobile communication provider in Bulgaria, had around 3.8 million subscribers at the end of 2024 (+1.9%). In the fixed-line business, the number of RGUs increased by 8.5% to around 1.3 million in 2024.

Unitary enterprise A1, the second-largest mobile communication provider in Belarus, served around 4.9 million subscribers (+0.7%) at the end of 2024. In the fixed-line business, the number of RGUs increased by 9.1 % to around 0.7 million in 2024.

A1 Hrvatska, d.o.o., the second-largest mobile communication provider in Croatia, had around 2.1 million subscribers at the end of 2024 (+4.1 %). In the fixed-line business, the number of RGUs increased by 0.1% to around 0.7 million in 2024.

A1 Srbija d.o.o., the third-largest mobile communication provider in Serbia, had around 2.4 million subscribers (-2.9%) at the end of 2024.

A1 Slovenija d.d., the second-largest mobile communication provider in Slovenia, served around 0.7 million subscribers (2.2%) at the end of 2024. In the fixed-line business, the number of RGUs decreased by 2.7 % to around 0.2 million in 2024.

A1 Makedonija DOOEL had around 1.1 million subscribers at the end of 2023 (+1.0 %). In the fixed-line business, the number of RGUs increased by 2.4% to around 0.4 million in 2024.

Outlook for financial year 2025

The A1 Group expects to achieve revenue growth of 2-3 % in the 2025 financial year. As in previous years, A1 Group anticipate that the majority of this growth will come from higher service revenues, both from Austria and international markets. Key growth drivers include upselling in the mobile consumer business, high demand for connectivity and ICT solutions in the business segment, and growth in the fixed-line business in international markets. In contrast, we expect declining voice revenues and lower interconnection revenues. Overall, A1 Group anticipates growth primarily in the mobile consumer business and in the Solutions & Connectivity business.

The Belarusian ruble depreciated by an average of 7% in 2024, exerting pressure on revenue and EBITDA growth, particularly in the first half of the year. The currency is expected to continue losing value against the euro in 2025.

On the cost side, we expect an increase in total workforce costs, partly due to higher restructuring charges, as well as revenue-related costs. To counteract rising costs, the A1 Group will advance efficiency projects and transformation initiatives, i.e. with the establishment of additional units in the competence delivery centers.

Management expects capital expenditures (CAPEX) excluding spectrum investments of around EUR 850 million for the 2025 financial year. The A1 Group will continue to focus on expanding its fiber and 5G networks both in Austria and internationally. Investments in the fiber roll-out in Austria will remain at a high level, although they are expected to be lower than in the previous year.

In terms of frequencies, in 2025 tenders are expected in Bulgaria (refarming of spectrum: 900 MHz, renewal of spectrum: 2100 MHz) and Serbia (5G spectrum: 700 MHz, 2.6 GHz and 3.5 GHz, renewal of spectrum: 900 MHz, 1800 MHz and 2100 MHz, expansion of spectrum: 800 MHz and 1800 MHz). This list of tenders is neither exhaustive nor does it imply specific plans for these auctions or A1 Group’s intention to participate in them.

The Management Board plans, subject to the approval of the Supervisory Board, to propose a dividend of EUR 0.40 (2023: EUR 0.36) per share to the Annual General Meeting 2025 for the financial year 2024.

Risk and opportunity management

Principles and organization

The A1 Group pursues a systematic risk management policy in which opportunities and risks are analyzed and evaluated and measures to avoid and remedy risks are implemented and continuously improved.

The A1 Group operates as a telecommunications company in Austria and six other countries, while its A1 Digital entity is also active in Germany and Switzerland. The A1 Group thus benefits from geographical diversification.

To address the relevant market-specific risks directly, local risk management falls under the responsibility of the operating units, while the holding company is responsible for central management. Company-wide risk management is carried out by Enterprise Risk Management (ERM), which is structurally independent of the business areas and is the responsibility of the Group CFO. A separate area was created in 2024 to emphasize the importance and further strengthen visibility within the company.

Enterprise Risk Management reports at least annually and also on an ad hoc basis to the Management Board, which in turn reports relevant developments to the Audit Committee of the Supervisory Board or directly to the Supervisory Board. The effectiveness of the risk management system is reviewed both internally by Internal Audit and annually by the A1 Group's auditor and reported to the Management Board and the Supervisory Board.

Methods

Strategic discussions with the Supervisory Board form the starting point for the A1 Group’s Enterprise Risk Management (ERM). In this context, the Management Board presents strategic risks, their relevance to the A1 Group, and corresponding countermeasures, among other things, in the course of the budget planning process. At the same time, planning assumptions are presented, including the strategic orientation for the coming business plan period and planned measures for realizing opportunities. The business plan reflects the expectations for business success and maps necessary costs and investments, while the risks assumed in order to achieve overarching objectives are evaluated in relation to both growth and expenditure.

Risk assessment

Based on the budget or forecast, Enterprise Risk Management identifies and analyzes risks and opportunities together with the relevant specialist departments. The risk assessment is carried out systematically, iteratively and collaboratively using the knowledge, experience and views of the parties involved. Emerging risks are also considered. These are new, long-term risks where the potential threat is difficult to assess due to the high level of uncertainty.

Once the risks and opportunities have been identified and assessed, the risks are aggregated and simulated in order to present the company's overall risk position in quantitative terms in relation to the planned budget or forecast. Key performance indicators such as EBITDA at risk and free cash flow at risk serve as crucial parameters here. Risks and opportunities are updated and reassessed at least once a year in Group Enterprise Risk Management.

Effective risk management also requires developing and implementing effective measures to identify opportunities and reduce risks. These measures include risk assessments with the specialist departments and monthly performance calls between the Group and the local company, which build on leadership meetings of the extended Management Board of the companies. Critical deviations from the targets that have been set are analyzed, as is the effectiveness of the countermeasures that are taken. Once the risks have been prioritized, the greatest risks are examined in order to plan further measures in a targeted manner. In addition to the regular management meetings and strategic discussions, the A1 Group conducts multi-year planning. The close integration of the multi-year plan with risk management ensures adequate longer-term risk management. A risk committee was also established in 2024 to make the monitoring of risks by the Management Board more effective, to establish a central unit for coordinating risks and opportunities, and thus to increase transparency.

Risks and opportunities

The risk management system is divided into the following four risk categories:

ERM risk categories

1. **Strategic Risks & Opportunities**
   - Macroeconomics, Geopolitics and Regulation
   - Market and Competitors
   - Suppliers Landscape and Supply Chain
   - New growth areas
   - Budget and business plan risks
   - Other strategic risks and opportunities
2. **ESG Risks & Opportunities**
   - Environmental (E) - Environmental risks and opportunities
   - Social (S) - Social risks and opportunities
   - Governance (G)
   - Other
3. **Financial Risks & Opportunities**
   - Treasury
   - Tax
   - Other financial risks and opportunities
4. **Operational Risks & Opportunities*[1)]**
   - Availability & Continuity
   - Technological transformation
   - Cyber Security
   - Litigation
   - Sales & Marketing
   - Property Damage
   - Other operational risks and opportunities

From the totality of risks identified for the A1 Group, the most important individual risks that could have a significant impact on the net assets, financial position, and results of operations are discussed below.

(1) Strategic risks and opportunities

Macroeconomics, geopolitics, and regulation
On the one hand, macroeconomic risks and opportunities arise from economic developments in the markets in which the A1 Group operates and their knock-on effects (for example, a sharp rise in inflation affects interest rate levels, exchange rates, and, ultimately, demand). On the other hand, conflicts in economic policy can have a direct or indirect impact (e.g. punitive tariffs, the suspension of deliveries, production bottlenecks). While macroeconomic developments are easier to forecast and assess, trade policy decisions are more difficult to predict.

In the context of the conflict in Ukraine, sanctions in Belarus have materialized in the form of counter-sanctions for the A1 Group. The A1 Group ensures compliance with sanctions as well as the sustainable provision of products and services. In the second quarter of 2024, the Belarusian government introduced temporary restrictions on the payment of dividends to foreign investors based in the European Union or other countries considered to be "unfriendly". A1 Group is affected by these restrictions. Mitigating measures are currently still being evaluated, while the situation in Belarus is closely monitored by the Group's Management Board and Enterprise Risk Management.

Due to the conflict in the Middle East that flared up in October 2023, an ad hoc risk analysis was already carried out in 2023 and continued to be evaluated in the year under review. No significant risks were identified on this basis.

The year under review saw inflation decline steadily from the high levels it had reached in previous years. A1 Group is exposed to the risk of a sustained increase in costs that cannot be offset by revenue generated from price competition. The A1 Group relies on strict cost management, raising efficiencies, and harmonizing processes, tools, and systems as mitigating measures.

In the current reporting period, regulatory risks (focused on telecommunications) are only region-specific. The charges for regulated intra-EU communications were rolled over when the Gigabit Infrastructure Act was enacted. The decline that had been assumed in the last reporting year has therefore not materialized.

Market and competition
Particularly in mobile communications, the frequency and aggressiveness of offers means that volume growth in data services does not necessarily lead to increasing revenues. While these data volumes can be handled more efficiently with new technologies, there is a risk for the A1 Group that new technologies will be marketed without a premium and that higher transmission rates and quality and lower latency will not lead to any improvement in performance or corresponding increase in revenue, either.

Supply chain and suppliers
As a company with numerous suppliers, A1 Group is exposed to supply constraints resulting from the external environment and fluctuations in demand. The A1 Group actively counteracts this risk with measures that are also set out in the Responsible Sourcing Policy. These measures include, for example, ensuring alternative procurement channels for critical goods as well as continually evaluating and reducing supplier dependencies.

