GD Towers Holding GmbH

Consolidated financial statements

2024

for the financial year from
January 01, 2024 to December 31, 2024

Contents

Translation for convenience purposes only

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I. Consolidated statement of financial position

in EUR thousand	Note	12.31.2024	12.31.2023
Assets **Current assets**			
Cash and cash equivalents	4.1	98,282	63,672
Trade receivables	4.2	36,336	40,685
Income tax receivables		910	1,591
Other financial assets	4.3	2,752	2,286
Inventories	4.4	14,654	12,820
Other assets	4.5	19,442	13,084
		172,376	**134,138**
Non-current assets			
Intangible assets	4.6	531,813	529,376
Property, plant and equipment	4.7	2,055,586	1,897,168
Right-of-use assets	4.8	2,066,309	2,127,485
Other financial assets	4.3	61,044	114,867
Other assets	4.5	2,655	2,382
Deferred tax assets	6	113,860	152,393
		4,831,267	**4,823,671**
Total assets		**5,003,643**	**4,957,809**

in EUR thousand	Note	12.31.2024	12.31.2023
Liabilities **Current liabilities**			
Financial liabilities	4.9	162,639	33,564
Lease liabilities	4.8	175,887	172,798
Trade payables		151,370	150,047
Income tax liabilities		49,181	186
Other provisions	4.11	49,033	58,660
Other liabilities	4.12	38,172	92,284
		626,282	**507,539**
Non-current liabilities			
Financial liabilities	4.9	4,591,262	4,751,004
Lease liabilities	4.8	1,980,526	2,019,462
Provisions for pensions and other employee benefits	4.10	29,906	28,165
Other provisions	4.11	1,200,575	1,277,420
Other liabilities	4.12	118,306	87,108
Deferred tax liabilities	6	5,266	32,230
		7,925,841	**8,195,389**
Equity			
Issued Capital	4.13	1,276	1,276
Capital reserves		-5,279,056	-5,279,056
Retained earnings		1,578,900	1,414,413
Total other comprehensive income		-70,574	-46,239
Net profit (loss)		220,974	164,487
		-3,548,480	**-3,745,119**
Total liabilities and equity		**5,003,643**	**4,957,809**

II. Consolidated income statement

in EUR thousand	Note	2024	2023
Revenue	5.1	1,302,892	1,134,065
Other operating income		28,464	14,370
Changes in inventories		1,834	1,795
Own capitalized costs		39,477	20,602
Material expenses	5.2	-149,430	-148,948
Personnel costs	5.3	-86,157	-71,654
Other operating expenses	5.4	-66,278	-85,654
EBITDA		**1,070,802**	**864,576**
Depreciation and amortization		-324,191	-284,518
Profit (loss) from operations (EBIT)		**746,611**	**580,058**
Profit (loss) from financial activities	5.5	-391,682	-315,486
Profit (loss) before income taxes (EBT)		**354,929**	**264,572**
Income tax	6	-133,955	-100,085
Net profit (loss)		**220,974**	**164,487**

1) The comparative information has been adjusted due to a change in presentation within the income statement. See note 1. Fundamentals of consolidated financial statements

III. Consolidated statement of comprehensive income

in EUR thousand	Note	2024	2023
Net profit (loss)		**220,974**	**164,487**
Items not subsequently reclassified to profit or loss (not recycled)			
Gains (losses) from the remeasurement of defined benefit plans	4.10	-106	-982
Taxes on directly offset changes in equity values		-195	310
		-301	**-672**
Items subsequently reclassified to profit or loss (recycled), if certain reasons are given			
Gains (losses) from hedging instruments	7		
Recognized in profit and loss		-77,960	-55,429
Change in other comprehensive income		52,346	-11,625
Taxes on directly offset changes in equity values		1,580	21,487
		-24,034	**-45,567**
Other comprehensive income		**-24,335**	**-46,239**
Total comprehensive income		**196,639**	**118,248**

IV. Consolidated statement of changes in equity

in EUR thousand	Issued capital	Capital reserves	Retained earnings	Total other comprehen-sive income	Total comprehen-sive income	Total consolidated equity [1]
Balance at February 1, 2023, before adjustment of the opening balance sheet	**1,276**	**-5,397,093**	**1,674,759**	**0**	**0**	**-3,721,058**
Adjustment of the opening balance due to revised accounting and valuation methods		-174	-260,346			-260,520
Balance at February 1, 2023, after adjustment of the opening balance sheet	**1,276**	**-5,397,267**	**1,414,413**	**0**	**0**	**-3,981,578**
Net profit (loss)	**0**	**0**	**0**	**0**	**164,487**	**164,487**
Hedging instruments (IFRS 9)				-67,054		-67,054
Remeasurement of liabilities from defined benefit plans				-982		-982
Tax effect				21,797		21,797
Other comprehensive income	**0**	**0**	**0**	**-46,239**		**-46,239**
Total comprehensive income				**-46,239**	**164,487**	**118,248**
Transactions with owners		**118,211**				**118,211**
Balance at December 31, 2023	**1,276**	**-5,279,056**	**1,414,413**	**-46,239**	**164,487**	**-3,745,119**
Balance at January 1, 2024	**1,276**	**-5,279,056**	**1,414,413**	**-46,239**	**164,487**	**-3,745,119**
Profit carried forward			**164,487**		**-164,487**	**0**
Net profit (loss)					**220,974**	**220,974**
Hedging instruments (IFRS 9)				-25,614		-25,614
Remeasurement of liabilities from defined benefit plans				-106		-106
Tax effect				1,385		1,385
Other comprehensive income				**-24,335**		**-24,335**
Total comprehensive income	**0**	**0**	**164,487**	**-24,335**	**56,487**	**196,639**
Balance at December 31, 2024	**1,276**	**-5,279,056**	**1,578,900**	**-70,574**	**220,974**	**-3,548,480**

1) corresponds to equity attributable to owners of the company

V. Consolidated statement of cash flows

in EUR thousand	Note	2024	2023
Cash flow from operating activities			
Net profit (loss)		220,974	164,487
Income tax expenses	6	133,955	100,085
Depreciation and amortization	4.6/4.7/4.8	324,191	284,518
(Profit) loss from financial activities	5.5	391,682	315,486
Other non-cash transactions		2,104	9,036
Gain/loss from the disposal of intangible assets and property, plant and equipment		-1,005	1,220
Change in assets carried as operating working capital		3,519	-17,448
Change other operating assets		-7,318	-7,103
Change in provisions	4.10/4.11	-37,554	19,834
Change in liabilities carried as operating working capital		-27,861	-29,806
Change in other operating liabilities		-19,989	30,873
Income taxes paid		-71,326	-70,239
Interest paid		-363,757	-421,116
Interest received		83,469	57,403
Cash flow from operating activities		**631,084**	**437,230**
Cash flow from investing activities	4.6/4.7		
Payments for investments in:			
Intangible assets		-2,737	-3,527
Property, plant and equipment		-354,206	-283,251
Non-current financial assets		-1	-1,718
Proceeds from the disposal of Property, plant and equipment		98	3,031
Cash flow from investing activities		**-356,846**	**-285,465**
Cash flow from financing activities	4.8/4.9		
Proceeds from issue of current financial liabilities		191,000	175,000
Repayment of current financial liabilities		-61,000	-4,225,000
Proceeds from issue of non-current financial liabilities		286,600	4,220,000
Repayment of non-current financial liabilities		-475,000	-250,000
Repayment of lease liabilities		-181,227	-104,931
Cash flow from financing activities		**-239,627**	**-184,931**
Net change in cash and cash equivalents		**34,610**	**-33,166**
Cash and cash equivalents at the beginning of the period		**63,672**	**96,838**
Cash and cash equivalents at the end of the period		**98,282**	**63,672**

VI. Notes to the consolidated financial statements

1. Fundamentals of consolidated financial statements

The GD Towers Holding GmbH (hereinafter referred to as “GD Towers”) is a limited liability company under German law and comprises the former tower business of Deutsche Telekom AG (hereinafter referred to as “DTAG”). On July 12, 2022, DTAG sold 51 percent of the shares of its tower business to two North American financial investors: Canadian Brookfield Asset Management (hereinafter referred to as “Brookfield”) and DigitalBridge (hereinafter referred to as “DigitalBridge”) from Florida, a specialist in digital infrastructure. GD Towers will be operated as a joint venture, effective since February 1, 2023, under joint control of the partner companies, which are participating through Salsa BidCo GmbH (hereinafter referred to as “Salsa”), and DTAG. It serves as the ultimate parent company of the GD Towers Group.

GD Towers was newly established for the execution of the acquisition. To facilitate this, 100 percent of the shares of DFMG Holding GmbH, along with its subsidiaries, were contributed to GD Towers.

GD Towers continues the business of DFMG Holding GmbH, offering infrastructure solutions to mobile network operators within its infrastructure portfolio both domestically and internationally. GD Towers operates as a provider in the marketing of antenna carrier and technical spaces on tower, mast, and roof sites. This includes activities such as constructing antenna carriers, upgrading existing antenna carrier sites to LTE, leasing buildings (rooftops), and land (towers), customer acquisition, maintenance and operation of existing antenna carrier sites, renting available capacities at these sites, and installing antenna carrier facilities.

The company was founded on September 16, 2021, and registered under the company name Drachenfelssee 1213. V V GmbH in the commercial register at Bonn (HRB 26547). By resolution on August 16, 2022, the company name was changed to GD Towers Holding GmbH. The registered office of the company is located in Bonn, Germany, at Friedrich-Ebert-Allee 140.

For the execution of the acquisition, DTAG performed certain steps to establish a new target structure. The transaction sequence includes (1) intra-group reorganizations below DFMG Holding in accordance with the definition of the acquisition object in the Share Purchase Agreement (SPA), (2) the expansion of the group with the establishment of GD Towers Holding GmbH, in preparation for the entry of the new investors, and finally, (3) the involvement of new investors with the closing of the transaction, resulting in a loss of control of DTAG and the establishment of a new joint venture.

The reorganizations below the DFMG group were accounted for as a transaction under joint control based on the predecessor accounting method. Due to the close legal and temporal connection, the individual sub-steps are considered economically as a single transaction and, under the conditions of IFRS, are accounted for as “linked transactions.”

Due to the loss of control at the time of the establishment of the joint venture, there is no transaction under joint control.

The consolidated financial statements of GD Towers are prepared in accordance with the IFRS® Accounting Standards (hereinafter referred to as “IFRS Accounting Standards”) issued by the International Accounting Standards Board (IASB), as applicable in the European Union (EU), and the additional commercial law regulations to be considered in accordance with § 315e para. 1 HGB (German Commercial Code). In the following, the term IFRS is used uniformly.

The consolidated financial statements of the company include GD Towers and its subsidiaries (referred to collectively as the “Group”) for the smallest consolidation group to which it belongs.

The fiscal year corresponds to the calendar year, commencing on January 1, 2024, and ending on December 31, 2024. Due to the accounting effect of the transactions presented, the comparative information from the 2023 financial year is a short financial year that begins on February 1, 2023 and ends on December 31, 2023.

The consolidated financial statements comprise the consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement, and the consolidated notes for the fiscal year.

The functional currency of the financial statements is Euro. Due to the presentation in thousands of Euros (kEUR), rounding differences may occur.

The annual financial statements as well as the consolidated financial statements of GD Towers are published in the electronic company register.

The consolidated financial statements of GD Towers for the fiscal year 2024 were approved by the management on 18th February 2025.

At the time of approving the financial statements, the management has a reasonable expectation that the Group has sufficient resources to continue its operations for the foreseeable future. Therefore, the consolidated financial statements have been prepared on a going concern basis.

Changes in accounting policies

The consolidated financial statements of GD Towers as of December 31, 2024, incorporate all standards and interpretations adopted by the European Union that are mandatory for the fiscal year 2024.

The following standards were to be applied for the first time in the fiscal year 2024.

Standard/Amendment/Interpretation		Effective date
Amendments to IAS 1	Classification of liabilities as current or non-current	January 1, 2024
Amendments to IAS 1	Current liabilities with covenant agreements	January 1, 2024
Amendments to IFRS 16	Lease liabilities in a sale and leaseback transaction	January 1, 2024
Amendments to IAS 7 and IFRS 7	Supplier finance arrangements, in particular reverse factoring agreements	January 1, 2024

The standards to be applied for the first time did not have any material impact on the consolidated financial statements of GD Towers.

Furthermore, in the 2024 financial year, the presentation within the income statement was adjusted between the cost of materials and other operating expenses to improve the presentation of the earnings position of the business activities as TowerCo. Expenses that can only be allocated to revenue recognition to a limited extent will be allocated to other operating expenses in future. The effects are limited to a reclassification between cost of materials and other operating expenses. The reclassification was also applied to the comparative information for the short financial year 2023 to ensure comparability. As a result, for 2024 kEUR 42,052 (2023: kEUR 31,976) was reclassified from cost of materials to other operating expenses.

Standards, interpretations, and amendments issued, but not yet to be applied

Standards that have been issued but are not yet mandatorily applicable until the date of the publication of the consolidated financial statements are listed below. Recommendations for early adoption of new standards, changes to existing standards, and interpretations are not implemented. The Group intends to apply these standards when they become effective.

Standard/Amendment/Interpretation		Effective date
Amendments to IAS 21	Lack of exchange ability	January 1, 2025
Amendments to IFRS 9 / IFRS 7	Amendments to the classification and measurement of financial instruments / contracts for nature-based electricity supply	January 1, 2026
Annual improvements to IFRS (Volume 11)	Improvements to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	January 1, 2026
Introduction of IFRS 18	Presentation and disclosure in the financial statements	January 1, 2027
Introduction of IFRS 19	Subsidiaries without public accountability: Disclosures	January 1, 2027

With the exception of the introduction of IFRS 18, the Group does not expect significant impacts from the above-mentioned changes. With regard to IFRS 18, GD Towers will review the impact of these amendments on financial reporting in due course.

2. Consolidation scope

2.1 Consolidation Methods

The consolidated financial statements of GD Towers include the financial statements of all significant entities over which it has direct or indirect control (subsidiaries) and entities for which joint control exists as per IFRS 11.

The subsidiaries are included based on their financial statements adjusted to uniform accounting and valuation methods for the same reporting period as that of the parent company. All intercompany assets and liabilities, equity interests, income and expenses, as well as cash flows related to transactions between the group members, are eliminated upon consolidation.

Subsidiaries

Subsidiaries are entities that are directly or indirectly controlled by GD Towers. GD Towers controls an entity when it is exposed to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

Joint Ventures

A joint arrangement is characterized by the fact that the parties involved in joint control (joint operators) have rights to the assets or obligations for the liabilities of the arrangement. A joint operator recognizes its attributable assets, liabilities, revenues, and expenses, as well as its share of the joint assets, liabilities, revenues, and expenses.

Telekom Infra Austria GmbH, as a wholly owned subsidiary of GD Towers, has a joint agreement with two consortia, ARGE 2.0 (with A1 Telekom Austria AG (A1)) and ARGE 5G (with A1 Telekom Austria AG and Hutchison Drei Austria GmbH (H3A)), in which the parties exercise joint control over the agreement. The headquarters of the joint ventures is located in Vienna.

The shares in ARGE 2.0 are split 50 percent to Towers Infra Austria GmbH and 50 percent to A1. Therefore, 50 percent of the assets and liabilities as well as the expenses and income of ARGE 2.0 are to be included in the IFRS consolidated financial statements of GD Towers.

33.3 percent of the shares in ARGE 5G are held by Towers Infra Austria GmbH, 33.3 percent by A1 and 33.3 percent by H3A, meaning that 33.3 percent of the assets and liabilities as well as the expenses and income of ARGE 5G must be included in the IFRS consolidated financial statements of GD Towers.

2.2 Information on the scope of consolidation

The classification of subsidiaries and associated companies is as follows:

Company name and registered office	Equity share	Equity (in EUR million)	Net profit (loss) (in EUR million)	
Subsidiaries				
GD Towers Holding GmbH, Bonn	Parent	5.574,1	1.359,4	2)
DFMG Holding GmbH, Bonn	100%	5.443,4	1,0	2)
DFMG Zwischenholding GmbH, Bonn	100%	0,1	0	2)
DFMG Deutsche Funkturm GmbH, Münster	100%	44.851,7	0	2)
Erste DFMG Deutsche Funkturm Vermögens-GmbH, Bonn	90%	170,3	0	2)
Towers Infra Austria GmbH, Vienna*	100%	156,0	113,2	2)
PreHCM Service GmbH, Niedernberg	100%	2,7	0,4	1) 2)
Omega Towers 1 Funkdienste GmbH & Co. KG, Münster	100%	5,7	0,3	2)
Omega Towers 2 Funkdienste GmbH & Co. KG, Münster	100%	15,6	0,9	2)
Omega Towers 1 Funkdienste Komplementär GmbH, Münster	100%	0,0	0	1) 2)
Omega Towers 2 Funkdienste Komplementär GmbH, Münster	100%	0,0	0	1) 2)
Joint Operations				
(ARGE 2.0) A1 Telekom Austria AG, Vienna	50%	0,0	0	2)
(ARGE 5G) Hutchison Drei Austria GmbH, Vienna	33,3%	0,0	0	2)

1) No consolidation of the company due to immateriality
2) Preliminary annual financial statements in accordance with local law (HGB/UGB) as at 31.12.2024
* Change of name in the 2024 financial year, previous year: Magenta Telekom Infra GmbH

All subsidiaries are included in the consolidated financial statements unless the costs of preparing the reporting system required for inclusion by means of full consolidation would outweigh the benefits of the corresponding reporting, which is particularly the case for subsidiaries that are immaterial from the Group's perspective. This assessment is based on quantitative and qualitative criteria. Firstly, it is checked that the total of all subsidiaries not included in the consolidated financial statements does not account for more than 1 percent of the consolidated balance sheet total, consolidated revenue and consolidated net profit for the year. Qualitative criteria are also used to assess the materiality of a company for the scope of consolidation. For example, a failure to include a company may neither result in significant changes to the consolidated annual result nor disregard other significant trends. Subsidiaries that are not included in the consolidated financial statements due to their subordinate significance are reported under other assets.

For the annual financial statements as at December 31, 2024 of the companies DFMG Holding GmbH (Münster), DFMG Deutsche Funkturm GmbH (Münster), DFMG Zwischenholding GmbH (Münster) and Erste DFMG Deutsche Funkturm Vermögens-GmbH (Münster), use is made of the exemption options under § 264 (3) HGB.

For the annual financial statements as at December 31, 2024 of the companies Omega Towers 1 Funkdienste GmbH & Co. KG and Omega Towers 2 Funkdienste GmbH & Co. KG, both Münster, use is made of the exemption options under § 264b HGB.

3. Accounting and valuation methods

3.1 Summary of significant accounting policies

The main asset and liability items in the consolidated balance sheet are valued as follows:

Balance sheet items	Valuation principle
Assets **Current assets**	
Cash and cash equivalents	Amortized costs
Trade receivables	Amortized costs
Other financial assets	
Other receivables	Amortized costs
Inventories	Lower of net realizable value and cost
Non-current assets	
Intangible assets	Amortized cost or lower recoverable amount
Goodwill	Amortized cost or lower recoverable amount
Property, plant and equipment	Amortized cost or lower recoverable amount
Rights-of-use assets	Amortized cost or lower recoverable amount
Other financial assets	
Other receivables	Amortized costs
Derivative financial assets in hedging relationships	At fair value through other comprehensive income with subsequent reclassification to profit or loss
Deferred tax assets	Non-discounted amount measured at the tax rates that are expected to apply to the period when the asset is realized or the liability settled

Balance sheet items	Valuation principle
Liabilities **Current liabilities**	
Financial liabilities	
Primary financial interest-bearing and non-interest bearing liabilities	Amortized costs
Lease liabilities	Amortized costs
Trade payables	Amortized costs
Income tax liabilities	Amount expected to be paid to the taxation authorities, using the tax rates that have been enacted or substantively enacted by the end of the reporting period
Other provisions	Present value of the settlement amount
Non-current liabilities	
Financial liabilities	
Primary financial interest-bearing and non-interest bearing liabilities	Amortized costs
Derivative financial liabilities in hedging relationships	At fair value through other comprehensive income with subsequent reclassification to profit or loss
Lease liabilities	Amortized costs
Provisions for pensions and other employee benefits	Actuarial projected unit credit method
Other provisions	Present value of the settlement amount
Deferred tax liabilities	Non-discounted amount measured at the tax rates that are expected to apply to the period when the asset is realized or the liability settled

The following key accounting policies on recognition and measurement have been applied uniformly to all accounting periods presented in these consolidated financial statements.

3.1.1 Goodwill

Goodwill arises when the acquisition cost in business combinations exceeds the fair value of net assets acquired. The acquired goodwill is allocated to each individual cash-generating unit (‘CGU’) that is expected to benefit from the synergies of the combination. The goodwill is assessed at cost less accumulated impairment losses. As goodwill has an indefinite useful life, it is not subject to depreciation but is subjected to an annual impairment test and additionally whenever there are indications that a CGU may be impaired (‘triggering event’).

3.1.2 Other intangible assets

Other intangible assets consist of self-created and acquired intangible assets, such as software, concessions, rights, and licenses. These assets typically have finite useful lives and are carried at acquisition or production costs. This involves applying depreciation over the estimated useful life, along with considering impairment.

The estimated useful lives of other intangible assets for straight-line depreciation are as follows:

	years
Software	3
Concessions, rights and licenses	max. 20

In the fiscal year 2024, the group does not have any other intangible assets with an indefinite useful life.

The depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if necessary.

3.1.3 Property, plant and equipment

Property, plant and equipment is carried at cost, including borrowing costs, less straight-line depreciation, and impairment losses, if applicable.

The depreciation period is based on the expected, company-specific, useful life of the assets. Land is not depreciated.

The following economic useful lives are relevant for GD Towers:

Asset classes	years
Equipment shelters	30 to 40
Outdoor facilities	15
Foundation / special sites	30
Rooftop sites	30
Mast sites	40
Leasehold improvements	20
Non-category sites	30
Telecommunication and technical equipment	15
Tower sites	50
Reseller sites	30

The depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if necessary.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (e.g. antenna masts or white spots) are capitalized as part of the acquisition and production costs in accordance with IAS 23. The GD Towers Group defines qualifying assets as construction projects or other assets that necessarily take at least twelve months to get ready for their intended use or sale. The capitalization of borrowing costs is considered for a period of six months, which represent the average construction phase.

Capitalized borrowing costs amounts to 4,586 kEUR in the financial year 2024 (2023: 2,955 kEUR) and were mainly attributable to property, plant and equipment. When calculating borrowing costs, the GD Towers Group used a calculated interest rate of 4.38 percent (2023: 4.16 percent) for financial liabilities excluding leases and 4.05 percent (2023: 3.36 percent) for lease liabilities as the basis for capitalization.

Government grants that can be directly allocated to the acquisition or construction of property, plant and equipment and for which there is reasonable assurance that the grants will be received, and the associated conditions are fulfilled reduce the acquisition or production costs of the assets concerned.

3.1.4 Impairment of property, plant and equipment and intangible assets

If events or changes in circumstances indicate that the carrying amount exceeds its recoverable amount, GD Towers assess whether there is a possible impairment of intangible assets including goodwill and property, plant and equipment.

In addition, an annual impairment test is carried out for goodwill regardless of any indications under IAS 36.

To test whether an asset is impaired, the carrying amount is compared with its recoverable amount. If it is not possible to determine a recoverable amount for the individual asset, the recoverable amount for the CGU of the asset must be determined. A CGU is the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or CGUs.

Goodwill is allocated to the CGUs that are expected to benefit from the synergies of the merger. Due to the concentration of business in the operating national companies in Germany and Austria, goodwill is monitored at the level of these CGUs and tested annually for impairment in accordance with IAS 36.

The recoverable amount is the higher of fair value less costs of disposal and the value in use. The recoverable amount is generally calculated using discounted future cash flows, unless a valuation based on a market price is relevant. These cash flow forecasts consider past experience and are based on estimates made by management regarding the future development of sales revenues and costs for a detailed planning period of 10 years. Cash flows beyond the planning period are extrapolated using individual growth rates. The key management assumptions on which the determination of fair value less costs of disposal and value in use is based include estimated growth rates, weighted average cost of capital and tax rates. These estimates can have a significant influence on the respective values and ultimately on the amount of a possible impairment.

An impairment exists if the carrying amount of an asset or CGU exceeds the recoverable amount. The amount of the impairment to be recognized is based on the amount by which the carrying amount exceeds the recoverable amount. If the impairment of the CGU exceeds the carrying amount of the goodwill allocated to it, the remaining impairment is allocated pro rata to the assets allocated to the CGU. The fair values or values in use (if determinable) of the individual assets are to be considered as the lower value limit.

If the conditions for impairments recognized in previous periods no longer exist, these assets (with the exception of goodwill) must be reversed.

3.1.5 Leasing Agreements

A lease is a contract in which the lessor conveys the right to use an asset for a period of time to the lessee in exchange for consideration, typically a payment or series of payments. At the commencement date of the lease, an assessment must be made as to whether the contract constitutes or contains a lease. A reassessment of whether the contract constitutes or contains a lease must be carried out if the terms of the contract have changed.

The scope of IFRS 16 applies to standard lease, rental, and tenancy agreements as well as agreements in which the lessee is granted other rights to use assets, such as certain easements. A lease only exists if the contract conveys the right to control the use of an identified asset to the lessee. The lessee has control when it has the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset.

Lessee

GD Towers recognizes a right-of-use asset for the leased asset at the commencement date of the lease and a lease liability for the lease payments over the term of the lease.