As a result of the spin-off of the radio tower business, EuroTeleSites AG has become a central supplier of radio towers for the A1 Group. Based on the open-ended contracts, which include a long-term waiver of termination rights by EuroTeleSites, the use of the radio towers for the A1 Group is secured for the long term. The associated risk is therefore limited (for details, please see "Spin-off of the "EuroTeleSites AG" radio tower business").

New growth areas
One challenge in the telecommunications industry is the ever-shorter intervals at which companies have to adapt their range of offers to include new services and products. Cloud services, over-the-top services, and machine-to-machine communications are just a few examples of new business areas in which the A1 Group is tapping growth potential. However, shorter innovation cycles also involve innovation risks, such as in connection with investments. The biggest challenges are the scaling of services, different levels of maturity, and the demand in the A1 Group's markets. As part of the América Móvil Group, the A1 Group is involved in the exchange, discourse, and also implementation of innovations.

Budget and business plan risks
The business plan reflects the assessment of the planning assumptions and incorporates external effects as much as possible. As already mentioned above, risks from inflation trends continue to be monitored, but inflation has in fact steadily declined in the year under review and is forecast to stabilize.

The challenging economic trends and the increasing number of insolvencies, e.g. in Austria, were discussed in the planning process and pose a risk particularly on the revenue side.

This was discussed with the country organizations in the planning process and mapped in risk management in the macroeconomic risks category. Budgetary risks primarily relate to targets for further increasing cost, investment and human resource efficiency that have not yet been consistently backed up with actions.

Public image
Risks in connection with the company's public image arise from ordinary business activities (throughout the life cycle of the customer relationship) and from social discussions or topics raised by opinion leaders (influencers). A standard procedure in this area does not go far enough here. Flawlessly professional communication and appropriate expertise are essential prerequisites for preventing negative effects.

(2) ESG risks and opportunities

ESG risks (environmental, social, governance) represent another category of ERM. In the context of the implementation of the CSRD, a double materiality analysis (DMA) was carried out in 2024 in accordance with the requirements of the European Sustainability Reporting Standards (ESRS), in which all material topics for the A1 Group were identified and assessed based on their impacts, risks and opportunities. Consistency with the ERM framework was observed as far as possible (e.g. same valuation scales) when the DMA was conducted. However, there are also differences between the DMA and ERM, in particular the gross consideration of the risks that is required in the DMA in contrast to the net consideration in ERM. The different consideration of the time horizons (the DMA also requires a long-term view of 30 years) can also produce different results.

All topics that are crucial in the materiality assessment because of their risk and opportunity assessment are included in the ERM model. In addition to the significant opportunities and risks resulting from the DMA, the issue of labor shortages was also considered in the ERM process. The ESG risks and opportunities are described in detail in the sustainability statement. Telekom Austria AG is exempt from preparing a non-financial statement in accordance with § 243b (7) UGB, as it is included in the consolidated sustainability statement as part of the group management report of the A1 Telekom Austria Group.

Environmental (E) – environmental risks and opportunities
Environmental risks result from the key issues involving adaptation to climate change and climate protection.

Climate change can give rise to physical (e.g. floods, heat waves) and transitional risks (higher pricing of greenhouse gas emissions or costs of transitioning to lower-emission technologies) for the A1 Group. For this reason, the A1 Group conducted a climate scenario analysis in accordance with the requirements of the ESRS in 2024. Based on the specifications of the IPCC (Intergovernmental Panel on Climate Change), the scenarios RCP2.6, RCP4.5, RCP6.0 and RCP8.5 were used to investigate the physical climate risks. Risk mitigation and adaptation measures were subsequently evaluated and defined with experts (details can be found in the sustainability statement).

At the top of the physical climate risks are landslides, followed by heat stress/heat waves, as well as flooding and cold waves/frost. These climate risks primarily affect the A1 Group's mobile and fixed network infrastructure, which, however, is exposed in the short and medium term only to a minor extent. In order to reduce the long-term risk, the results of the climate risk analysis are included in the establishment of new sites. For existing sites, adaptation measures, such as heat shields, relocation or flood protection, are continuously evaluated, for example. The financial risk of damage is further mitigated by group-wide insurance. The increases in carbon pricing constitute a particular climate-related transition risk. Higher carbon taxes can lead to higher commodity and material prices. The A1 Group's mitigating measures are anchored in the Climate Transition Plan and taken into account in the budget and business plan.

In addition, volatile energy prices continue to represent both an opportunity and a risk for the A1 Group. Risks can be mitigated by reducing energy consumption, for example by modernizing equipment (e.g. radio access network [RAN]) and infrastructure, while opportunities can be increased and risks reduced by closely monitoring energy prices.

Social (S) – Social risks and opportunities
The "social" category includes risks and opportunities related to social, employee, and human rights issues. These comprise risks and opportunities such as the social impacts of Internet use or media consumption, access to information and education, or labor shortages.

Social matters
Access to information and education as well as promoting the use of digital media is seen as having a positive impact on society, as the safe and competent use of new media has now permeated all areas of life – education, work, and leisure. As a network and Internet provider, the A1 Group plays an essential role here and meets its social responsibility towards its customers by helping to teach digital skills. However, increasing digitalization not only brings benefits for society, it also poses risks such as excessive use, isolation, cyber-bullying, and cybercrime. Children, young people, and senior citizens are particularly affected by this due to a lack of experience or education. The A1 Group is therefore committed to measures such as offering training and education for vulnerable groups in order to contain or prevent such risks. The A1 Group also sees this as an opportunity to strengthen its reputation.

Human Capital and labor shortages
The category "Human capital and labor shortages" includes the opportunities arising from the key issues described in "ESRS S1 Own workforce". A1 Group currently sees no acute risk in relation to labor shortages. Rapid technological change and the looming shortage of skilled workers, particularly in areas such as IT security and data analysis, may mean that this issue will pose a risk in the long term. The A1 Group is committed to attracting qualified talent and providing existing staff with targeted training to prepare them for new technologies such as 5G, AI, and cloud solutions, as well as to bundling these skills across countries. If these measures are not put in place, there is a risk that skill gaps will emerge that could jeopardize innovation and competitiveness and lead to increased costs or revenue losses. Flexible working schemes, equal opportunities, fair salaries, and diversity, all of which are offered and put into practice in the A1 Group, are seen as an opportunity in the short and medium term to retain current employees in the A1 Group and attract new and skilled workers in the future.

Governance (G) – risks and opportunities
Governance risks and opportunities include topics such as compliance, sanctions, and data protection.

Compliance
Compliance risks comprise legal, financial, and reputation risks for the A1 Group that arise from possible violations of laws, regulations or internal policies by a manger, employee or representative of the company. As part of the annual compliance risk assessment process – a key element of the A1 Group’s compliance management system – relevant compliance risks are identified and risk-minimizing measures defined on the basis of structured management interviews and workshops. But the "tell.me" whistleblowing system that the A1 Group has established also helps to uncover internal misconduct and subsequently avert risks and damage. At the start of the year under review, the audit firm BDO confirmed in full and provided an unqualified audit opinion on the design, implementation, and effectiveness of the A1 Group Compliance Management System in the areas of anti-corruption, antitrust law, sanctions, and capital market compliance in accordance with the German generally accepted standards for the audit of compliance management systems, IDW PS 980.

Sanctions
One risk associated with sanctions is non-compliance. This can result in financial penalties, jeopardize contracts with suppliers, customers, and banks, and lead to reputational damage. The process that has been established in the A1 Group for reviewing and reliably implementing sanctions ensures compliance and thus minimizes the likelihood of this risk occurring.

Data protection
The A1 Group’s products and services are subject to data protection and data security risks. These primarily relate to the unlawful processing of data or the loss of sensitive data. Possible violations of the EU General Data Protection Regulation (GDPR), which has been in force since May 2018, can result in significant legal and financial risks and weaken the trust of stakeholders in the A1 Group and its public reputation. Continuous investment in data protection and security measures helps to keep risks as low as possible. In addition to the implementation of guidelines that ensure compliance with legal requirements, certifications and regular training programs and courses are carried out in the area of data protection, for example. Work is also being conducted to achieve the targets set out in the data protection maturity model. All A1 Group companies are committed to complying with the highest data protection and data security standards. The effectiveness of the data protection measures within the A1 Group is demonstrated, among other things, by the official review of the telecommunications sector conducted by the Austrian Data Protection Authority in 2024, which was completed without giving rise to any objections.

(3) Financial risks and opportunities

The A1 Group is exposed to liquidity, credit, foreign exchange, and interest rate risks. These risks are discussed in more detail in note 33 "Financial Instruments" of the notes to the consolidated financial statements. Tax risks are also included in the risk assessment.

Liquidity risks
Because of the business model, this risk is increased only in periods of intensive investment (e.g. spectrum acquisition), but is mitigated by precise planning, cash pooling, available credit lines, and the possibility of intercompany financing.

Credit risks
A1 Group holds cash with various financial institutions. A1 Group uses external credit ratings. If no external rating is available, an internal rating is performed on the basis of capital resources of the contractual partners. In principle, financial investments are entered into only with counterparties holding investment grade ratings. Due to the current political and economic challenges in Belarus, the choice of international credit institutions with an investment grade rating is limited. Thus A1 Group holds cash and cash equivalents and financial investments with local credit institutions in Belarus (see Notes (9) and (19)) in the Consolidated Financials Statements), which do not have investment grade ratings at the moment.
There was no exposure to a significant credit risk identified for financial investments and cash and cash equivalents.

As in previous years, a major focus in the year under review was invoice and receivables management. Due to the expected increase in insolvencies and personal bankruptcies as well as the challenging macroeconomic trends, outstanding invoices will continue to be monitored with increased vigilance. If customers change their payment behavior, the A1 Group anticipates their liquidity so that effective and efficient countermeasures can be taken if necessary.

Exchange rate risks
The A1 Group is exposed to exchange rate risks in Belarus, Serbia, and North Macedonia. The A1 Group takes appropriate countermeasures depending on the volume and fluctuation margins of the foreign currency risks. Mitigation measures include entering into contracts in local currency, for example.

A risk arises from the temporary restrictions on dividend payments to foreign investors in Belarus described above in the macroeconomic risks. Mitigating measures are currently still being evaluated, while the situation in Belarus is closely monitored by the Group's Management Board and Enterprise Risk Management.

Interest rate risk
The risks are still considered to be low amidst of the spin-off of the tower business in September 2023 and the liabilities transferred in this context. The positive development of A1 Group's credit rating – an "A-"- rating from all three rating agencies – reflects this favorable situation.

Tax risks
In order to identify tax risks and take any necessary action, the Group tax department conducts a quarterly internal tax review with all national companies. The report to the Group Tax Department on the external review carried out in the fourth quarter states that there are no material issues relating to tax risks in 2024.

Other financial risks
The A1 Group has implemented a tight network of SOX controls (US Sarbanes-Oxley Act) and results analyses to prevent risks in the financial reporting. In addition, monthly senior management meetings and, separately, a meeting between the chief financial officers and the Group CFO are held to discuss results, which thus minimize the risk of material misreporting.

(4) Operational risks and opportunities

This category covers the following areas of focus:

Availability and continuity
Ensuring the continuity of and access to the telecommunications and services offered is a central focus of operational risk management. Various threats such as natural disasters, technical disruptions, third-party influences from construction activity, hidden defects or criminal acts can impair the availability of networks and services and even lead to an interruption of the business. The A1 Group mitigates this through long-term planning that takes technical developments into account. The redundant design of critical components ensures a high level of systems stability and resilience. Efficient organizational structures for operations and security serve to safeguard high-quality standards. The resilience demonstrated during the floods in 2024 shows how effective the measures are. A Group policy also ensures a uniform methodology for identifying and managing key risks. The ongoing identification and assessment of risks culminates in a decision as to whether measures are taken to minimize the risk or whether the potential risk is tolerated by the A1 Group. In the event of any major disruption, the causes are clarified and how to prevent a recurrence is determined. A centralized approach to insurance against physical damage minimizes any financial impact. The results of the Climate Risk Analysis 2024 show that the A1 Group's mobile and fixed network infrastructure is exposed to climate risks in the short and medium term only to a minor extent. Long-term adaptation measures such as heat shields, the relocation of sites or flood protection are continually evaluated. The financial risk is mitigated by group-wide insurance.

IT changes and digital transformation
In the area of BSS (Business Support Systems) and OSS (Operations Support Systems), modernization and complexity reduction are proving to be a long-term task. The renewal of infrastructure and software enables sustainable risk reduction. The integration of platforms reduces complexity and is intended to ensure openness for new services and partners. Associated risks are analyzed in terms of IT security, flexibility in service delivery, and the associated medium-term costs.

Cyber security
The A1 Group places particular emphasis on implementing information security standards. A number of internal guidelines and processes are in place for this purpose. In critical situations, these are controlled via specific responsibilities, implemented and monitored to ensure they are effective. A special focus is placed on risk prevention in the area of critical and important network elements as well as in BSS and OSS. The A1 Group follows the international IT standards for security techniques (ISO 27001) and has established uniform, state-of-the-art information security standards and guidelines.

Essential elements in the management of cyber risks include continuous checks and software updates of the infrastructure to be protected as well as training courses for employees. The A1 Telekom Austria Security Committee is made up of highly qualified security experts from all countries of the A1 Group and regularly exchanges information on current local, regional, and global cyber risks and cyber-attacks. This working group also provides information on and coordinates cross-country protective measures in acute cases of need.

Unlike in the description in the sustainability statement under SBM-3, information security is not seen as an opportunity in Enterprise Risk Management, as the positive development of this business area is already reflected in the budget and business plan.

Litigation
A1 Group companies are parties to several court and out-of-court proceedings with authorities, competitors, and other parties. Dialog with the stakeholders involved and an ongoing exchange of information on issues that could pose a risk to the company enable problems to be identified at an early stage and countermeasures to be developed.

Monitoring legal risks makes it easier to assess potential payments in connection with legal proceedings. This position is updated every quarter and is based on the ongoing assessment of the success in the proceedings.

There were no significant new developments in the lawsuits instituted by the Bundesarbeitskammer (Austrian Federal Chamber of Labour) that were received in January 2024. The Bundesarbeitskammer is demanding that service fees no longer be charged in the future and that payments that have already been collected be refunded. The Bundesarbeitskammer has initiated two class action lawsuits as test cases against A1 Austria, specifically concerning the separate A1 and bob brands. The proceedings for the bob brand were suspended in November 2024. As before, the A1 Group remains confident it will be able to convince the courts that the service fee is legal, especially as the Supreme Court recently ruled that service fees can also be permitted for ticket providers. The telecommunications regulatory authority has regularly reviewed and accepted the regulations governing the service fee since 2011. Moreover, there are special legal provisions in the telecommunications industry, also based on European law, that allow different fees to be charged. No provisions for these lawsuits were therefore recognized as of December 31, 2024. Should the Supreme Court accept all claims of the Bundesarbeitskammer, which the company does not expect, a significant impact on the results would occur. To avoid any risk, service fees have no longer been agreed with customers since February 2024.

Additionally, the Association for Consumer Information (VKI) filed a lawsuit on July 4, 2024, against the indexation clause used by A1 Austria, arguing that the use of the previous year's index prior to the contract conclusion is impermissible. The VKI demands that A1 Austria no longer uses this clause and does not rely on it. The case is pending in the first instance, and there is no verdict yet. In 2012, the VKI already challenged a nearly identical clause with the argument that an index increase triggers an extraordinary right of termination for consumers. Following a preliminary ruling procedure at the ECJ, the Austrian Supreme Court (OGH) decided (8 Ob 132/15t) that the clause is not objectionable materially. Similar decisions were made in favor of two market competitors. A1 Austria assumes that this is a resolved legal matter and that the lawsuit should be dismissed. A1 Austria also believes that there are good material reasons for the admissibility of the annual index. Therefore, no provisions were made for this lawsuit as of December 31, 2024. Should the OGH unexpectedly side with the VKI, a significant impact on results could occur.

Material damage
Damage to infrastructure can have various causes and result in business interruptions and/or financial losses. The risk of financial losses is largely covered by insurance.

Emerging Risks

Every company is faced with a number of uncertain situations where an emerging risk can potentially have an impact on operations. In the case of new or foreseeable long-term risks ("emerging risks"), there is generally not enough information available to assess the probability and speed of occurrence and the impact of the risk. As a result, the A1 Group may not be able to establish a complete risk mitigation plan until a better understanding of the threat is available. The A1 Group identifies emerging risk trends by referring to an analysis of the external environment and internal sources. Risks are assessed over different time periods to ensure an appropriate focus on these emerging risks. The A1 Group considers risks associated with the use of artificial intelligence and the EU Supply Chain Directive to be among the significant emerging risks.

Artificial Intelligence
The use of artificial intelligence or machine learning is not only bringing considerable opportunities, but also entails risks in connection with guidelines and regulations. Existing regulations in the areas of data protection, intellectual property protection, and cyber security are butting up against new regulations that are being created for artificial intelligence. In harmonizing these regulations, there is a risk that investments that have been made may not yet meet all future requirements; conversely, delayed adjustment would mean a competitive disadvantage. In both cases, the risk would be reflected in a possible decline in cash flows, whether as a result of higher investments or as a result of delays in exploiting opportunities. In terms of risk mitigation, the A1 Group pursues a path of continuous improvement in areas such as data protection and security and integrates ethical principles in developments in order to anticipate compliance with future regulations.

EU Supply Chain Directive
After the Corporate Sustainability Due Diligence Directive (Supply Chain Directive, CSDDD) entered into force in 2024, EU member states now have until 2026 to implement the directive in national law. Because the member states enjoy room for maneuver, it is not certain whether the activities already in place will be sufficient or whether further measures will be necessary. Failure to comply with the legislation could result in fines or damage to the company's image, which could have a negative impact on its attractiveness as a supplier and on customer loyalty. The measures taken by the A1 Group to mitigate the risks range from the continuation of the suppliers' self-declaration of compliance, through the determination of maturity and improvement measures for emissions, and all the way to external audits at the suppliers' locations through the A1 Group's membership of the Joint Alliance for CSR (JAC), participation in corresponding external ratings, and the creation of transparency at level three of the supply chain. All of the measures in place can be found in the A1 Sustainable Sourcing Policy. Together with the suppliers of A1 Group, the company regards the annual development of the activities as an essential contribution to improving relevant areas of resource-efficient and energy-saving production, human rights-compliant working conditions, and responsible business conduct sustainably over the long term. As soon as the exact details of the national legislation are known, further measures will be implemented to close any gaps.

Internal control system for financial reporting

Telekom Austria Aktiengesellschaft has an internal control system (ICS) for financial reporting in accordance with the applicable legal requirements. The ICS is designed to provide reasonable assurance regarding the reliability and accuracy of external financial reporting in accordance with international and national standards. Regular internal reporting to management as well as audits of the ICS by Internal Audit also ensure that weaknesses are identified in good time and communicated and remedied accordingly. The most important content and principles apply to all companies of A1 Group. The effectiveness of the ICS system is analyzed and evaluated at periodic intervals. At the end of each year, an evaluation of the ICS is carried out by management for relevant Group companies with the involvement of the responsible specialist departments. Based on the findings of this assessment and the defined criteria, management has assessed the internal control system over financial reporting as effective as of December 31, 2024. The listing of the (indirect) majority owner América Móvil on the New York Stock Exchange (NYSE) requires compliance with the Sarbanes-Oxley Act (SOX). The internal control system includes the relevant requirements of this U.S. law.