The lease liability is recognized at the present value of the future lease payments to be made over the reasonably certain lease term. Lease payments are all of the fixed and in-substance fixed payments, less any future lease incentives payable by the lessor. Variable lease payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and payment for the exercise of reasonably certain purchase and termination options are also measured and recognized as part of the lease liability. The series of payments is discounted at the interest rate implicit in the lease or, if that rate cannot be readily determined, at the lessee's incremental borrowing rate. The incremental borrowing rate is determined by deriving benchmark interest rates for a period of up to 30 years from maturity-related risk-free interest rates. On this basis, an adjustment is carried out to account for credit risk premiums and country risks. All other variable payments are recognized as an expense. The lease liability is subsequently measured using the effective interest method.

The cost of the right-of-use asset comprises: the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date, less any lease incentives received from the lessor; any initial direct costs incurred for obtaining the lease; the costs for preparing the leased asset for its intended use; and an estimate of any future dismantling and restoration costs. The right-of-use asset is subsequently depreciated on a straight-line basis over the lease term and, if applicable, reduced by any impairment losses. If ownership of the leased asset is transferred to the lessee at the end of the lease term, or if it is reasonably certain that a purchase or put option will be exercised, the right-of-use asset is depreciated from the commencement date to the end of the useful life of the under-lying asset.

The lease term is the period during which it is reasonably certain that an underlying asset will be used by the lessee. The lease term includes the non-cancelable period of a lease together with periods covered by options to extend the lease, if their exercise is reasonably certain, and periods covered by termination options, if it is reasonably certain that the termination option will not be exercised. This estimate is reassessed either upon the occurrence of an event or a significant change in circumstances that is within the control of the lessee and affects a change in lease term. The lease term will be revised if an extension option not previously included in the entity's determination of the lease term is exercised or a termination option not previously included in the entity's determination of the lease term is not exercised. The revision of the lease term leads to a change in the future series of lease payments and therefore to a re-measurement of the lease liability using a revised current discount rate. The amount of the resulting difference is recognized outside profit or loss as an adjustment to the right-of-use asset or is offset against it. Derecognition amounts that exceed the carrying amount of the right-of-use asset are recognized as an income in profit or loss.

A lease modification that substantially increases the scope of the original lease is accounted for as a separate lease if both the lessee is granted an additional right to use one or more underlying assets and the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope that the lessee would otherwise have to pay for use if it had leased these assets from a third party under a separate lease.

For lease modifications that increase the scope of a lease but are not accounted for as a separate lease, the required remeasurement of the lease liability is accounted for outside profit or loss as an adjustment to the carrying amount of the right-of-use asset and the lease liability for the existing lease. If a lease modification decreases the scope of the lease, the lessee also remeasures both the right-of-use asset and the lease liability and recognizes any gain or loss in profit or loss. The modified amounts are measured at the modification date with a revised discount rate.

In the balance sheet, GD Towers disclose right-of-use assets separately from property, plant and equipment and lease liabilities separately from financial liabilities.

Lessor

As the lessor, GD Towers classifies each lease as either a finance or operating lease at the commencement date of the lease. A lease is classified as a finance lease if it transfers substantially all risks and rewards incidental to ownership. If this is not the case, a lease is classified as an operating lease.

GD Towers takes certain indicators into account when classifying whether a lease is a finance or operating lease. The most important indicators include:
- whether the lease covers the major part of the economic useful life of the asset (useful life test)
- whether the present value of the lease payments essentially corresponds to the total fair value of the asset (fair value test).

Unless substantially all the risks and rewards connected to ownership of the leased asset are transferred to the lessee (operating lease), the leased asset is recognized in the balance sheet by the lessor. The leased asset is measured in accordance with the relevant accounting regulations for the leased asset. The lease payments, including contractually agreed future changes to the lease payments, are recognized in profit or loss by the lessor. Contractually agreed future changes in lease payments during the term of the lease are recognized as lease revenue evenly over the entire term of the lease, which is determined only once at the time the lease is concluded. If renewal options exist, the reasonably certain exercise of renewal options is initially considered at the time the lease is concluded. If these options are exercised or not exercised in the course of the lease contrary to the original estimate of utilization, the estimated term is adjusted and taken into account when determining future lease revenue from operating leases.

If substantially all risks and rewards incidental to ownership of the underlying leased asset are transferred to the lessee (finance lease), the lessor recognizes at the commencement date, in place of the leased asset, a finance lease receivable at an amount equal to the net investment in the lease. The net investment is defined as the discounted aggregate of future lease payments and any unguaranteed residual value accruing to the lessor (gross investment). The lease payments made by the lessees are split into an interest component and a principal component using the effective interest method. In subsequent measurement, the lease receivable is reduced by the principal lease payments received. The interest component of the payments received is recognized as finance income over the lease term in the consolidated income statement.

If GD Towers acts as a sub-lessor, the Group recognizes the main lease and the sub-lease separately. If the main lease is a short-term lease, the sublease is classified as an operating lease. Otherwise, the right-of-use asset from the main lease and not the underlying asset is used to classify the sub-lease.

3.1.6 Inventories

Inventories (only unfinished services) are carried at production cost at initial recognition and are subsequently measured at the lower of cost and net realizable value. Production cost comprises all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. Production costs are deter-mined through individual valuation. The net realizable value is the estimated selling price in the ordinary course of business, minus the estimated costs until completion and the estimated necessary selling expenses.

3.1.7 Financial instruments

Financial instruments are recognized as soon as GD Towers becomes a party to the contractual provisions of the financial instrument. However, in the case of regular way purchase or sale, the settlement date is relevant for initial recognition and derecognition. This is the day on which the asset is delivered to or by GD Towers. In general, financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the entity currently has a right to offset the recognized amounts and intends to settle on a net basis. Financial assets are derecognized when the contractual rights to payments from the financial asset have expired or have been transferred and GD Towers retains neither control nor significant risks and rewards of ownership. Financial liabilities are derecognized when the contractual obligations have been settled, canceled or have expired.

Financial assets

Financial assets mainly comprise cash and cash equivalents, trade receivables, other receivables and derivative financial assets.

Trade receivables without a significant financing component are initially recognized at the transaction price, while all other financial assets are measured at fair value. For all financial assets that are not subsequently measured at fair value through profit or loss, the transaction costs attributable to the acquisition are taken into account. The fair values recognized in the statement of financial position are generally based on market prices of the financial assets.

Financial assets are classified and measured firstly on the basis of the characteristics of the cash flows associated with the financial asset (SPPI criterion) and secondly on the basis of the business model according to which GD Towers manages the financial assets.

If debt instruments are held with the aim of collecting the contractual cash flows until maturity ("hold" business model) and the cash flows represent solely payments of principal and interest, they are measured at amortized cost (AC) using the effective interest method. If the aim of the business model is to partly sell and partly hold such instruments ("hold and sell" business model), they are measured at fair value through other comprehensive income with subsequent reclassification to the income statement (FVOCI). In all other cases, financial assets are to be measured at fair value through profit or loss (FVTPL).

Cash and cash equivalents include cash accounts and short-term cash deposits at banks. They have maturities of up to three months as initial recognition.

Debt instruments that are not measured at fair value through profit or loss are measured taking into account expected future losses (expected loss model). The expected future credit losses are determined by multiplying the carrying amount of the financial asset (exposure at default) with the probability of default and the expected loss given default, taking into account forward-looking information.

GD Towers applies the simplified impairment model of IFRS 9 and takes into account the losses expected over the entire term for trade receivables with and without a significant financing component, contract assets and lease receivables. For all other financial assets (in particular cash and cash equivalents and other financial assets), impairment is only determined on the basis of lifetime expected losses if the credit risk has increased significantly since initial recognition. Otherwise, impairments are only recognized on the basis of the expected losses that would result from a loss event occurring within twelve months of the reporting date.

The impairments take sufficient account of the expected future default risks; specific defaults lead to the derecognition of the receivable in question. A receivable is derecognized if collection efforts have been unsuccessful and the receivable balance is considered uncollectible. GD Towers has developed the following model to determine the expected credit losses, in particular to determine the expected default rates of trade receivables, in which the expected default rates are essentially derived from external credit information and ratings per customer. If no rating information is available at customer level, the financial assets are grouped on the basis of similar default risk characteristics and jointly tested for impairment and impaired on the basis of the average default probabilities. Financial assets are written down in full or in part if there is objective evidence of impairment. This is the case if, according to a reasonable assessment, it can no longer be assumed that full realization is possible, e.g. due to long overdue periods, insolvency or comparable proceedings.

Financial liabilities

Financial liabilities are measured at fair value on initial recognition. For all financial liabilities not subsequently measured at fair value through profit or loss, the transaction costs directly attributable to the acquisition are also component of the carrying amount. Trade payables, liabilities to banks, liabilities to shareholders and other non-derivative financial liabilities are generally recognized at amortized cost using the effective interest method.

Derivatives

The GD Towers Group currently uses derivatives exclusively to hedge future interest payment flows in the form of interest rate swaps. Derivatives are carried at their fair value upon initial recognition and also for subsequent measurement.

The fair value of derivatives is the price that GD Towers would receive or have to pay if the financial instrument were transferred at the reporting date. This is calculated on the basis of the counterparties' relevant interest rates at the reporting date. In the case of interest-bearing derivatives, a distinction is made between the clean price and the dirty price. In contrast to the clean price, the dirty price also includes the interest accrued. The fair values carried correspond to the dirty price. If the fair value is positive, it is recognized as a financial asset, otherwise as a financial liability.

The GD Towers Group applies the hedge accounting provisions of IFRS 9 to hedge future interest cash flows. If the interest rate swaps used meet the requirements of a cash flow hedge, the effective portion is recognized in other comprehensive income and the ineffective portion of the changes in fair value is recognized in profit or loss. The amount recognized in other comprehensive income is reclassified to profit or loss in the period in which the hedged expected future cash flows affect profit or loss.

At the inception of a hedge, GD Towers documents both the relationship between the financial instrument used as the hedging instrument and the hedged item, as well as the risk management objective and the risk strategy of the hedge. This involves concretely assigning the hedging instruments to the corresponding liabilities or highly probable future transactions and also assessing the effectiveness of the hedging instruments designated. The effectiveness of existing hedging relationships is monitored on an ongoing basis. If the criteria for applying hedge accounting are no longer met, the hedging relationship will be de-designated immediately.

3.1.8 Employee benefits

In addition to short-term benefits, employee benefits also include post-employment benefits and other long-term benefits.

Defined contribution plans

In the case of defined contribution plans, the employer does not enter into any further obligations beyond the payment of contributions to an external pension provider. The amount of future pension benefits is based solely on the amount of the contributions paid by the employer (and, if applicable, its employees) to the external pension provider, including the income from the investment of these contributions. The amounts to be paid are recognized as an expense and reported as part of personnel costs when the obligation to pay arises.

Defined benefit pensions plans

GD Towers maintains defined benefit pension plans in Germany and Austria based on the pensionable compensation of its employees and their length of service.

The measurement of obligations from defined benefit pension commitments for which GD Towers is responsible is based on the projected unit credit method in accordance with IAS 19. The value of the obligations is reduced by the fair value of the plan assets held by the pension fund.

Gains and losses arising from adjustments and changes in actuarial assumptions are recognized immediately and in full in the period in which they occur outside profit or loss within other comprehensive income. The remeasurements recognized in other comprehensive income may not be reclassified to profit or loss in subsequent periods. Actuarial gains and losses are recognized as part of the pension provision in the year in which they arise and are recognized in other comprehensive income at the end of the year and presented in the consolidated statement of comprehensive income.

The interest expense to be recognized in profit or loss is generally determined by multiplying the discount rate and the net pension liability or the net pension asset, i.e. the actuarial obligation less plan assets, in each case at the beginning of the period. The interest expense is shown in the other financial result.

Phased retirement arrangements

In certain cases, phased retirement arrangements with varying terms and conditions are agreed at GD Towers, predominantly based on what is known as the block model. Two types of obligations, both measured at their present value in accordance with actuarial principles, arise and are accounted for separately. The first type of obligation relates to the cumulative outstanding settlement amount, which is recorded on a pro rata basis during the active or working phase. The cumulative outstanding settlement amount is based on the difference between the employee's remuneration before entering phased retirement (including the employer's social security contributions) and the remuneration for the part-time service (including the employer's social security contributions, but excluding top-up payments). The second type of obligation relates to the employer's obligation to make top-up payments plus an additional contribution to the statutory pension scheme. Despite having the characteristics of severance payments, the top-up payments must be recognized ratably over the vesting period due to their dependency on the performance of work in the future. If the block model is used, the vesting period for top-up payments starts when the employee is granted the entitlement to participate in the phased retirement program and ends upon entry into the passive phase (leave from work). The entitlements described from the partial retirement agreement are secured via the plan assets within the framework of contractual trust arrangements (CTAs) in accordance with the prescribed conditions.