Other disclosures

Disclosure pursuant to Section 243a of the Austrian Commercial Code (UGB): Shareholder structure and capital disclosures

As at the end of 2024, 60.6% or 402,661,546 shares of Telekom Austria Aktiengesellschaft are held by América Móvil B.V., Netherlands ("América Móvil BV"), a wholly owned subsidiary of América Móvil, S.A.B. de C.V. ("América Móvil"). The Republic of Austria holds 28.4% of the shares through Österreichische Beteiligungs ("ÖBAG"), the remaining 11.0% is in free float. This includes 415,159 treasury shares and 455,528 employee shares that are held in a collective custody account.

The total number of no-par value shares remains unchanged at 664,500,000. The following information concerning the shareholders' agreement is based solely on publicly available information. No further information is available to the company.

The shareholders' agreement between ÖBAG and América Móvil came into force on June 27, 2014. Under the terms of the shareholders' agreement, the parties have undertaken to jointly pursue a long-term policy with regard to the management of Telekom Austria Aktiengesellschaft by exercising their voting rights on a concerted basis. On February 6, 2023, América Móvil and ÖBAG agreed to extend their shareholders' agreement for a further ten years, whereby the shareholders' agreement came into effect immediately.

The two syndicate partners agreed on an investment package worth a total volume of EUR 1 bn. The investment package is intended to guarantee the accelerated expansion of high-speed Internet in Austria, which has been underway since 2022, and in particular the expansion of fiber networks.

The extended shareholders' agreement also includes the continuation of the "Austria package". This in particular secures the company's headquarters in Vienna and its listing on the Vienna Stock Exchange. ÖBAG and América Móvil have agreed that at least 10% of the company's shares should continue to be held in free float. The shareholders' agreement also contains provisions on the joint exercise of voting rights in the committees of the company when electing Supervisory Board and Management Board members and restrictions on the sale of shares.

The Supervisory Board of the company consists of ten shareholder representatives, eight of which, including the Deputy Chairperson, will continue to be nominated by América Móvil and two of which, including the Chairperson, will continue to be nominated by ÖBAG. The Management Board consists of two members; the right to nominate the Chief Executive Officer lies with América Móvil. ÖBAG nominates the Deputy Chief Executive Officer.

The Extraordinary General Meeting on August 14, 2014, also amended the Articles of Association to state that, as long as the Republic of Austria directly or indirectly holds at least 25% plus one share of the company's share capital, resolutions on capital increases and the issue of instruments containing a conversion right or a conversion obligation for shares of the company and amendments to the provisions of the Articles of Association relating to these capital increases and instruments require a majority of at least three quarters of the share capital represented at the vote on the resolution in question.

As long as ÖBAG holds 25% plus one share or more of the share capital of Telekom Austria Aktiengesellschaft, it shall have the following co-determination rights in accordance with the voting rights agreement: rights to veto capital increases of Telekom Austria Aktiengesellschaft and its subsidiaries, the issue of certain convertible instruments, the appointment of the auditor of the financial statements, the conclusion of related party transactions, the relocation of the company's registered office and material business functions, including research and development, the disposal of the company's core business, and changes to the name of Telekom Austria Aktiengesellschaft and its brands, among other things.

ÖBAG shall additionally be granted the blocking minority rights accruing by law to a minority shareholder with an equity interest of 25% plus one share. ÖBAG's veto rights in connection with capital increases and the issue of certain convertible instruments are also set out in the Articles of Association of the company. Even if its equity interest falls below 20% but remains at least 10%, ÖBAG shall continue to be entitled to certain veto rights. The voting rights agreement expires automatically if the equity interest held by one of the parties falls below10%.

Vienna, February 10, 2025

The Management Board of Telekom Austria AG

Alejandro Plater m.p. Chief Executive Officer	Thomas Arnoldner m.p. Deputy Chief Executive Officer

Financial Statements 2024

Telekom Austria AG

Financial Statements according to the Austrian Commercial Code – UGB

Statement of Financial Position as of December, 31 2024
Annex I/1: Assets

				31.12.2024 EUR	31.12.2023 TEUR
A.	**Long-term assets**				
	I.	Financial assets			
		1.	Investments in affiliated companies	7,277,327,232.64	7,520,427
		2.	Other investments	1,057,097.41	1,057
		3.	Other loans granted	0.00	100
				7,278,384,330.05	**7,521,584**
B.	**Current assets**				
	I.	Stocks			
		1.	Work in progress	2,599,906.24	1,337
	II.	Receivables			
		1.	Accounts receivable – trade	8,795.37	9
			thereof with a remaining maturity of > 1 year: EUR 0.00		
			Previous year: TEUR 0		
		2.	Receivables – affiliated companies	929,040,138.40	720,498
			thereof with a remaining maturity of > 1 year: EUR 0.00		
			Previous year: TEUR 0		
		3.	Other accounts receivable	128,437.69	144
			thereof with a remaining maturity of > 1 year: EUR 0.00		
			Previous year: TEUR 0		
				929,177,371.46	**720,650**
	III.	Cash and cash equivalents		702.59	1
				931,777,980.29	**721,989**
C.	**Prepaid expenses**			**2,360,277.95**	**2,490**
D.	**Deferred tax assets**			**860,869.05**	**1,016**
				8,213,383,457.34	**8,247,080**

Annex I/2:
Liabilities and Stockholders' Equity

			31.12.2024 EUR	31.12.2023 TEUR
A.	**Stockholders' equity**			
	I.	**Common stock issued**		
		Common stock	1,449,274,500.00	1,449,275
		less Treasury shares	-905,461.78	-905
			1,448,369,038.22	**1,448,369**
	II.	**Additional paid-in capital**		
		1. Appropriated	1,582,004,573.67	1,582,005
		2. Appropriated for treasury shares	905,461.78	905
			1,582,910,035.45	**1,582,910**
	III.	**Retained earnings**		
		1. Other reserves (unrestricted reserves)	3,701,366,027.55	3,716,719
	IV.	**Net income**	**626,572,000.00**	**645,881**
		thereof carried forward: EUR 406,810,457.24		
		Previous year: TEUR 422,078		
			7,359,217,101.22	**7,393,879**
B.	**Provisions**			
		1. Provisions for severance obligations	6,071,189.82	6,488
		2. Tax provisions	58,680,438.93	56,590
		3. Other provisions	10,748,075.01	12,843
			75,499,703.76	**75,921**
C.	**Liabilities**			
		1. Accounts payable – trade	1,706,090.98	3,383
		thereof with a remaining maturity of < 1 year: EUR 1,706,090.98		
		Previous year: TEUR 3,383		
		thereof with a remaining maturity of > 1 year: EUR 0.00		
		Previous year: TEUR 0		
		2. Liabilities due to affiliated companies	774,888,681.76	772,374
		thereof with a remaining maturity of < 1 year: EUR 24,888,681.76		
		Previous year: TEUR 22,374		
		thereof with a remaining maturity of > 1 year: EUR 750,000,000.00		
		Previous year: TEUR 750,000		
		3. Other liabilities	2,071,879.62	1,522
		thereof with a remaining maturity of < 1 year: EUR 2,071,879.62		
		Previous year: TEUR 1,522		
		thereof with a remaining maturity of > 1 year: EUR 0.00		
		Previous year: TEUR 0		
		thereof from taxes:	0.00	0
		thereof with a remaining maturity of < 1 year: EUR 0.00		
		Previous year: TEUR 0		
		thereof with a remaining maturity of > 1 year: EUR 0.00		
		Previous year: TEUR 0		
		thereof to social security:	747,722.04	735
		thereof with a remaining maturity of < 1 year: EUR 747,722.04		
		Previous year: TEUR 735		
		thereof with a remaining maturity of > 1 year: EUR 0.00		
		Previous year: TEUR 0		
			778,666,652.36	**777,279**
		thereof with a remaining maturity of < 1 year: EUR 28,666,652.36		
		Previous year: TEUR 27,279		
		thereof with a remaining maturity of > 1 year: EUR 750,000,000.00		
		Previous year: TEUR 750,000		
			8,213,383,457.34	**8,247,080**