3.1.9 Other provisions

Other provisions are recognized for current legal or constructive obligations to third parties that are uncertain with regard to their timing or their amount. Provisions are recognized for these obligations provided they relate to past transactions or events, will more likely than not require an outflow of resources to settle, and this outflow can be reliably measured. Provisions are carried at their expected settlement amount, taking into account all identifiable risks and uncertainties. The settlement amount is calculated on the basis of a best estimate; suitable estimation methods and sources of information are used depending on the characteristics of the obligation. In the case of a number of similar obligations, the group of obligations is treated as one single obligation. The expected value method is used as the estimation method. If there is a range of potential events with the same probability of occurrence, the average value is taken. Individual obligations (e.g., legal and litigation risks) are regularly evaluated based on the most probable outcome, provided an exceptional probability distribution does not mean that other estimates would lead to a more appropriate evaluation.

The measurement of provisions is based on past experience, current costing, and price information, as well as estimates and reports from experts. If experience or current costing or price information is used to determine the settlement amount, these values are extrapolated to the expected settlement date. Suitable price trend indicators (e.g., construction price indexes or inflation rates) are used for this purpose. Provisions are discounted when the effect of the time value of money is material. Provisions are discounted using pre-tax market interest rates that reflect the term of the obligation and the risk associated with it (insofar as not already taken into consideration in the calculation of the settlement amount). Reimbursement claims are not netted against provisions; they are recognized separately as soon as their realization is virtually certain.

Provisions for restoration and similar obligations arising from the acquisition of property, plant and equipment are offset by a corresponding increase in the capitalized cost of the relevant asset. Changes at a later date in estimates of the amount or timing of payments or changes to the interest rate applied in measuring such obligations also result in retrospective increases or decreases in the carrying amount of the relevant item of property, plant and equipment. These in turn change the depreciation of the asset to be recognized in the future, which leads to the changes in estimates being recognized in profit or loss over the remaining useful life. Where the decrease in the amount of a provision exceeds the carrying amount of the related asset, the excess is recognized immediately in profit or loss.

3.1.10 Contingent liabilities

Contingent liabilities are possible obligations arising from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not entirely within the control of GD Towers. Contingent liabilities are also present obligations that arise from past events for which an outflow of resources embodying economic benefits is not probable or for which the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognized in the consolidated balance sheet. Unless an outflow of resources embodying economic benefits is highly improbable, disclosures on contingent liabilities are made in the notes to the consolidated financial statements.

GD Towers has no contingent liabilities to be disclosed at the balance sheet date December 31, 2024.

3.1.11 Current and deferred taxes

Current income taxes are calculated on the basis of the respective national tax results for the year and national tax regulations. In addition, the current taxes for the year may also include adjustment amounts for any tax payments or refunds for years not yet assessed.

Deferred tax assets and liabilities are measured on the basis of temporary differences between the carrying amounts in the balance sheet and the tax base, including temporary differences from consolidation. Loss and interest carryforwards and tax credits are also taken into account. Measurement is based on the tax rates that are expected to apply to the period in which an asset is realized or a liability is settled, or loss or interest carryforwards are utilized. The change in deferred tax assets and liabilities is reflected in income taxes in the income statement. An exception to this are changes to be recognized in other comprehensive income.

Temporary differences relating to a right-of-use asset and a lease liability for a specific lease are considered together (the lease) for the purpose of recognizing deferred taxes.

As a rule, the tax rates and regulations in force or announced as at the balance sheet date are applied.

A deferred tax asset is recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which they can be utilized. Future taxable profits are determined on the basis of the reversal of taxable temporary differences. If the amount is not sufficient to fully capitalize deferred tax assets, the future taxable profits - taking into account the reversal of temporary differences - are determined on the basis of the subsidiaries’ individual business plans. Deferred tax assets are reviewed at each reporting date and impaired to the extent that it is no longer probable that the associated tax benefit will be realized; reversals are made if the probability of future taxable profits improves.

Deferred tax assets and deferred tax liabilities are offset if there is a legal right to offset and this is intended. This is generally the case if the deferred tax assets and liabilities levied by the same taxation authority.

In Germany, the “Act Implementing Council Directive (EU) 2022/2523 to Ensure Global Minimum Taxation and Other Accompanying Measures” enacted a legal regulation to ensure global minimum taxation (so-called OECD Pillar II), which provides for the introduction of the so-called Minimum Tax Act (MinStG), among other things. Global minimum taxation was also adopted in Austria at the end of 2023.

The application of the safe harbour regulations does not result in any additional tax burdens for the Group.

GD Towers also applies the exemption under IAS 12.4A, according to which no deferred taxes may be recognized in connection with global minimum taxation and no related information may be disclosed.

3.1.12 Sales revenue

If GD Towers concludes a contract with a customer, the service components are identified as separate performance obligations if the customer itself can derive a benefit from the goods and services and the separate service components can be distinguished independently from the other services in the contract.

GD Towers generates the majority of its revenue from long-term lease agreements as part of the rental of passive infrastructure, which is installed either at ground level or on the roof of a building to which the customers' communication systems are attached. When a lease agreement is concluded with a customer, the lease components are analyzed for separate lease obligations in the contract. If the contract includes the provision of services (so-called non-lease components), these are considered and priced separately. The transaction price is determined on the basis of the contractually agreed amounts less any price reductions.

As at December 31, 2024, GD Towers classifies all of its lease agreements as operating leases and recognizes rental income as "Rental revenues". These revenues were recognized on a straight-line basis over the term of the lease agreement. Revenue from the provision of services is reported under the item "Revenue from services". They are realized when GD Towers has provided the relevant service during the agreed service period. Advance payments received from leasing or services that are not attributable to the financial year are deferred as a liability and recognized as revenue over the term of the lease. Lease incentives are recognized as a reduction of rental revenue on a straight-line basis over the term of the lease.

If the Group obtains control of the energy before delivery to a customer, it is considered as principal in the context of the sale. In this case, payments received from customers and payments made to suppliers are recognized on a gross basis in revenue or other operating expenses. If another party obtains control of services before the transfer to a customer, the Group acts as an agent. The revenue corresponds to the margin generated by the Group.

Further information on the recognition and measurement of leases is explained in section 4.8 Leases. Further information on the composition and recognition of revenue is presented in section 5.1 Revenue.

3.2 Use of discretionary decisions and estimates

The presentation of the financial position and results of operations in the consolidated financial statements is dependent on recognition and measurement methods as well as assumptions and estimates. The actual amounts may differ from the estimates. The significant estimates and related assumptions listed below, as well as the uncertainties associated with the accounting policies selected, are crucial to understand the underlying financial reporting risks and the effects that these accounting estimates, assumptions, and uncertainties may have on the consolidated financial statements.

3.2.1 Leasing

Lessee

The majority of the Group's leases contain extension and termination options. The leases usually have a non-cancelable period of 8 to 15 years, during which the lease cannot be terminated. At the end of the non-cancellable period, the lease is automatically renewed if neither party terminates the lease or if GD Towers as lessee exercises one of its renewal options. The lease can be extended up to three times, usually by five years.

The extent to which contractually existing optional periods are taken into account when determining the term of a lease requires an assessment by the management. When determining the term of the lease, all facts and circumstances that represent an economic incentive to exercise a renewal option or not to exercise a termination option are assessed and considered. Extension options (or periods covered by termination options) only form part of the term of a lease if it is reasonably certain that the extension option will be exercised or the termination option will not be exercised. The Group generally applies a threshold of 75-80 percent when interpreting the term "reasonably certain" in connection with the exercise of extension or termination options.

Most extension options are considered sufficiently certain due to the external obligations and are therefore included in the measurement of the lease. There is only an additional risk of additional payments if an extension option (not classified as sufficiently certain) is exercised or a termination option (classified as sufficiently certain) is not exercised. After the commencement date, the probability of an option being exercised is only reassessed if a significant event or a significant change in circumstances occurs that affects the original assessment and if these events or changes are under the control of the lessee.

A right-of-use asset and a lease liability are also recognized for leases with a term of twelve months or less (short-term). In the case of leases of operating and office equipment where the underlying asset is of lower value (low value), the option is exercised and the lease payments are therefore recognized as an expense on a straight-line basis over the term. For the remaining assets, the option is not applied and a right-of-use asset and a lease liability are recognized.

Lessor

The Group acts as a lessor by leasing space on its passive infrastructure to mobile network operators. The majority of lease agreements include extension and termination options. The inclusion of optional periods when determining the term of a lease is included in the calculation by management if it is considered reasonably certain that they will be exercised. Unless substantially all the risks and rewards incidental to ownership of the leased asset are transferred to the lessee (operating lease), the leased asset is recognized in the balance sheet by the lessor. The assessment of leases in which GD Towers acts as lessor is reviewed at the inception of the lease and in the event of significant changes in circumstances with regard to their classification.

3.2.2 Pensions

The financial obligations for pension payments to employees are generally covered by defined benefit plans. The costs for employee pensions are calculated using actuarial methods. These methods are based on assumptions regarding the actuarial interest rate, expected salary and pension trends and life expectancy. Changes in these assumptions could have a significant impact on future pension costs.

3.2.3 Provisions for restoration obligations

The Group is obliged to recognize provisions for site restoration costs, so-called restoration obligations, for the leased assets. The recognition of a provision for restoration obligations is based primarily on cost estimates, which are based on empirical data, current cost and price information as well as estimates and expert opinions. The estimated term of the asset retirement obligations are based on the term of the leases.

3.2.4 Other provisions and contingent liabilities

The recognition and measurement of provisions and contingent liabilities in connection with pending legal disputes or other outstanding claims from settlement, mediation, arbitration or state proceedings are to a considerable extent linked to estimates by GD Towers.

3.2.5 Goodwill

The annual impairment test of goodwill is subject to significant estimates, particularly in the context of calculating the fair value less cost of disposal, which is linked to a management forecast of long-term growth rates and an appropriate discount rate to reflect risks. The assumptions and parameters used for the impairment test as of December 31, 2024, are included in the explanations in section 4.6 Intangible assets and goodwill.

3.2.6 Taxation

In each tax jurisdiction in which the GD Towers Group operates, management must make judgments when calculating current and deferred taxes. This is relevant, for example, when it comes to a decision on recognizing deferred tax assets because it must be probable that a taxable profit will be available against which the deductible temporary differences, loss carryforwards, and tax credits can be utilized. In addition to the estimate of future earnings, various factors are used to assess the probability of the future utilization of deferred tax assets, including past results of operations, the reliability of planning, and tax planning strategies. The period used for the assessment of the recoverability depends on the circumstances at the respective Group company and typically is in a range of five to ten years.

In addition, there is considerable uncertainty in Germany and abroad about the development and application of tax legislation in the future due to the existing pressure for reform and the recognizably increased attention of the tax authorities.

3.2.7 Determination of the economic useful life of assets

The useful lives and depreciation methods are reviewed at least at each reporting date. If expectations differ from previous estimates, the corresponding changes are recognized as changes in estimates in accordance with IAS 8.

4. Notes to the consolidated statement of financial position

4.1 Cash and cash equivalents

Cash and cash equivalents comprise bank balances in full. Of the bank balances, an amount of 1,170 kEUR (December 31, 2023: 1,135 kEUR) is invested in rental deposit accounts, which are subject to a contractual restriction on disposal.

The development of cash and cash equivalents is shown in the cash flow statement.

4.2 Trade receivables

Trade receivables mainly include receivables from the rental of passive infrastructure. As of December 31, 2024, there were impairments on receivables in the amount of 285 kEUR (December 31, 2023: 198 kEUR), which cover uncertainties with regard to the existence of individual receivables and identifiable credit risks. For information on the determination and development of the impairment, see the explanations in section 7. Financial instruments.

4.3 Other financial assets

in EUR thousand	December 31, 2024	December 31, 2023
Non-current financial assets		
Derivative financial assets	28,531	80,239
Claim for reimbursement from restoration obligations	32,471	34,587
Other financial assets	42	41
	61,044	**114,867**
Current financial assets		
Creditors with debit balances	2,006	2,181
Other financial assets	746	105
	2,752	**2,286**
	63,796	**117,153**

For further information on derivative financial assets, see the explanations in section 7. Financial instruments.

4.4 Inventories

The inventories in the amount of 14,654 kEUR (December 31, 2023: 12,820 kEUR) only comprise unfinished services in connection with not yet invoiced project services as part of customer orders.

As in the previous year, no impairment losses are required as of December 31, 2024 due to the recoverability of work in progress.

4.5 Other assets

in EUR thousand	December 31, 2024	December 31, 2023
Other non-current assets		
Shares in non-consolidated subsidiaries	2,347	2,347
Prepayments	308	35
	2,655	**2,382**
Other current assets		
VAT and other receivables from tax authorities	11,546	9,828
Prepayments	3,901	1,272
Receivables from government grants	758	694
Advance payments	2,717	489
Other assets	520	801
	19,442	**13,084**
	22,097	**15,466**

The prepayments mainly include annual prepayments for operating costs and software licenses. The increase compared to 2023 is mainly due to higher advance payments for software licenses.

The increase in VAT and other receivables from tax authorities is mainly due to a special advance VAT payment that had to be made due to the newly established VAT group and the application for a permanent extension of the deadline.
For information on receivables from government grants, see section 4.7 Property, plant and equipment.

4.6 Intangible assets and goodwill

The categorization of intangible assets and their development is shown including the amortization of the financial year.

in EUR thousand	Internally developed software	Acquired software	Acquired conces-sions, rights and licenses	Goodwill	Internally software under develop-ment	Total
Cost						
At February 1, 2023	60	4,806	7,739	522,800	409	**535,814**
Additions	0	0	140	0	3,387	**3,527**
Disposals	0	0	-23	0	0	**-23**
At December 31, 2023	60	4,806	7,856	522,800	3,796	**539,318**
Additions	0	0	25	0	3,868	**3,893**
Disposals	0	0	-17	0	0	**-17**
At December 31, 2024	60	4,806	7,864	522,800	7,664	**543,194**
Accumulated amortization and impairment losses						
At February 1, 2023	-31	-1,425	-7,145	0	0	**-8,601**
Amortization	-14	-1.071	-279	0	0	**-1,364**
Disposals	0	0	23	0	0	**23**
At December 31, 2023	-45	-2,496	-7,401	0	0	**-9,942**
Amortization	-15	-1,145	-296	0	0	**-1,456**
Disposals	0	0	17	0	0	**17**
At December 31, 2024	-60	-3,641	-7,680	0	0	**-11,381**
Net carrying amounts						
At December 31, 2023	15	2,310	455	522,800	3,796	**529,376**
At December 31, 2024	0	1,165	184	522,800	7,664	**531,813**

The additions in the 2024 financial year mainly include development costs for the introduction of the Group-wide ERP system. Scheduled amortization of intangible assets in the financial year of 1.5 EUR million (2023: 1.4 EUR million) is reported in the consolidated income statement under “Depreciation and amortization”.

Goodwill

Goodwill is allocated to the CGUs as follows:

Millions of Euro	December 31, 2024	December 31, 2023
Germany	259.0	259.0
Austria	263.8	263.8
	522.8	**522.8**

The GD Towers Group carried out the annual impairment tests for the goodwill allocated to the cash-generating units (CGU) as of December 31. The recoverable amount was determined on the basis of the fair value less cost of disposal of the respective CGU. The cash flow projections take into account past experience and are based on the management’s current plans for a period of ten years. An average growth rate of 2.0 percent was assumed for the years after 2034 (2023: 2.0 percent). This growth rate mainly reflects the expected inflation rate, which is derived from market expectations with respect to the inflation rate on the one hand and also the individual revenue-cost-structure of GD Towers.

The discount rates of the cash-generating units correspond to their weighted average cost of capital (WACC) and were calculated as follows:

in %	December 31, 2024	December 31, 2023
Germany	6.22	6.70
Austria	6.83	7.35

In the financial year 2024, the impairment tests did not lead to the recognition of impairment losses. Even realistic changes to the basic assumptions on which the determination of the fair value less costs of disposal is based would not result in the carrying amount of the cash-generating units exceeding their fair value less costs of disposal.

4.7 Property, plant and equipment

The categorization of property, plant and equipment, including depreciation, is shown for the 2024 financial year.

in EUR thousand	Land and equivalent rights, and buildings including buildings on land owned by third parties	Technical equipment and machinery and other equipment, operating and office equipment	Advance payments and construction in progress	Total
Cost				
At February 1, 2023	1,344,718	4,217,444	166,976	**5,729,138**
Additions	49,837	221,480	119,266	**390,583**
Disposals	-154,755	-61,476	-434	**-216,665**
Reclassifications	4,320	87,252	-91,572	**0**
At December 31, 2023	1,244,120	4,464,700	194,236	**5,903,056**
Additions	273,517	321,188	167,904	**762,609**
Disposals	-417,801	-95,596	-226	**-513,623**
Reclassifications	-12,073	130,907	-118,833	**1**
At December 31, 2024	1,087,763	4,821,199	243,081	**6,152,043**
Accumulated depreciation and impairment losses				
At February 1, 2023	-833,897	-3,100,127	0	**-3,934,024**
Depreciation	-45,480	-50,159	0	**-95,639**
Disposals	1,770	22,005	0	**23,775**
Reclassifications	0	0	0	**0**
At December 31, 2023	-877,607	-3,128,281	0	**-4,005,888**
Depreciation	-42,323	-71,408	0	**-113,731**
Disposals	510	22,652	0	**23,162**
Reclassifications	17,219	-17,219	0	**0**
At December 31, 2024	-902,201	-3,194,256	0	**-4,096,457**
Net carrying amounts				
At December 31, 2023	366,513	1,336,419	194,236	**1,897,168**
thereof in an operating lease	67,878	1,241,901	0	**1,309,779**
At December 31, 2024	185,562	1,626,943	243,081	**2,055,586**
thereof in an operating lease	78,862	1,510,374	0	**1,589,236**

The carrying amounts of advance payments and construction in progress include assets under construction with a cost of 209,035 kEUR (Dec. 31, 2023: 166,583 kEUR).

The GD Towers Group receives federal, state and/or city grants as part of the promotion and renovation of the television towers in Hamburg and Dresden and also for the expansion of dead spots. In the case of the previously mentioned projects, the grant notification has been received for the respective phase in which the construction project is in progress. The grant is awarded in the amount of the expenses incurred, which do not exceed the amount specified in the grant notification and fulfill the funding conditions. On the basis of project monitoring and regular discussions with the grant providers, the GD Towers Group assumes that the conditions have been met. The government grants reduced the asset portfolio as of December 31, 2024, in the amount of 6,982 kEUR (Dec. 31, 2023: 2,579 kEUR). This corresponds to the amount that can be reclaimed if the funding conditions are not met.

4.8 Leases

Development of the right-of-use assets

in EUR thousand	Properties	Buildings	Other equipment, operating and office equipment	Total
Cost				
At February 1, 2023	1,545,779	1,242,842	0	**2,788,621**
Additions	168,224	104,443	1,817	**274,484**
Disposals	-38,914	-35,828	-55	**-74,797**
At December 31, 2023	1,675,089	1,311,457	1,762	**2,988,308**
Additions	123,444	64,072	2,991	**190,507**
Disposals	-41,300	-30,898	-800	**-72,998**
At December 31, 2024	1,757,233	1,344,631	3,953	**3,105,817**
Accumulated depreciation and impairment losses				
At February 1, 2023	-358,473	-339,910	0	**-698,383**
Depreciation	-101,335	-85,226	-954	**-187,515**
Disposals	11,106	13,936	33	**25,075**
At December 31, 2023	-448,702	-411,200	-921	**-860,823**
Depreciation	-114,682	-93,162	-1,160	**-209,004**
Disposals	14,549	15,032	738	**30,319**
At December 31, 2024	-548,835	-489,330	-1,343	**-1,039,508**
Net carrying amounts				
At December 31, 2023	1,226,387	900,257	841	**2,127,485**
At December 31, 2024	1,208,398	855,301	2,610	**2,066,309**

The right-of-use assets mainly comprise land and roof areas on which passive infrastructure for the communication systems of mobile network operators is installed and operated. The rights of use also include rental agreements for office space, IT and vehicle equipment.

Maturity of the lease liabilities

in EUR thousand	December 31, 2024	December 31, 2023
Due within one year	175,887	172,798
Due in one year to three years	373,246	358,959
Due in three years to five years	399,458	382,465
Due after more than five years	1,207,822	1,278,038
	2,156,413	**2,192,260**

Amounts recognized in the income statement

in EUR thousand	2024	2023
Depreciation	209,004	187,515
Interest expenses	88,780	74,959
Expenses for leases of low-value assets	524	-
Income from the leasing of right-of-use assets	103,841	97,647

Some lease agreements contain extension options that have not yet been included and for which an extension is not sufficiently certain. GD Towers has not included possible future (undiscounted) lease payments of 675.7 EUR million (Dec. 31, 2023: 615 EUR million) in the lease liabilities.

In addition, there are future payment obligations for leases that have not yet begun but have already been contractually agreed in the amount of 15.5 EUR million (Dec. 31, 2023: 1.8 EUR million).

The expected future undiscounted minimum lease payments from operating leases for land and buildings are as follows for GD Towers as lessor:

in EUR thousand	December 31, 2024	December 31, 2023
Due within one year	1,252,149	1,177,833
Due within one to five years	4,765,069	4,474,096
Due after more than five years	2,570,732	3,112,340
	8,587,950	**8,764,269**

4.9 Financial liabilities

The following tables show the composition and maturity structure of financial liabilities:

	December 31, 2024			
in EUR thousand	**Total**	**Due within 1 year**	**Due within 1 to 5 years**	**Due over 5 years**
Liabilities to banks	4,582,599	132,447	0	4,450,152
thereof from accrued interest	1,712	1,712	0	0
Liabilities to shareholders	136,304	1,304	110,000	25,000
thereof from accrued interest	1,304	1,304	0	0
Derivative financial liabilities	6,110	0	0	6,110
Other non-interest-bearing liabilities	28,888	28,888	0	0
Financial liabilities	**4,753,901**	**162,639**	**110,000**	**4,481,262**

	December 31, 2023			
in EUR thousand	**Total**	**Due within 1 year**	**Due within 1 to 5 years**	**Due over 5 years**
Liabilities to banks	4,142,954	5,062	0	4,137,892
thereof from accrued interest	1,753	1,753	0	0
Liabilities to shareholders	612,539	2,539	585,000	25,000
thereof from accrued interest	2,539	2,539	0	0
Derivative financial liabilities	3,112	0	0	3,112
Other non-interest-bearing liabilities	25,963	25,963	0	0
Financial liabilities	**4,784,568**	**33,564**	**585,000**	**4,166,004**

As part of the sale of the 51.0 percent shares in the GD Towers Group to the North American financial investors DigitalBridge and Brookfield by Deutsche Telekom AG as of February 1, 2023 (closing date), and the subsequent repayment of the shareholder loan in the amount of 4.05 billion Euros, the GD Towers Group has concluded the “Senior Facilities Agreement” with a banking consortium consisting of 66 partner banks for a total volume of 5.2 billion Euros and a term of 7 years (maturing on February 1, 2030). This consists of a bullet loan (“Facility A”) in the amount of 4.05 billion Euros, a credit line for investments (“Capex Facility”) of 1 billion Euros and a short-term credit line for working capital (“Revolving Credit Facility”) of 150 EUR million.

Interest is currently calculated on the basis of the 6-month EURIBOR for Facility A, the 3-month EURIBOR for the Capex Facility and the 1-month EURIBOR for the Revolving Credit Facility. The respective EURIBOR interest rates are capped at 0 percent (interest rate floor). All facilities also have a uniform margin, which increases in stages up to the maturity date.

The shareholders also granted further shareholder loans totaling 835 EUR million with a term of 30 months. Interest is charged on the shareholder loans on the basis of a fixed interest rate of 6.00 percent p.a. The carrying amount of these shareholder loans is 110 EUR million as of December 31, 2024 (Dec. 31, 2023: 585 EUR million).

As part of the borrowing process, the GD Towers Group has committed to secure certain financial covenants with the financing banks (see the explanations in section Financial and Liquidity Risk).

Liabilities from accrued interest include outstanding interest payments on original financial liabilities that are economically attributable to the financial year but have not yet been paid due to the future interest payment date.

For further information on derivative financial liabilities, see the explanations in section 7. Financial instruments.

Other non-interest-bearing liabilities mainly include debtors with credit balances and rent deposits received.

4.10 Provisions for pensions and other employee benefits

Defined contribution plans

The companies in the Group have defined contribution plans in the form of state pension insurance and company contributions for civil servants. In the 2024 financial year, an amount of 7.4 EUR million (2023: 6.6 EUR million) was recognized for defined contribution plans.

Defined benefit plans

The Group's pension obligations are based on direct commitments mainly in Germany and Austria. The provisions for pensions of GD Towers are comprised as follows:

in EUR thousand	December 31, 2024	December 31, 2023
Germany	29,671	27,938
Austria	236	227
GD Towers	**29,906**	**28,165**

Defined benefit liabilities are disclosed under non-current liabilities in the consolidated statement of financial position. There are no longer any plan assets to be offset as of December 31, 2024, as the hedge via the CTA no longer applies following the departure from the Deutsche Telekom AG.

The increase in defined benefit liabilities compared with the prior year was mainly due to the reduction in the discount rate. Overall, there was a loss of 0.11 EUR million (2023: 0.98 EUR million) from the remeasurement of defined benefit plans recognized directly in equity.