Annex II:
Statement of Profit or Loss for the Year 2024

			2024		2023	
			EUR	EUR	TEUR	TEUR
1.	Revenues			45,178,161.41		40,078
2.	Other operating income					
	a)	Income from the reversal of accruals	104.44		1,270	
	b)	Other	443,722.27	443,826.71	510	1,780
3.	Personnel expenses					
	a)	Salaries	-39,665,978.01		-42,280	
	b)	Social security contributions	-10,979,764.15		-10,318	
		thereof pension expense: EUR 968,078.03				
		Previous year: TEUR 946				
	aa)	Expenses for severance payments and payments to				
		staff contribution plans: EUR 1,850,488.24				
		Previous year: TEUR 1,252				
	bb)	Expenses for statutory social security and payroll				
		related taxes and contributions: EUR 8,048,873.82				
		Previous year: TEUR 8,017				
				-50,645,742.16		-52,598
4.	Depreciation and amortization			0.00		-56,594
5.	Other operating expenses			-32,936,468.55		-48,916
	thereof from taxes: EUR -103,733.28					
	Previous year: TEUR -104					
6.	**Subtotal from line 1 to 5 (operating result)**			**-37,960,222.59**		**-116,249**
7.	Income from investments			286,617,675.42		420,177
	thereof from affiliated companies: EUR 286,171,775.42					
	Previous year: TEUR 419,787					
8.	Other interest income			22,526,057.38		34,360
	thereof from affiliated companies: EUR 22,526,057.38					
	Previous year: TEUR 34,358					
9.	Expenses for financial assets			-61,100,000.00		-50,900
	thereof: a) impairment losses: EUR -61,100,000.00					
	Previous year: TEUR -50,900					
	thereof: b) expenses from affiliated companies: EUR -61,100,000.00					
	Previous year: TEUR -50,900					
10.	Interest and similar expenses			-11,625,389.41		-47,199
	thereof from affiliated companies: EUR -11,625,350.62					
	Previous year: TEUR -38,933					
11.	**Subtotal from line 7 to 10 (financial result)**			**236,418,343.39**		**356,438**
12.	**Result before income taxes (Subtotal from line 6 and line 11)**			**198,458,120.80**		**240,188**
13.	Income taxes			5,950,077.35		21,647
	thereof deferred taxes: EUR -155,493.81					
	Previous year: TEUR 3,491					
	thereof additional charges to group parent: EUR 65,399,220.51					
	Previous year: TEUR 93,707					
14.	Additions from reorganization			0.00		1,427,849
15.	**Earnings after income taxes**			**204,408,198.15**		**1,689,685**
16.	Reduction in net assets due to spin-off			0.00		-819,975
17.	Release to retained earnings			15,353,344.61		0
18.	Transfer from net income to other reserves			0.00		-645,907
19.	Profit carried forward from prior year			406,810,457.24		422,078
20.	**Retained Profit**			**626,572,000.00**		**645,881**

Annex III:

Notes to the Financial Statements for the Year 2024

1. The Company

Telekom Austria Aktiengesellschaft ("Telekom Austria AG") is headquartered in Austria at Lassallestrasse 9, 1020 Vienna and is a registered stock corporation within the meaning of the Austrian Stock Corporation Act („AktG"). It is a company of public interest in accordance with Section 189a of the Austrian Commercial Code ("UGB"). Therefore, it is a large corporation in accordance with Section 221 UGB and a parent company required to prepare consolidated financial statements in accordance with Section 244 UGB. The consolidated financial statements and the group management report of Telekom Austria AG are filed with the commercial register at the Commercial Court in Vienna. For the non-financial report, see the consolidated non-financial report in the group management report that includes the Company as well as the exemption in accordance with Section 243b (7) of the Austrian Commercial Code (UGB).

Telekom Austria AG is part of the group held by América Móvil, S.A.B. de C.V., Mexico City („América Móvil"), and is a related party to its subsidiaries. Since July 1, 2014, Telekom Austria AG is fully consolidated in América Móvil's consolidated financial statements, which are the largest group of companies for which group financial statements are prepared. América Móvil Group is listed on the Mexican Stock Exchange and on the New York Stock Exchange. Consolidated financial statements of América Móvil are filed with the SEC (U.S. Securities and Exchange Commission) in Washington, D.C.

All business transactions with related parties are continually monitored and documented to ensure that pricing is at arm's length.

Reorganization related to the sidestream spin-off of Towers Holding GmbH by way of a spin-off by formation thereby creating EuroTeleSites AG in 2023

With the spin-off and takeover contract of June 12, 2023, the business unit "AT Towers" holding the passive mobile radio infrastructure and the towers including all the relevant assets and legal relationships of A1 Telekom Austria AG was spun off into Telekom Austria AG (Section 17 of the Demerger Act (SpaltG)) retroactively as of December 31, 2022, thereby making use of the benefits of Article VI of the Reorganization Tax Act and without granting shares pursuant to Section 1 (2) no. 2 of the Demerger Act. This transaction was registered in the Company Register on July 4, 2023. The assets and liabilities transferred were recognized in Telekom Austria AG at the fair value pursuant to Section 202 (1) of the Austrian Commercial Code (UGB). The addition was reported in the Statement of Profit or Loss in the line item "Additions from reorganization".

On August 1, 2023, the Extraordinary General Meeting of Telekom Austria AG approved the following two transfer steps of the reorganization plan according to the takeover contract of June 28, 2023.

The downstream spin-off of the business unit "Towers AT" and the 100% investments in Towers Bulgaria Holding GmbH, Vienna, in A1 Towers Croatia Holding GmbH, Vienna, in A1 Towers Macedonia Holding GmbH, Vienna, in A1 Towers Slovenia Holding GmbH, Vienna, and in A1 Towers Serbia Holding GmbH, Vienna, as well as spin-off of debt in the amount of TEUR 1,031,000 (plus related interest liabilities) and a cash pooling receivable of TEUR 27,500 from Telekom Austria AG into its 100% subsidiary A1 Towers Holding GmbH, was carried out retroactively as of March 30, 2023.

The sidestream spin-off of the investment in A1 Towers Holding GmbH held by Telekom Austria AG by way of a spin-off by formation thereby creating ETS AG, was carried out retroactively as of March 31, 2023 and entered into the commercial register on September 22, 2023.

For further details, see the Notes to the Financial Statements for the year 2023.

Due to the reorganization carried out in 2023, amounts can only be compared to the previous period to a limited extent, especially in the Statement of Profit or Loss.

2. Accounting Principles

2.1. General Principles

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

The financial statements were prepared by adhering to the principle of completeness. The reporting date is December 31.

The principles of individual measurement and going concern were complied with in measuring assets and liabilities.

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

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

2.2. Long-term Assets

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

Fair values are determined on the basis of the discounted cash flow method. Significant assumptions of the calculation are made for the development of revenues, cost drivers, working capital changes, capital expenditure for maintenance and replacement of assets, growth rate and discount rate. The applied discount rates before taxes range between 5.6 % and 38.1 % (previous year: 5.6 % and 34.7 %). These rates are based on market data for each cash-generating unit, taking into account risks related to the cash-generating unit. The growth rates applied for the perpetual annuity range between 1.4% and 5.3 % (previous year: 1.9 % and 5.0 %) and are based on the general growth rate, the Company's historical revenue growth and detailed plans. Cash-Flow estimates are based on a five-year business plan.

2.3. Current Assets

Receivables are measured at their nominal value unless the lower realizable net value is recognized in the event of identifiable individual risks. Specific valuation allowances are recognized to account for risks of default. Receivables denominated in foreign currencies are measured at the euro reference rate of the European Central Bank at the date of recognition or at the lower rate of the euro reference rate of the European Central Bank at the reporting date. Work in progress is measured at cost.

2.4. Provisions

Provisions for severance obligations are recognized for legal and contractual obligations to members of the Management Board and for employees, whose employment with Telekom Austria AG started before January 1, 2003. The calculation is based on the principles of actuarial mathematics using the projected unit credit method according to the basis of actuarial calculation of retirement insurance for employees issued by the Austrian Actuarial Association (Tafelwerk AVÖ 2018 P Angestellte – Rechnungsgrundlagen für die Pensionsversicherung – Pagler & Pagler) applying the following parameters:

	2024	2023
Discount rate	3.50%	3.25%
Rate of compensation increase – employees	2.90%	3.50%
Employee turnover rate depending on years of service	0%-1,74%	0%-1,93%
Duration in years	7.91	8.60

The discount rates are determined on the basis of the yields of senior, fixed-interest corporate bonds. The retirement age is calculated in compliance with the retirement age according to the Austrian Ancilliary Budget Act (Budgetbegleitgesetz) 2011, using 62 years for female and male employees considering the transitional provisions. The service cost for severance related to retirement is distributed over the period from the entry into service until the earliest date of the calculated pension age and the 25th year of service.

Owing to the current economic situation, expected future increases in salaries are included when determining the compensation increases to be applied. Based on the high level of inflation in recent years, higher compensation increases are expected in the short term, which will in the long term develop into average amounts of the past. Due to the different durations of the provisions, the rates of compensation increase were determined individually for each provision.

As in the previous year, no long-term tax provisions were recognized.

Other provisions are recognized at the estimated amount of the obligation and take into account identifiable risks as well as uncertain amounts of liabilities incurred. As in the previous year, no long-term provisions were recorded except for the LTI Program (see 5.2).

Provisions for service awards are included in other provisions and are measured in the same way as the provision for severance obligations, calculated with the following parameters:

	2024	2023
Discount rate	2.75%	3.25%
Rate of compensation increase – employees	3.80%	5.40%
Rate of compensation increase – civil servants	4.40%	6.00%
Duration in years	8.40	5.18

2.5. Liabilities

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

3. Notes to the Statement of Financial Position

3.1. Long-term Assets

The development of the fixed asset items is shown in the asset table (Appendix 1). The detail of investments in affiliated companies is shown in the investment table (Appendix 2).

Telekom Austria AG concluded a profit and loss exclusion agreement with its wholly owned subsidiary Telekom Finanzmanagement GmbH, which took effect on January 1, 2018. It can be terminated in writing by either party with effect from the end of a business year, subject to six months' notice.

At the reporting date, loans to employees amount to TEUR 0 (previous year: TEUR 100). The related interest was recognized in personnel expenses. Loans with a remaining term of up to one year amount to TEUR 0 (previous year: TEUR 0).

3.2. Work in Progress

Due to an internal project concerning the whole A1 Group work in progress includes services not yet invoiced in the amount of TEUR 2.600 (previous year: TEUR 1.337).

3.3. Receivables

Receivables due from related parties comprise:

in TEUR, at December 31	2024	2023
Accounts receivable – trade	15,956	6,888
Financing receivables	831,550	608,981
Tax group receivables	81,534	104,620
Other assets	0	8
Receivables – affiliated companies	**929,040**	**720,498**

Financing receivables include mainly short-term fixed deposits with Telekom Finanzmanagement GmbH of TEUR 650,000 (previous year: TEUR 500,000) and cash-pooling receivables of TEUR 163,247 (previous year: TEUR 88,686).