Calculation of net defined benefit liabilities/assets

in EUR thousand	2024
Defined benefit liability as of December 31, 2023	**28,165**
Service cost	1,169
Net interest expense (income) on the net defined benefit liability	975
Remeasurement effects*	106
Pension benefits paid directly by the employer	-602
Employer contributions to plan assets	0
Changes attributable to business combinations/transfers of operations/acquisitions and disposals	93
Defined benefit liability as of December 31, 2024	**29,906**

* consists exclusively of actuarial gains/losses

in EUR thousand	2023
Defined benefit liability as of February 01, 2023	**24,185**
Service cost	3,105
Net interest expense (income) on the net defined benefit liability	911
Remeasurement effects*	982
Pension benefits paid directly by the employer	-402
Employer contributions to plan assets	2
Changes attributable to business combinations/transfers of operations/acquisitions and disposals	-617
Defined benefit liability as of December 31, 2023	**28,165**

* consists exclusively of actuarial gains/losses

A contribution of 29.7 EUR million (2023: 27.9 EUR million) of the net value of the defined benefit liability is attributable to Germany. These defined benefit liabilities are based on direct benefit commitments to employees. Under these commitments, employees receive benefits for each year of service with the respective company. The obligations are not financed via a fund. A significant portion of the pension provisions for defined benefit plans relates to DFMG GmbH. The obligations recognized here relate to active plan participants on the one hand and vested plan participants or beneficiaries on the other.

The amounts recognized in the consolidated income statement and the consolidated statement of comprehensive income break down as follows:

in EUR thousand	2024	2023
Service cost	1,169	3,105
Net interest expense/income on the pension provision (net)	975	911
Expenses recognized in the income statement	**2,144**	**4,016**
Remeasurement effects*	106	982
Components of expenses for defined benefit plans recognized in other comprehensive income	**106**	**982**
Total expenses	**2,250**	**4,998**

* consists exclusively of actuarial gains/losses

The current service cost is reported under personnel expenses in the consolidated income statement.

Assumptions for the measurement of defined benefit obligations

The valuation of the Group companies' defined benefit obligations is based on the following actuarial assumptions:

in %		December 31, 2024	December 31, 2023
Discount rate	Germany	3.43	3.49
	Austria	3.40	3.40
Salary increase rate	Germany	2.50	2.50
	Austria	3.50	3.50
Pension increase rate	Germany	2.20	2.20
	Austria	0.00	0.00

Duration

in years		December 31, 2024	December 31, 2023
Duration	Germany	8.68	8.95
	Austria	9.60	10.25

The 2018 G mortality tables (RT) by Klaus Heubeck were used for the assumptions of the biometric calculation bases.

Sensitivity analysis for the defined benefit obligations

The following sensitivity analysis describes the effects of possible adjustments in the material actuarial assumptions for measurement on the defined benefit obligation as at the reporting date. A change in the measurement assumptions to the extent described below would have to following effects on the present value of the benefit obligation, assuming the other assumptions remain unchanged.

in EUR thousand		Increase/decrease of the defined benefit obligations as of 12.31.2024	Increase/decrease of the defined benefit obligations as of 12.31.2023
Discount rate	Increase by 100 basis points	-2,731	-2,234
	Decrease by 100 basis points	2,296	2,656
Salary increase rate	Increase by 50 basis points	59	65
	Decrease by 50 basis points	-66	-57
Pension increase rate	Increase by 25 basis points	4	5
	Decrease by 25 basis points	-5	-5

The sensitivity analysis was carried out separately for the discount rate, the salary increase rate, and the pension increase rate. For this purpose, further actuarial evaluations were made for both the increase and for the decrease of the assumptions.

Description of the plans

As the companies of the GD Towers Group are wholly owned by Deutsche Telekom until January 31, 2023, the contracts agreed by Deutsche Telekom also largely apply to the companies of the GD Towers Group.

In Germany there are commitments for pension and disability benefits for a majority of employees as well as pension benefits for their surviving dependents. As part of a reorganization of the company pension plan, a capital account plan was introduced across Germany in 1997 for active employees. The relevant collective agreements and works agreements apply to the companies in the GD Towers Group. This is an employer-financed, contribution-based defined benefit plan. The salary-linked contributions granted annually earn interest in advance for each year of provision up to age 60, calculated using age-based factors, converting the contribution into a guaranteed insured amount. The advance interest rate currently stands at 3.50 percent p.a. (target interest rate for the capital account plan). The period for providing these contributions to the capital accounts plan is initially limited to ten future contribution years.

The contribution period will be extended automatically every year by a further year, unless terminated. The insured amounts accumulated over the period of active service are paid out if an insured event arises, primarily in the form of a lump sum. Hence there is only a limited longevity risk for these commitments. Based on the payment guidelines and the structure of the capital account plan, the employer can plan for this, and there is only a small risk inherent in the plan with regard to the volatility of remuneration dynamics.

In October 2020, Deutsche Telekom and the ver.di trade union had agreed to gradually restructure the collectively agreed risk benefits (death in the active phase and/or disability) in the company pension scheme for employees covered and not covered by collective agreements in Germany. Under the previous structure, the pension credit accrued through the capital account plan was paid out in the case of a risk event. The revised rules abolish this in favor of paying out a sum equivalent to an annual target salary of the employee. Grandfather clauses have been included for employees who have worked for the company for longer periods and part-time employees. These changes took effect in October 2021. As a result of the change from an annual (pro rata) contribution to payment of a lump sum, the employer has since then granted the risk benefit irrespective of the employee’s length of service with the company. Risk benefit payments are thus directly recognized as expenses in the payout year. Provisions recognized according to the previous rules under provisions for pensions and other employee benefits for entitlements after the restructuring takes effect were measured under the new rules using the respective discount rate at the transition date and reversed through profit or loss in the fourth quarter of 2020 for employees covered by collective agreements and in the first quarter of 2021 for employees not covered by collective agreements. To the extent that defined benefit plans in Germany grant annuities, the future adjustment for these pensions, except for insignificant exceptions, is bindingly defined in the existing benefit regulations. A change in the assumptions for the general pension trend in Germany therefore only has an immaterial impact on the defined benefit obligations. As a change in life expectancy mainly impacts on the obligations from legacy pension commitments and, since 1997, commitments have been granted in the form of capital, the significance of the risk resulting from the change in life expectancy is expected to decline for the Group over subsequent years.

Total benefit payments expected

As at 12.31.2024:

in EUR thousand	2025	2026	2027	2028	2029
Benefits paid from pension provisions	384	2,715	3,995	2,595	2,236

As at 12.31.2023:

in EUR thousand	2024	2025	2026	2027	2028
Benefits paid from pension provisions	404	1,374	3,685	2,875	1,565

4.11 Other provisions

in EUR thousand	Provisions for restoration obligations	Other provisions for personnel costs	Provisions for litigation risks	Miscellaneous other provisions	Total
At February 1, 2023	**1,377,838**	**13,924**	**784**	**7,807**	**1,400,353**
thereof short-term	9,410	11,319	784	4,984	**26,497**
Addition	103,879	10,642	332	36,011	**150,864**
Use	-1,871	-11,770	-283	-817	**-14,741**
Reversal	-199,522	-1,240	0	-559	**-201,321**
Interest effect	1,918	203	0	9	**2,130**
Other changes	0	-1,205	0	0	**-1,205**
At December 31, 2023	**1,282,242**	**10,554**	**833**	**42,451**	**1,336,080**
thereof short-term	8,702	9,182	833	39,943	**58,660**
Addition	382,595	18,702	346	5,668	**407,311**
Use	-738	-10,633	-450	-28,791	**-40,612**
Reversal	-508,434	-329	0	-5,796	**-514,558**
Interest effect	61,631	511	0	34	**62,176**
Other changes	0	-789	0	0	**-789**
At December 31, 2024	**1,217,296**	**18,017**	**729**	**13,566**	**1,249,608**
thereof short-term	20,659	16,329	729	11,316	**49,033**

The provisions for restoration obligations include the estimated costs for dismantling and removing assets, and restoring the sites on which they are located. The change is mainly due to the adjustment inflation and discount rate.

Other personnel provisions mainly include costs for variable remuneration, phased retirement arrangements, outstanding vacation and flexitime, other personnel costs and social security contributions.

The obligations from phased retirement arrangements were calculated actuarially. The calculation is based on an actuarial discount rate of 2.71 percent p.a. (Dec. 31, 2023: 3.83 percent p.a.) and a salary increase rate of 1.25 percent p.a. (Dec. 31, 2023: 1.25 percent p.a.). The obligations from phased retirement arrangements as of December 31, 2024, amounting to 9,845 kEUR (Dec. 31, 2023: 8,827 kEUR) were offset by plan assets eligible for offsetting in accordance with IAS 19.8 amounting to 6,980 kEUR (Dec. 31, 2023: 6,191 kEUR).

The provisions for litigation risks mainly relate to possible claims from ongoing legal proceedings.

The remaining other provisions relate in particular to provisions for fees payable to the tax authorities, impending losses and other smaller individual items such as costs for audits of the annual financial statements.

In the measurement of the other provisions, GD Towers is exposed to interest rate fluctuations, which is why the effect of a possible change in the interest rate on the principal non-current provisions was simulated. The other, non-staff-related provisions are discounted using maturity-related discount rates. To this end, GD Towers determines discount rates with maturities of up to 30 years. In 2024, the discount rates ranged from 3.46 to 5.57 percent. If the discount rate were increased by 50 basis points with no other change in the assumptions, the present value of the principal other non-current provisions would decrease by 118.7 EUR million (2023: 125.7 EUR million). If the discount rate were decreased by 50 basis points with no other change in the assumptions, the present value of the principal other non-current provisions would increase by 126.5 EUR million (2023: 143.3 EUR million).

4.12 Other liabilities

in EUR thousand	December 31, 2024	December 31, 2023
Other non-current liabilities		
Deferred income	118,306	87,108
	118,306	**87,108**
Other current liabilities		
Deferred income	24,085	71,495
Value added tax and other liabilities to tax authorities	13,813	20,508
Other liabilities	274	281
	38,172	**92,284**
	156,478	**179,392**

Deferred income mainly includes deferred revenue from rents paid in advance that are not economically attributable to the financial year. The increase in non-current and current deferred income results from higher initial rental payments for the coming financial years.

4.13 Equity

The development of equity can be seen in the statement of changes in equity.

The adjustments to the opening balance sheet as at 01.02.2023 in the amount of 260.5 EUR million mainly result from the effects of previous Group-internal matters, in particular restoration obligations, which are to be recognized as external obligations in the course of the separation from the DTAG Group. Further effects result from adjustments to the terms of the restoration obligations and leasing agreements.

The negative equity reported in the consolidated financial statements is not relevant for covenant agreements with the financing banks, nor is it relevant under company law. In Germany, the equity of GD Towers Holding GmbH in the German Commercial Code (HGB) single-entity financial statements is of particular relevance under company law. This amounted to 5,574 EUR million as of December 31, 2024 (Dec. 31, 2023: 4,215 EUR million).

Issued capital

The share capital of GD Towers Holding GmbH remained unchanged at 1,276 kEUR as of December 31, 2024.

The share capital is made up of 1,275,640 shares with a value of 1 Euro each and is distributed among the shareholders as follows:

- Deutsche Telekom Towers Holding GmbH 625,064
- Salsa BidCo GmbH 650,576

Capital reserves

The capital reserve remained unchanged at -5.279 EUR million as at December 31, 2024.

The negative capital reserve is due to the restructuring carried out in connection with the reorganization to create the target structure, which took place in the course of the sale of shares to Salsa. Due to the application of the book value method, the assets and liabilities were recognized at book value. As shares were previously acquired at fair value as part of the restructuring, there is a consolidation-related negative effect of 5,221 EUR million on equity.

Retained earnings

The retained earnings amounted to 1,579 EUR million as of December 31, 2024 (Dec. 31, 2023: 1,414 EUR million) and mainly contains the accumulated profits from previous financial years.

Accumulated other comprehensive income

Accumulated other comprehensive income includes amounts that are recognized in other comprehensive income as part of an effective hedging relationship. These are the fluctuations in the fair value of interest rate hedges and the respective tax effects. The cumulative value before taxes recognized in other comprehensive income as at the balance sheet date is -92,668 kEUR (Dec. 31, 2023: -67,054 kEUR). For further details, see section 7. Financial instruments.

Actuarial gains and losses from defined benefit obligations, including the respective tax effects, are also included in accumulated other comprehensive income. The cumulative value before taxes recognized in other comprehensive income as at the balance sheet date is -1,088 kEUR (Dec. 31, 2023: -982 kEUR). For further details, see section 4.10 Provisions for pensions and other employee benefits.

Capital management

Capital management is designed to support the implementation of the GD Towers Group's strategy and the associated long-term financial targets. In doing so, the management pursues the concept of value-oriented corporate management.

The expectations of the various stakeholders (shareholders, lenders, customers, employees, suppliers and the general public) are to be harmonized so that sufficient funds are available for an attractive dividend policy, debt reduction, a responsible personnel policy and investments in sustainable corporate growth.

It is also ensured that all Group companies can operate on a going concern basis.

Managed capital includes financial liabilities, cash and cash equivalents as well as equity. In the short term, the capital is managed in particular via the shareholder loans and the two credit lines ("Capex Facility" and "Revolving Credit Facility").

5. Notes to the consolidated income statement

5.1 Revenue

The revenue generated in the financial year are made up as follows:

in EUR thousand	2024	2023
Rental revenues	1,218,802	1,044,097
Revenue from services	84,090	89,968
	1,302,892	**1,134,065**

Rental revenues comprise revenue from leases in accordance with IFRS 16, which was generated by GD Towers from long-term lease agreements as part of the rental of space on its radio infrastructure.

Revenue from services comprises revenue from contracts with customers in accordance with IFRS 15, which generally includes revenue from the provision of energy and other services.

5.2 Material expenses

in EUR thousand	2024	2023 [1]
Expenses for raw materials and supplies	-51,668	-48,735
Expenses for merchandise	-38	-38
Expenses for services purchased	-97,724	-100,175
	-149,430	**-148,948**

1) The comparative information has been adjusted due to a change in presentation within the income statement, see section 1. Fundamentals of consolidated financial statements

The expenses for raw materials and supplies mainly include expenses for energy, gas and water. The expenses for services purchased mainly include expenses for purchased IT services, facility management and other purchased construction services.

5.3 Personnel costs

The following table shows the expenses for employee benefits:

in EUR thousand	2024	2023
Wages and salaries	-71,867	-56,871
Social security contributions and pension benefit costs	-14,290	-14,783
	-86,157	**-71,654**

For information on the number of employees, see section 8.1 Employees.

5.4 Other operating expenses

in EUR thousand	2024	2023 [1]
Expenses for IT services	-22,669	-16,991
Other personnel services	-9,825	-6,692
Personnel-related expenses	-6,423	-4,775
Expenses for legal and audit costs	-4,714	-3,108
Expenses for consulting costs	-2,735	-3,861
Losses from asset disposals	-3,732	-2,913
Rental expenses for other equipment, operating and office equipment	-2,994	-1,436
Marketing expenses	-442	-439
Result from value adjustments of receivables	-87	308
Result from receivables written off	-159	-5
Other administrative expenses and fees	-12,498	-45,742
	-66,278	**-85,654**

1) The comparative information has been adjusted due to a change in presentation within the income statement, see section 1. Fundamentals of consolidated financial statements

Expenses for IT services increased due to the spin-off of the Group and the associated IT expansion. In the previous year the other administrative expenses and fees included 29,814 kEUR related to provisions for fees payable to the tax authorities in Austria, which are attributable to a new master lease agreement (MLA). The provision was utilized or partially reversed this year, as not all of the amount set aside had to be paid to the tax office (see section 4.11 Other provisions)

5.5 Profit (loss) from financial activities

in EUR thousand	2024	2023
Financial income		
Interest income	83,070	57,943
Other financial income	7	5
	83,077	**57,948**
Financial expenses		
Interest expenses	-377,760	-334,643
Other financial expenses	-96,999	-38,791
	-474,759	**-373,434**
Total	**-391,682**	**-315,486**

77,960 kEUR (2023: 55,429 kEUR) of the interest income result from derivative financial instruments that are used as hedging instruments for interest rate risks.

Interest expenses mainly include interest expenses from financial liabilities in the amount of 292,878 kEUR (2023: 262,078 kEUR) and interest expenses from lease expenses in the amount of 88,780 kEUR (2023: 74,959 kEUR). In the reporting year, interest expenses in the amount of 4,586 kEUR (2023: 2,955 kEUR) were capitalized as part of the acquisition or production costs.

Other financial expenses include the result from financial instruments amounts to 34,159 kEUR (2023: 36,152 kEUR) and interest expenses from compounding of provisions in the amount of 62,840 kEUR (2023: 2,639 kEUR).

For further information on financial income and financial expenses, see section 7. Financial instruments.

6. Income taxes

Income taxes were calculated as follows:

in EUR thousand	2024	2023
Current taxes	-121,002	-60,333
Deferred taxes	-12,953	-39,752
of which from loss carryforwards	-7,270	-9,890
of which from interest carryforwards	-2,639	-7,594
of which from temporary differences	-3,044	-22,268
	-133,955	**-100,085**

The recognized income taxes only relate to the financial year 2024.

For the financial year 2024, the weighted average tax rate of the GD Towers Group is 31.6 percent (2023: 31.9 percent). It consists of corporate income tax at a rate of 15 percent (2023: 15 percent), the solidarity surcharge of 5.5 percent (2023: 5.5 percent) on corporate income tax, and the average trade tax rate of 15.7 percent (2023: 16.1 percent).

The following reconciliation of income taxes as of December 31, 2024, is based on the weighted average tax rate of the GD Towers Group of 31.6 percent (2023: 31.9 percent).

in EUR million	2024	2023
Profit (loss) before income taxes	**354.9**	**264.6**
Expected income tax expense	**112.1**	**84.5**
Tax effects from other income taxes	0	0.9
Tax effects from prior years	0	0.1
Non-deductible expenses	14.8	8.6
Tax effects from interest cap	0.7	1.7
Effects of tax rate changes in deferred taxes	9.3	0
Tax effects from interest carried forward	0	4.2
Tax rate effects from other tax jurisdictions	-4.1	-1.1
Other tax effects	1.2	1.2
Income tax expense according to the consolidated income statement	**134.0**	**100.1**
Effective income tax rate	**37.76 %**	**37.80 %**

The non-deductible expenses in the amount of 14.8 EUR million (2023: 8.6 EUR million) relate to non-deductible interest and rent in the context of trade tax as well as other non-deductible expenses. The tax rate effect from the interest cap in the amount of 0.7 EUR million (2023: 1.7 EUR million) reflects the different trade tax rate when calculating the deferred interest carried forward. The tax rate effects from other tax jurisdictions in the amount of -4.1 EUR million (2023: -1.1 EUR million) reflect the difference in the tax rate between the company in Austria and the Group tax rate. The tax effects from other income taxes in the 2023 financial year (0.9 EUR million) relate to capital gains tax paid. The effects of the different tax rates between income taxes and deferred taxes reflect the adjustment to the future trade tax rate as part of the restructuring of the GD Towers Group.

The deferred tax assets and liabilities recognized break down as follows:

	December 31, 2024		December 31, 2023	
in EUR thousand	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Current assets	**5,275**	**485**	**5,354**	**305**
Trade Receivables	0	114	0	187
Other financial assets	2,257	0	2,481	0
Other assets	3,018	371	2,873	118
Non-current assets	**96,719**	**747,183**	**50,795**	**904,482**
Intangible assets	532	2,162	3	2,007
Property, plant and equipment	69,808	714,934	19,095	849,424
Other financial assets	23,004	30,087	27,435	53,051
Other assets	3,375	0	4,262	0
Current liabilities	**50,980**	**1,898**	**621,673**	**570,601**
Financial liabilities	0	202	0	0
Leasing liabilities	47,430	0	620,213	568,960
Trade payables	1,838	1,199	28	1,374
Other provisions	1,420	115	1,406	97
Other liabilities	292	382	26	170
Non-current liabilities	**740,745**	**48,049**	**923,628**	**28,346**
Financial liabilities	7,723	14,013	8,975	26,423
Leasing liabilities	485,482	99	613,314	0
Pension provisons	8,258	7,070	1,475	24
Other provisions	239,177	26,824	299,693	1,794
Other liabilities	105	43	171	105
Loss carryforwards	**7,555**	**0**	**14,853**	**0**
Interest carried forward	**4,955**	**0**	**7,594**	**0**
Impairment	**-20**	**0**		
Total	**906,209**	**797,615**	**1,623,897**	**1,503,734**
Thereof non-current	849,500	795,257	1,007,248	938,846
Netting	-792,349	-792,349	-1,471,504	-1,471,504
Recognition	**113,860**	**5,266**	**152,393**	**32,230**

Deferred tax assets from loss carryforwards amounts to 7,555 kEUR (Dec. 31, 2023: 14,853 kEUR). Of this 7,065 kEUR (Dec. 31, 2023: 13,934 kEUR) is attributable to Telekom Infra Austria in Austria and 490 kEUR (Dec. 31, 2023: 919 kEUR) to the Omega companies in Germany. The losses can all be carried forward indefinitely.

No impairments were made to deferred tax assets from loss carryforwards, as these can be fully utilized in the coming years due to positive earnings forecasts.

Deferred tax assets on interest carryforwards amount to 4,955 kEUR (Dec. 31, 2023: 7,594 kEUR) and are attributable in full to the German tax group. No deferred tax liabilities of 8,538 kEUR (Dec. 31, 2023: 9,564 kEUR) were recognized on temporary differences in connection with shares in subsidiaries, as it is unlikely that these temporary differences will be reversed in the foreseeable future.

The income taxes recognized in other comprehensive income are shown in the following overview:

in EUR thousand	2024	2023
Cashflow Hedges	1,580	21,487
Gains (losses) from the remeasurement of defined benefit plans	-195	310
Total	**1,385**	**21,797**

7. Financial instruments

Carrying amounts, amounts recognized, and fair values by class and measurement category

The following table contains the measurement categories, carrying amounts, amounts recognized and fair values for the financial instruments, including their fair value hierarchy levels.

When determining the fair value of an asset or liability, the Group uses observable market data as far as possible. Based on the input factors used in the valuation techniques, the fair values are categorized into different levels of the fair value hierarchy:

- **Level 1**: Quoted prices (unadjusted) in active markets for identical assets and liabilities
- **Level 2**: Valuation parameters that are not the quoted prices included in Level 1, but which can be observed for the asset or liability either directly (i.e. as a price) or indirectly (i.e. derived from prices)
- **Level 3**: Measurement parameters for assets or liabilities that are not based on observable market data

			Amounts recognized in the statement of financial position in accordance with IFRS 9						
in EUR thousand	**Measurement category in accordance with IFRS 9**	**Carrying amount 12.31.2024**	**Amortized costs**	**Fair value through profit and loss**	**Fair value through other comprehensive income with recycling to profit or loss**	**Fair value through other comprehensive income without recycling to profit and loss**	**Amounts recognized in the statement of financial position in accordance with IFRS 16**	**Fair value 12.31.2024**	**Fair value hierarchy level**
Cash and cash equivalents	AC	98,282	98,282						
Trade receivables	AC	36,336	36,336						
Other financial assets									
Other receivables	AC	35,265	35,265					35,265	2
Derivatives with a hedging relationship	n.a.	28,531			28,531			28,531	2
Total financial assets		**198,414**	**169,883**	**0**	**28,531**	**0**	**0**	**63,796**	
Trade payables	AC	151,370	151,370						
Liabilities to banks	AC	4,582,599	4,582,599					4,935,219	2
Liabilities to shareholders	AC	136,304	136,304					140,398	2
Derivative financial liabilities	n.a.	6,110			6,110			6,110	2
Other non-interest-bearing liabilities	AC	28,888	28,888						
Lease liabilities	n.a.	2,156,413					2,156,413		
Total financial liabilities		**7,061,684**	**4,899,161**	**0**	**6,110**	**0**	**2,156,413**	**5,081,727**	

			Amounts recognized in the statement of financial position in accordance with IFRS 9						
in EUR thousand	Measurement category in accordance with IFRS 9	Carrying amount 12.31.2023	Amortized costs	Fair value through profit and loss	Fair value through other comprehensive income with recycling to profit or loss	Fair value through other comprehensive income without recycling to profit and loss	Amounts recognized in the statement of financial position in accordance with IFRS 16	Fair value 12.31.2023	Fair value hierarchy level
Cash and cash equivalents	AC	63,672	63,672						
Trade receivables	AC	40,685	40,685						
Other financial assets									
Other receivables	AC	36,914	36,914					36,914	2
Derivatives with a hedging relationship	n.a.	80,239			80,239			80,239	2
Total financial assets		**221,510**	**141,271**	**0**	**80,239**	**0**		**117,153**	
Trade payables	AC	150,047	150,047						
Liabilities to banks	AC	4,142,954	4,142,954					4,414,787	2
Liabilities to shareholders	AC	612,539	612,539					663,453	2
Derivative financial liabilities	n.a.	3,112			3,112			3,112	2
Other non-interest-bearing liabilities	AC	25,963	25,963						
Lease liabilities	n.a.	2,192,260					2,192,260		
Total financial liabilities		**7,126,875**	**4,931,503**	**0**	**3,112**	**0**	**2,192,260**	**5,081,352**	

For cash and cash equivalents, trade receivables, trade payables and other non-interest-bearing liabilities measured at amortized cost, the carrying amount represents an appropriate approximation of the fair value due to the short remaining terms, meaning that the practical expedient in accordance with IFRS 7.29a) was applied. In addition, the practical expedient in accordance with IFRS 7.29d) was used to disclose the fair value of lease liabilities. As in the previous year, there were no reclassifications between the categories of financial instruments in the 2024 financial year.