As in the previous year, other receivables do not include any material earnings for which payment will be received after the reporting date.

3.4. Prepaid Expenses

Prepaid expenses mainly comprise discounts for intra-company loans granted resulting from the issuance of bonds by Telekom Finanzmanagement GmbH (TFG).

3.5. Deferred Tax Assets

in TEUR, at December 31	2024	2023
Deferred tax asset Telekom Austria AG	861	1,016

According to Section 198 (9) of the Austrian Commercial Code (UGB) large corporations are obliged to recognize a deferred tax asset if differences between the carrying amount and its tax base arise. The most important differences causing a deferred tax asset are costs for the procurement of funds as well as employee benefit obligations.

At December 31, 2022, the calculation of deferred taxes was already based on the future tax rate of 23%, applicable starting 2024, as the material temporary differences will be reversed only as of 2024. The reversal effects in 2023, when the applicable rate was 24%, were immaterial.

3.6. Share Capital

The share capital of Telekom Austria AG amounts to TEUR 1,449,275 and is divided into 664,500,000 bearer shares. The shares have no par value. ÖBAG holds 28.4 % (previous year: 28.4 %), América Móvil holds 60.6 % (previous year: 58.5 %) and 11.0 % (previous year: 13.1 %) of the shares are attributable to the free float and the remaining 0.06% are held as treasury shares. Treasury shares amount to TEUR 905 of the share capital, equal to 415,159 shares and were acquired in September 2007.

At the Annual General Meeting of Telekom Austria AG held on May 29, 2013, the Management Board was empowered to:

(a) use these treasury shares to settle obligations under the share-based compensation plans disclosed in 5.2 and/or to transfer them for or without a consideration to employees, leading managers and members of the Management Board/management of Telekom Austria AG and of its affiliated companies;
(b) use them as consideration for acquisitions, or
(c) sell treasury shares at any time via the stock exchange or by public offer.

3.7. Distribution of Dividend

The unappropriated retained earnings of Telekom Austria AG according to Austrian GAAP are not subject to dividend limitations as the restrictions of Section 235 of the Austrian Commercial Code (UGB) do not apply (with the exception of the dividend limitation of Section 235 (2) in the amount of the deferred tax of TEUR 861). The Management Board plans to propose to the shareholders at the Annual General Meeting to distribute a dividend of euro EUR 0.40 per share (previous year: euro EUR 0.36) from unappropriated retained earnings.

3.8. Provisions

Other provisions include provisions for:

in TEUR, at December 31	2024	2023
Personnel	7,581	9,342
Long Term Incentive Program (LTI)	2,538	3,058
Other	629	444
Other provisions	**10,748**	**12,843**

3.9. Liabilities

In the reporting period as well as in the previous year no liabilities with a maturity of more than 5 years are recognized in neither accounts payable - trade nor in other liabilities.

Liabilities due to affiliated companies comprise:

in TEUR, at December 31	2024	2023
Accounts payable - trade	6,629	2,311
Financial liabilities	766,875	768,334
Other liabilities	1,385	1,729
Liabilities due to affiliated companies	**774,889**	**772,374**

In the both the current and the previous reporting period the financial liabilities do not include liabilities due to affiliated companies with a maturity of more than 5 years.

As in the previous year, other liabilities do not include any material expenses for which payment is made after the reporting date.

3.10. Contingent Liabilities

Guarantees related to issued bonds and liabilities to banks

Telekom Austria AG gave an unconditional and irrevocable guarantee in connection with the following bonds issued by TFG:

		2024	2023
Interest rate	Maturiy	Face value in TEUR	
1.500%	2026	750,000	750,000
Guarantees related to issued bonds		**750,000**	**750,000**

Furthermore, Telekom Austria AG is liable for the following liabilities to banks recognized by TFG:

in TEUR, at December 31	2024	2023
Liabilities to banks	0	60,014

Guarantees for other funding sources

Furthermore, Telekom Austria AG issued an unconditional and irrevocable guarantee with respect to the following committed credit lines and the Euro Commercial Paper Program:

- Committed credit line with a total volume of TEUR 1,000,000 (previous year: TEUR 1,000,000) and a term until July 2026 (previous year: July 2026) for TFG
- Committed credit line with a total volume of TEUR 15,000 (previous year: TEUR 15,000) and a term until September 2025 (previous year: September 2024) for A1 Bank AG (previously: paybox Bank AG)
- The committed credit line with a total volume of TEUR 300,000 at December 31, 2024 (previous year: TEUR 400,000) and a term until March 2025 (previous year: March 2025) for TFG.
- Euro Commercial Paper Program with a maximum volume of TEUR 1,000,000 (previous year: TEUR 1,000,000) for TFG.

At December 31, 2024, the credit lines were not utilized and no Commercial Papers were issued (previous year: TEUR 60,000 utilized by TFG from a committed credit line with a total volume of TEUR 400,000).

Other guarantees

All other guarantees in the amount of TEUR 87,559 (previous year: TEUR 68,818) were, as in the previous year, issued for affiliated companies. On November 10, 2008, Telekom Austria AG signed a guarantee for Telekom Austria Personalmanagement GmbH (TAP), which ensures TAP that A1 Telekom Austria AG will perform its respective duties according to the profit and loss elimination agreement. Furthermore, in the case of non-fulfillment of the duties of A1 Telekom Austria AG, Telekom Austria AG guarantees to provide Telekom Austria Personalmanagement GmbH with sufficient liquidity to meet all its financial liabilities.

4. Notes to the Statement of Profit or Loss

4.1. Revenues

Revenues of TEUR 45,178 (previous year: TEUR 40,078) relate mainly to services such as public relations and communications work, coordinating product development and the technical infrastructure, legal and tax advice and investment controlling, services in conjunction with the Department of Human Resource and Civil Service Regulations (Beamtendienstrecht) together with salary and collective agreement negotiations that are predominantly charged to A1 Telekom Austria AG, A1 Digital International GmbH, Telekom Austria Personalmanagement GmbH, A1 Tower Holding GmbH, A1 Bulgaria EAD, A1 Slovenija d.d., A1 Srbija d.o.o, A1 Makedonija DOOEL, A1 Hrvatska d.o.o. and Unitary enterprise A1 on the basis of intercompany agreements.

4.2. Personnel Expenses and Employees

in TEUR	2024	2023
Salaries	39,666	42,280
Expenses for statutory social security and payroll related taxes and contributions	8,049	8,017
Severance expense	1,351	779
Pension expenses	968	946
Other social benefits	112	103
Payments to staff contributions plans	500	474
Personnel expenses	**50,646**	**52,598**

Salaries include an income of TEUR 15 (previous year: income of TEUR 10) resulting from changes in the obligation for service awards.

Changes in provisions are presented in the statement of profit or loss in the following items:

- Other employee-related provisions in salaries
- Severance obligation in severance expenses and payments to staff contribution plans
- Pension expenses in other social benefits
- Payroll related expenses for other provisions in expenses for statutory social security and payroll related taxes and contributions

The average number of full-time employees was 313 (previous year: 324). The average number of full-time civil servants was 4 (previous year: 8).

4.3. Severance and Pension Expenses

Severance expense and payments to staff contribution plans as well as pension expense are allocated as follows:

in TEUR	2024	2023
Members of the Management Board	315	328
Senior staff	42	72
Other employees	2,461	1,799
Severance and pension expenses	**2,819**	**2,199**

4.4. Other Operating Expenses

in TEUR	2024	2023
Other operating taxes	104	122
Other charges	2,872	5,965
Intercompany charges	0	46
Legal and other consulting	2,526	8,425
Other expense	27,435	34,358
Other operating expenses	**32,936**	**48,916**

Other operating expenses include other charges, intercompany charges and other expenses related to services of A1 Telekom Austria AG amounting to TEUR 14,699 (previous year: TEUR 13,587).

In accordance with the last sentence of Section 238 (1) no. 18 of the Austria Commercial Code (UGB), the right not to disclose information on expenses for the auditor, which is included in legal and other consulting expense, is exercised.

4.5. Income from Investments

Income from investments of affiliated companies includes dividend income from the following companies (the contribution from TFG is due to the profit and loss elimination agreement):

in TEUR	2024	2023
A1 Telekom Austria Aktiengesellschaft	215,000	340,000
Telekom Finanzmanagement GmbH	11,172	14,787
Mobilkom Beteiligungsgesellschaft mbH	2,000	0
mobilkom Belarus Beteiligungsverwaltung GmbH	58,000	65,000
Income from investments of affiliated companies	**286,172**	**419,787**

Income from other investments includes dividend income from CEESEG Aktiengesellschaft (“CEESEG AG”) amounting to TEUR 446 (previous year: TEUR 390).

4.6. Expenses for Long-Term Financial Assets

Pursuant to Section 208 (1) of the Austrian Commercial Code (UGB) and based on current impairment testing, the following impairment losses were recognized:

in TEUR	2024	2023
mobilkom Belarus Beteiligungsverwaltung GmbH	61,100	44,400
A1 Towers Macedonia Holding GmbH*	0	6,500
Expenses for financial assets	**61,100**	**50,900**

* In the course of the spin-off in 2023 the investment was demerged as described in Note 1.

4.7. Income Taxes

Income tax consists of the following items (tax benefit: positive value; tax expense: negative value):

in TEUR	2024	2023
Corporate income tax (other) current	-59,830	-76,111
Corporate income tax (group) current*	65,399	93,707
Corporate income tax (other) previous periods	0	590
Total corporate income tax	**5,569**	**18,185**
Changes in deferred tax assets	-155	3,491
Witholding tax	536	-29
Income taxes	**5,950**	**21,647**

* “Corporate income tax (group) current” includes a benefit from the tax group allocation

Telekom Austria AG is the head of a tax group as defined in Section 9 of the Austrian Corporate Tax Law (KStG) and concluded a group and tax allocation agreement with the following members of the tax group: A1 Telekom Austria Aktiengesellschaft, Telekom Austria Personalmanagement GmbH, Telekom Finanzmanagement GmbH (TFG), wedify GmbH, World-Direct eBusiness solutions Gesellschaft m.b.H., A1 Bank AG (previously paybox Bank AG), mk Logistik GmbH, paybox Service GmbH, A1 Open Fiber GmbH and mobilkom Bulgarien Beteiligungsverwaltungsgmbh (as of 2024).

As of January 1, 2017, all group members have to pay a linear tax rate of 23% to the head of the tax group for all profits allocated to the head of the tax group independent of the actual tax paid by the head of the tax group. Tax group members transferring a tax loss to the head of the group receive no compensation, but can carry forward this tax loss as an intra-group tax loss carry-forward and offset the entire amount with future taxable profit within the group. Therefore, tax allocation is not required for intragroup loss carry-forward. Intragroup loss carry-forwards not yet offset at the time the group member leaves the tax group are compensated to the extent required by Austrian corporate law upon termination of the agreement.

As of January 1, 2023, a materially revised new tax group and tax compensation contract came into effect. Starting 2023, the tax head has a right to positive as well as negative taxable results which are charged on the basis of the legal corporate tax rate less half a percentage point. Existing tax group loss carry-forwards from years before 2023 can still be utilized.

Intragroup loss carry-forwards for which no provisions were recognized amount to TEUR 13,847 (previous year: TEUR 13,847). In the past, all companies with a valid profit and loss elimination agreement with a group member did not recognize provisions for intragroup loss carry-forwards. Based on the new tax group contract, the general rules of tax compensation have to be applied by these companies as well starting in 2023.

In the reporting year, there are no loss carry-forwards to be utilized by the group head.

In 2023, the tax expense of TEUR 3,491 included essentially the effect of the release of deferred tax liabilities relating to the current depreciation according to Section 202 (1) of the Austrian Commercial Code (UGB) of the assets of the business unit "AT Towers" in the period from January 1, 2023, to March 30, 2023.

On December 31, 2023, the Minimum Taxation Act entered into force in Austria, implementing into Austrian law the OECD model regulations as well as the directive by the European Union to provide for a global minimum taxation for groups (Pillar Two). The Minimum Taxation Act will be applicable from December 31, 2023, onwards.

Telekom Austria AG applied the mandatory recognition of deferred tax assets and liabilities related to the introduction of the minimum taxation respectively a comparable foreign taxation law, that has been newly introduced by Section 198 (10) no.4 of the Austrian Commercial Code (UGB). No current taxes were recognized at December 31, 2024 with respect to the implementation of the Austrian tax law respectively comparable foreign tax laws.

Telekom Austria AG was assigned by its ultimate parent entity according to Section 2 no.14 of the Minimum Taxation Act (América Móvil, Sociedad Anónima Bursátil de Capital Variable) to be the party liable to pay taxes according to Section 76 (2) no. 1 of the Minimum Taxation Act. In this respect, a tax group contract was concluded between Telekom Austria AG and EuroTeleSites AG, which guarantees among others a source-based distribution in the event of any possible top-up taxes and clarifies further corporate law issues.

5. Other Disclosures

5.1. Remuneration of the Management Board and Supervisory Board

The members of the Management Board and the Supervisory Board are disclosed in Note 6.

At December 31, 2024 and 2023, the Management Board of Telekom Austria AG consists of two members: On September 1, 2023, Alejandro Plater took office as Chief Executive Officer (CEO) and Thomas Arnoldner as Deputy Chief Executive Officer (Deputy CEO). Until August 31, 2023, Thomas Arnoldner was Chief Executive Officer (CEO), Alejandro Plater was Chief Operating Officer (COO) and Siegfried Mayrhofer was Chief Financial Officer (CFO). Siegfried Mayrhofer left the company at the end of his term of office on August 31, 2023.

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

in TEUR	2024	2023
Base salary (incl. remuneration in kind)	1,302	1,565
Variable yearly remuneration (Short Term Incentive - "STI")**	1,476	2,333
Multi-year share-based remuneration (Long Term Incentive Program)*	1,048	712
Severance payment	0	871
Remuneration Management Board	**3,826**	**5,481**
Remuneration to former member of the Management Board:		
Pro rata variable yearly remuneration STI 2023	420	0
LTI 2021	407	0
Total remuneration to former member of the Management Board	**827**	**0**
Remuneration Supervisory Board	**381**	380

* In 2024, the remuneration relates to the payment of the tranche for LTI 2021 (2023: LTI 2020).
** STI includes the variable yearly remuneration paid for the previous year.

Remuneration to former member of the Management Board
The remuneration for LTI 2021 and STI 2023 paid in 2024 to the resigned CFO Siegfried Mayrhofer is based on the his period in office until August 31, 2023. The year 2023 includes the base salary of Siegfried Mayrhofer until his resignation and the variable yearly remuneration STI for the full year 2022, which is paid in the following year.

5.2. Long-Term Incentive (LTI) Program

A1 Group introduced a long-term incentive program (LTI) in 2010. Due to the Supervisory Board's decision to settle bonus shares granted in the course of the LTI in cash (subsequently called fictitious bonus shares), the share-based payments are recorded as a provision. The right cannot be transferred.

The members of the Management Board of Telekom Austria AG are the participants of this program. For each tranche, the number of fictitious bonus shares granted is calculated based on the average Telekom Austria stock price for a defined period. The performance period for meeting the performance targets was determined to be three years. The right arises at the earliest three years after the grant date.

The target values for these key indicators were determined by the Supervisory Board and are the following for the 15th tranche (LTI 2024):
- EBITDA growth and free cash flow, each weighted at 25%
- Revenue market share of A1 Group, weighted at 20%
- Two Environmental, Social & Corporate Governance ("ESG") goals:
  Reduction of gender pay gap and reduction of the carbon footprint by year-end 2026, each weighted at 15%

For the 14th tranche (LTI 2023) and the 13th tranche (LTI 2022), the following key performance indicators were determined:
- Operating return on invested capital ("operating ROIC"), weighted at 34%
- Revenue market share of A1 Group, weighted at 33%
- Two Environmental, Social & Corporate Governance ("ESG") goals:
  LTI 2023: Reduction of gender pay gap and closing of the equal pay gap by year-end 2025, weighted at 16%, and reduction of the carbon footprint by year-end 2025 in accordance with the emission reduction curve approved by the Science Based Targets Initiative, weighted at 17%.
  LTI 2022: Increase of energy efficiency until 2024, weighted at 20%, and increase in the training hours per employee, weighed at 13%.

The key performance indicators for the twelfth tranche (LTI 2021) and the eleventh tranche (LTI 2020) are the following:
- Operating ROIC, weighted at 34%
- Revenue market share of A1 Group, weighted at 33%
- Sustainable financing (long-term financing in the years 2021 to 2023 and 2020 to 2022 under a green bond or another sustainable finance certificate, weighted at 33%)

LTI 2024 is based on the new remuneration policy resolved by the General Assembly on June 27, 2024. The members of the Management Board are no longer required to deposit a personal investment for LTI as this has been replaced by the share ownership guideline determined by the new remuneration policy and included in the employment contracts. For all previous tranches, the members of the Management Board have to deposit an amount depending on the annual gross basic salaries in Telekom Austria shares and to hold these shares until the end of the holding period (at least three years).

The corridor for target achievement for LTI 2024 is 0% – 200% (for all previous LIT programs 0% – 175%).

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

	LTI 2024	LTI 2023	LTI 2022
Grant date	June 1, 2024	June 1, 2023	June 1, 2022
Start of the program	January 1, 2024	January 1, 2023	January 1, 2022
End of vesting period	December 31, 2026	December 31, 2025	December 31, 2024
Vesting date	June 1, 2027	June 1, 2026	June 1, 2025
Bonus shares at grant date	179,487	121,628	140,682
Adjustment ETS share split	n.a. *	20,677	23,916
Bonus shares at the end of the vesting period	n.a. *	142,305	164,598
Expected performance	100.00%	100.00%	117.90%
Expected bonus shares	179,487	142,305	194,061
Maximum bonus shares	358,974	249,033	288,046
Fair value of program in TEUR	1,378	1,114	1,343

* not applicable

In the course of the reorganization in 2023, disclosed in Note 1, and due to the fact of a proportionate spin-off by formation, for every four shares in Telekom Austria AG one share in EuroTeleSites AG was issued. As a consequence of this share split, the shares of the personal investment of the Management Board were increased by the factor 1.17, by resolution of the Remuneration Committee of the Supervisory Board on December 18, 2023. This increase is disclosed in the line item "Adjustment ETS share split" for the affected programs (LTI 2021 - LTI 2023).

The former CFO Siegfried Mayrhofer participated in the LTI program on a pro rata basis only until his resignation on August 31, 2023. For LTI 2023, this was already taken into account in the bonus shares at grant date. For LTI 2022, the reduced period of performance will be taken into account at the future settlement, and thus also in the fair value of the program.

The personal investment held by the members of the Management Board at the grant date and at the end of the vesting period is presented in the following table:

	LTI 2024	**LTI 2023**		**LTI 2022**	
	at grant date	**at grant date**	**at end of vesting period**	**at grant date**	**at end of vesting period**
Alejandro Plater	94,017	58,029	67,894	51,153	59,849
Thomas Arnoldner	85,470	52,753	61,721	46,503	54,409
Siegfried Mayrhofer	0	10,846	12,690	43,026	50,340
Bonus shares	**179,487**	**121,628**	**142,305**	**140,682**	**164,598**

The following table summarizes the significant terms and conditions and the actual performance of the tranches settled in cash in the current and the previous reporting year.

	LTI 2021	LTI 2020
Grant date	June 1, 2021	August 1, 2020
Start of the program	January 1, 2021	January 1, 2020
End of vesting period	December 31, 2023	December 31, 2022
Vesting date	June 1, 2024	August 1, 2023
Bonus shares at grant date	162,774	151,538
Adjustment ETS share split	27,672	0
Bonus shares at the end of the vesting period	190,446	151,538
Actual performance	112.60%	80.30%
Allocated bonus shares	214,442	121,685
Average stock price at end of vesting period in euro	7.02	5.85
Share-based compensation in TEUR	1,455	712

The share-based compensation for LTI 2021 paid in 2024 to the resigned CFO Siegfried Mayrhofer is based on his period in office until August 31, 2023.

The bonus shares held by the members of the Management Board at the end of the vesting period is presented in the following table:

	LTI 2021	**LTI 2020**
Alejandro Plater	69,421	55,101
Thomas Arnoldner	63,110	50,091
Siegfried Mayrhofer	57,915	46,346
Bonus shares at the end of the vesting period	**190,446**	**151,538**
Alejandro Plater	78,168	44,246
Thomas Arnoldner	71,062	40,223
Siegfried Mayrhofer	65,212	37,216
Allocated bonus shares	**214,442**	**121,685**

As of the reporting date, a provision, measured at fair value for the portion of the expected future expense of the LTI program that has already vested, was recognized. The fair value of the liability is measured based on the expected target achievement and the expected share price, as determined by applying a binomial calculation model generally used for share price analysis, taking into account expected dividends. The provision is recognized over the vesting period.

An expense of TEUR 1,247 (previous year: TEUR 2,043) was recognized in the income statement for the LTI program respectively an income from the reversal of TEUR 312 (previous year: TEUR 188).

5.3. Subsequent Events

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

6. Members of the Management Board and Supervisory Board

Management Board

Alejandro Plater	Chairman of the Management Board
Thomas Arnoldner	Deputy Chairman

Supervisory Board

Edith Hlawati	Chair of the Supervisory Board
Carlos García Moreno Elizondo	Deputy Chairman
Karin Exner-Wöhrer	
Peter Hagen	
Carlos M. Jarque	
Alejandro Cantú Jiménez	
Peter F. Kollmann	
Oscar Von Hauske Solís	
Daniela Lecuona Torras	
Gottfried Kehrer	
Alexander Sollak	
Renate Richter	
Gerhard Bayer	
Stefan Fürnsinn	
Franz Valsky	

Vienna, February 10, 2025

The Management Board

Alejandro Plater m.p. CEO	Thomas Arnoldner m.p. Deputy CEO

Attachment 1
Movement Schedule of Investments of the financial year 2024

in TEUR	Acquisition cost				Accumulated depreciation				Carrying amount at	Carrying amount at
	Balance at 01.01.2024	Additions	Disposals	Balance at 31.12.2024	Balance at 01.01.2024	Additions	Disposals	Balance at 31.12.2024	31.12.2024	31.12.2023
1. Shares in capital of affiliated companies										
A1 Telekom Austria Aktiengesellschaft	4,596,606	0	0	4,596,606	0	0	0	0	4,596,606	4,596,606
Telekom Finanzmanagement GmbH	5,571	0	0	5,571	2,766	0	0	2,766	2,805	2,805
Kroatien Beteiligungsverwaltung GmbH	545,056	0	0	545,056	0	0	0	0	545,056	545,056
Mobilkom Beteiligungsgesellschaft mbH	364,522	0	0	364,522	0	0	0	0	364,522	364,522
mobilkom CEE Beteiligungsverwaltung GmbH	256,705	0	-30,000	226,705	0	0	0	0	226,705	256,705
mobilkom Belarus Beteiligungsverwaltung GmbH	974,700	0	-152,000	822,700	354,200	61,100	0	415,300	407,400	620,500
mobilkom Mazedonien Beteilungsverwaltung GmbH	218,434	0	0	218,434	0	0	0	0	218,434	218,434
mobilkom Bulgarien BeteiligungsverwaltungsgmbH	915,800	0	0	915,800	0	0	0	0	915,800	915,800
	7,877,394	**0**	**-182,000**	**7,695,394**	**356,966**	**61,100**	**0**	**418,066**	**7,277,328**	**7,520,427**
2. Other investments										
CEESEG AG	543	0	0	543	0	0	0	0	543	543
EuroTeleSites AG	514	0	0	514	0	0	0	0	514	514
	1,057	**0**	**0**	**1,057**	**0**	**0**	**0**	**0**	**1,057**	**1,057**
3. Other loans granted										
Other loans granted	119	0	-119	0	19	0	-19	0	0	100
	7,878,570	**0**	**-182,119**	**7,696,451**	**356,985**	**61,100**	**-19**	**418,066**	**7,278,385**	**7,521,584**

Attachment 2
Table of Shares in Affiliated Companies as of December 31, 2024

Name and company domicile	Share in capital %	Stockholders' equity TEUR	Net result for the year TEUR
A1 Telekom Austria Aktiengesellschaft, Wien	100.0%	1,057,600	234,588
Telekom Finanzmanagement GmbH, Wien	100.0%	2,803	11,172
Kroatien Beteiligungsverwaltung GmbH, Wien	100.0%	468,128	-2
Mobilkom Beteiligungsgesellschaft mbH, Wien	100.0%	294,160	140
mobilkom CEE Beteiligungsverwaltung GmbH, Wien	100.0%	529,724	58
mobilkom Belarus Beteiligungsverwaltung GmbH, Wien	100.0%	405,311	-6,451
mobilkom Mazedonien Beteiligungsverwaltung GmbH, Wien	100.0%	199,348	-6
mobilkom Bulgarien BeteiligungsverwaltungsgmbH, Wien	100.0%	1,099,699	202,728

Declaration of the Management Boards

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

Vienna, February 10, 2025

The Management Board of Telekom Austria AG

Alejandro Plater m.p.
Chief Executive Officer

Thomas Arnoldner m.p.
Deputy Chief Executive Officer

Assurance Statement

AUDITOR'S REPORT *)

Report on the Financial Statements

Audit Opinion

We have audited the financial statements of

Telekom Austria Aktiengesellschaft, Wien,

These financial statements comprise the balance sheet as of December 31, 2024, the income statement for the fiscal year then ended and the notes.

Based on our audit the accompanying financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Company as of December 31, 2024 and its financial performance for the year then ended in accordance with Austrian Generally Accepted Accounting Principles.

Basis for Opinion

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

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

Key Audit Matters

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

We considered the following matter as key audit matter for our audit:

Valuation of investments

Description

Telekom Austria Aktiengesellschaft shows significant investments in subsidiaries (mEUR 7,277.3) in its single financial statements as of December 31, 2024 according to Austrian GAAP and recorded impairments (mEUR 61.1) in the 2024 income statement.

Telekom Austria Aktiengesellschaft's disclosures related to investment in subsidiaries as well as the corre-sponding reversal of impairments are included in Note 2.2 (Long-term Assets), Note 3.1 (Long-term Assets) as well as Note 4.6 (Expenses for Long-Term Financial Assets).

We considered the valuation of investments as a key audit matter as the related asset amounts are significant and the assessment process itself is complex and requires judgment. The impairment tests include assumptions that are affected by future market and economic conditions. The uncertain situation regarding the Belarussian subsidiary – which represents a significant amount within the investments in subsidiaries – should still be noted as an impairment might be required due to the further development of the Ukraine crisis.

How our audit addressed the matter:

Our audit procedures included, among others, the following:

We assessed the design and implementation of the controls over the impairment process.

We assessed the valuation model. Furthermore, we compared forecasted revenue and EBITDA margins as well as capital expenditure and changes in working capital for all entities with the plans submitted to the audit committee and analyzed the main drivers for the future development included in the business plan to determine the appropriateness of the projections. We also verified the assumptions made in relation to discount rates and growth rates. We took especially the current developments as a result of the Ukraine-crisis into consideration. EY valuation specialists assisted us in performing the audit procedures.

Furthermore, we analyzed possible risks in the context of the political development in Belarus and critically discussed with the group management, the local management as well as the component auditor in order to evaluate the appropriateness of the projections in the valuation model for Belarus.

We also evaluated the adequacy of disclosures made regarding impairment.

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

We also:

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

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

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

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

Report on Other Legal and Regulatory Requirements

Comments on the Management Report

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

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

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

Opinion

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

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

Additional information in accordance with Article 10 EU regulation

We were elected as auditor by the ordinary general meeting on June 27, 2024. We were appointed by the Supervisory Board on September 2, 2024. We are auditors without cease since 2015.

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

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

Responsible Austrian Certified Public Accountant

The engagement partner is Mr. Severin Eisl, Austrian Certified Public Accountant.

Vienna, February 10, 2025

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Marion Raninger mp
Wirtschaftsprüferin / Certified Public Accountant

Mag. (FH) Severin Eisl mp
Wirtschaftsprüfer / Certified Public Accountant

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Financial calender

April 29, 2025	Results Q1 2025
May 24, 2025	Record date: Annual General Meeting
June 3, 2025	Annual General Meeting
June 5, 2025	Dividend ex-date
June 6, 2025	Dividend record date
June 11, 2025	Dividend payment date
July 15, 2025	Results Q2/H1 2025
Oct 14, 2025	Results Q3 / Q1-Q3 2025

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Disclaimer

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