The fair values of liabilities to banks and shareholders are calculated as the present values of the payments associated with the debts, based on the applicable yield curve and the credit spread curve for specific currencies of GD Towers. The fair values of other receivables are calculated as the present values of the payments associated with the receivables, based on the applicable yield curve and the credit risk of the debtors.

Since there are no market prices available for the derivative financial instruments in the portfolio assigned to Level 2 due to the fact that they are not listed on the market, the fair values are calculated using standard financial valuation models, based entirely on observable inputs. The fair value of derivatives is the price that GD Towers would receive or have to pay if the financial instrument were transferred at the reporting date. Interest rates of contractual partners relevant as of the reporting date are used in this respect. The middle rates applicable as of the reporting date are used as exchange rates. In the case of interest-bearing derivatives, a distinction is made between the clean price and the dirty price. In contrast to the clean price, the dirty price also includes the interest accrued. The fair values carried correspond to the full fair value or the dirty price.

Net gain/loss by measurement category

in EUR thousand	2024	2023
Financial assets		
Debt instruments measured at amortized cost	4,764	2,817
thereof from interest	5,010	2,514
thereof from impairments/allowances	-87	308
thereof from derecognition	-159	-5
Financial liabilities		
Financial liabilities measured at amortized cost	-292,893	-262,118
thereof from interest	-292,879	-262,078
thereof from currency translation	-14	-40
	-288,129	**-259,301**

Interest from financial instruments is recognized in finance costs. The other components of the net net/gain are generally recognized in the other financial income/expense, except for allowances and derecognitions on trade receivables that are classified as debt instruments measured at amortized cost, which are reported under other operating expenses.

Basic principles of financial policy and financial risk management

The basic principles of financial policy are determined by the Management Board. Group Treasury is responsible for the implementation of the financial policy and ongoing financial risk management. The treasury function of the GD Towers Group is performed by the treasury department of DFMG Deutsche Funkturm GmbH (Group Treasury). Certain transactions require the prior approval of the Management Board, which is also regularly informed of the scope and amount of the current level of risk. Treasury considers the effective management of default risk, financing and liquidity risk and market risk to be one of its main tasks. The aim of financial risk management is to limit risks that have an impact on the Group's cash flow.

Default risk

The default risk is the risk of financial losses if a contractual party to a financial instrument fails to meet its contractual obligations. The GD Towers Group's default risk generally results from cash and cash equivalents, trade receivables, other financial assets and derivative financial instruments with a positive market value. The carrying amount of the financial assets correspond to the maximum default risk.

All banking relationships are negotiated by Group Treasury and the CFO. When selecting banking relationships, the assessment of the economic situation of the banks and financial institutions is of great importance, which is mainly based on financial reports and evaluations by major rating agencies. The creditworthiness of banks and financial institutions and their expected defaults are monitored regularly. In view of the high creditworthiness of the contractual partners and the short-term availability and contract terms by definition, the theoretical impairment to be recognized for these assets is insignificant, meaning that no impairment of cash and cash equivalents is recognized.

The receivables default risk involves a certain concentration of risk, as a significant proportion of the receivables portfolio is attributable to individual major customers of the Group. Of the gross receivables portfolio of 36,336 kEUR as of December 31, 2024 (Dec. 31, 2023: 40,884 kEUR), a share of 72 percent (Dec. 31, 2023: 82 percent) is attributable to a single-digit number of unrelated major customers in the telecommunications industry operating in Germany and Austria. The common features characterizing the risk concentration are industry affiliation and geographical area. When selecting customers, emphasis is placed on impeccable creditworthiness. Dunning procedures are initiated for overdue receivables and enforcement measures are initiated once these have been completed. For some trade receivables, the Group may obtain collateral in the form of cash deposits and rental guarantees, which can be used in the event of late payment by the counterparty as part of the contractual arrangements.

The simplified approach in accordance with IFRS 9 is applied to trade receivables. Impairment losses on trade receivables developed as follows:

in EUR thousand	
Opening balance February 01, 2023	**-506**
Additions	-38
Utilizations/reversals	346
Closing balance December 31, 2023/ Opening balance January 1, 2024	**-198**
Additions	-96
Utilizations/reversals	9
Closing balance December 31, 2024	**-285**

No significant losses on receivables occurred in the financial year.

The following table provides information on the credit risk position for trade receivables from third parties as of December 31, 2024 and December 31, 2023:

in EUR thousand			Basis for determining the impairment	
Risk category		**Default risk External rating**	**December 31, 2024**	**December 31, 2023**
I	Low risk	0 % - 0,3 %	25,696	33,849
II	Medium risk	0,3 % - 0,7 %	1,285	1,788
III	Above Medium risk	0,7 % - 1,5 %	7,034	4,767
IV	Increased risk	1,5 % - 3,0 %	2,432	301
V	High risk	3,0 % - 100 %	0	0
–	Individual	—	174	178
Total			**36,621**	**40,883**

For the other financial assets measured at amortized cost, there is no impairment to be recognized for the expected defaults in the next twelve months in view of the insignificant historical credit losses as of December 31, 2024 and December 31, 2023. In the event of a significant increase in the default risk, the expected credit losses over the term of the respective financial asset are taken into account. As at the reporting date, there were no indicators of a significant increase in the default risk.

Financial and liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its financial obligations as contractually agreed by delivering cash or other financial assets. Group Treasury uses a system-supported treasury management system to manage liquidity risks in order to use financial resources optimally and ensure solvency at all times. The aim of liquidity management is to identify and quantify liquidity requirements and risks, to develop adequate strategies to cover these requirements and to implement these strategies.

Specifically, the GD Towers Group's liquidity management comprises a short-term cash flow forecast (4 weeks) and medium-term liquidity planning. The aim of the short-term cash flow forecast is to provide a permanent overview of the Group's liquidity. In addition, the data is required to identify upcoming payment obligations in order to ensure that sufficient liquidity or unused credit lines are available at all times to meet payment obligations. Liquidity management is complemented by medium-term liquidity planning for the financial year on the basis of budget planning and is updated at least quarterly. This serves in particular to identify and analyze deviations from the plan at an early stage and to initiate appropriate countermeasures. As a further component, Group Treasury has implemented a Group-wide cash pooling system to enable efficient use of the Group's liquidity while at the same time optimizing financing costs.

As of December 31, 2024, the liquid funds of the group amounted of 98.3 EUR million (December 31, 2023: 63.7 EUR million). In addition, there are firmly committed collateralized credit lines in the amount of 1,150 EUR million (December 31, 2023: 1,150 EUR million), in order to ensure further financial flexibility. As of December 31, 2024, these bank lines had been utilized in the amount of 586.6 EUR million (December 31, 2023: 170 EUR million). For further information on the financing of the GD Towers Group, see section 4.9 Financial liabilities.

In addition to the credit lines, the Group has bank financing (Facility A) in the amount of 4.05 billion Euros with a term until February 1, 2030. Due to their high volume, some of the financing arrangements are exposed to a considerable refinancing risk. To limit these risks, the Group is in constant contact with many different market participants, continuously monitors all available financing options on the capital and banking markets and uses them in a targeted manner. Adequate refinancing is to be ensured through early review before the respective final maturity. With regard to the existing instruments for hedging the interest rate risk, see the explanations in the section on hedging instruments in this chapter.

Under the existing loan agreements, the GD Towers Group is obliged to comply with certain financial covenants, specifically leverage and interest cover. If these financial covenants are breached and cure periods are not observed and no mutually acceptable solution is found with the lenders, the financing may be restructured. If all the usual solutions are unsuccessful, the lenders have the option of calling in the financing. Compliance with these financial covenants is continuously monitored by Group Treasury on the basis of current actual figures and budgets.

The following table shows the contractually agreed undiscounted payments of the original financial liabilities, lease liabilities as well as the derivative financial instruments with positive and negative fair value. It includes, as in the previous year, all instruments that were in existence on December 31, 2024 (December 31, 2023), and for which payments were contractually agreed upon. Planned figures for future new liabilities were not included. Variable interest payments from the financial instruments were determined based on the interest rates set last before December 31, 2024 (December 31, 2023). Anytime repayable financial liabilities are allocated to the earliest repayment period.

in EUR thousand	Carrying amount 12.31.2024	Contractual cash flows	Due in the financial year 2025	2026	2027	2028	2029	After 2029
Primary financial liabilities								
Liabilities to banks	-4,582,599	-5,562,922	-319,513	-173,106	-177,705	-182,518	-186,141	-4,523,939
Liabilities to shareholders	-136,304	-149,557	-116,474	-1,000	-1,000	-1,000	-1,000	-29,083
Trade payables	-151,370	-151,370	-151,370	0	0	0	0	0
Other non-interest-bearing liabilities	-28,888	-28,888	-28,888	0	0	0	0	0
Lease liabilities	-2,156,413	-2,734,776	-265,311	-263,127	-262,055	-260,494	-259,475	-1,424,314
Derivative financial liabilities								
Interest rate derivatives in connection with cash flow hedges	-6,110	-6,649	-614	-2,357	-1,569	-1,152	-880	-77
Derivative financial assets								
Interest rate derivatives in connection with cash flow hedges	28,531	29,357	15,676	4,427	8,206	1,048	0	0
Total	**-7,033,153**	**-8,604,805**	**-866,494**	**-435,163**	**-434,123**	**-444,116**	**-447,496**	**-5,977,413**

in EUR thousand	Carrying amount 12.31.2023	Contractual cash flows	Due in the financial year 2024	2025	2026	2027	2028	After 2028
Primary financial liabilities								
Liabilities to banks	-4,142,954	-5,312,103	-226,962	-168,388	-160,895	-167,539	-173,839	-4,414,480
Liabilities to shareholders	-612,539	-677,218	-36,196	-608,022	-1,000	-1,000	-1,000	-30,000
Trade payables	-150,047	-150,047	-150,047	0	0	0	0	0
Other non-interest-bearing liabilities	-25,963	-25,963	-25,963	0	0	0	0	0
Lease liabilities	-2,192,260	-2,737,153	-253,442	-251,354	-249,952	-249,041	-248,024	-1,485,340
Derivative financial liabilities								
Interest rate derivatives in connection with cash flow hedges	-3,112	-3,701	1,641	-1,257	-1,526	-1,224	-843	-492
Derivative financial assets								
Interest rate derivatives in connection with cash flow hedges	80,239	80,886	60,223	9,167	1,859	8,312	1,325	0
Total	**-7,046,636**	**-8,825,299**	**-630,746**	**-1,019,854**	**-411,514**	**-410,492**	**-422,381**	**-5,930,312**

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will change due to fluctuations in market prices. The market risk of GD Towers essentially comprises the risk of changes in interest rates.

Interest rate risks are managed as part of interest rate management. A minimum hedge ratio of 80 percent is stipulated in the loan agreement for Facility A and the Capex facility under the SFA. This applies for the entire term of the current financing. The Revolving Credit Facility (RCF) is excluded from this, as it is short-term by nature and is therefore not hedged. The composition of the liability portfolio (fixed/variable ratio) is managed both by taking up primary financial instruments and, if necessary, by using derivative financial instruments. Derivative financial instruments are used exclusively as hedging instruments, i.e. they are not used for trading or other speculative purposes. In order to reduce the default risk, hedging instruments are only concluded with leading financial institutions (see the explanations in the default risk section of this chapter).

Including derivative hedging instruments, 99 percent (Dec. 31, 2023: 100 percent) of the relevant debt items had fixed interest rates as at the reporting date of December 31, 2024. There were no significant fluctuations over the course of the reporting year.

Interest rate risks are presented using sensitivity analyses in accordance with IFRS 7. These show the effects of changes in market interest rates on interest payments, interest income and expenses, other earnings components and, where applicable, equity. The interest rate sensitivity analyses are based on the following assumptions: changes in market interest rates for non-derivative financial instruments with fixed interest rates only affect the result if they are measured at fair value. Accordingly, all fixed-interest financial instruments measured at amortized cost are not subject to interest rate risks within the meaning of IFRS 7.

If the market interest rate level had been 100 basis points higher as of December 31, 2024, the result before taxes would have been 17.8 EUR million lower (Dec. 31, 2023: 31.6 EUR million higher) and the hedging reserve in equity would have been 132.7 EUR million higher (Dec. 31, 2023: 111.7 EUR million higher). If the interest rate level had been 100 basis points lower, the result before taxes would have been 34.8 EUR million (Dec. 31, 2023: 16.8 EUR million) lower and the hedging reserve in equity would have been 85.8 EUR million (Dec. 31, 2023: 133.9 EUR million) lower.

Hedging instruments
Cash flow hedges – interest rate risks

The GD Towers Group uses payer interest rate swaps and forward-payer interest rate swaps to hedge the cash flow risk of existing and future debt. The interest payments to be made in the hedging period are the hedged items and are recognized in profit or loss in the same period. Hedged items may be individual liabilities or portfolios of liabilities. The changes in the cash flows of the hedged items resulting from changes in the EURIBOR rate are offset against the changes in the cash flows of the interest rate swaps. The aim of this hedging is to transform the variable-interest loans into fixed-income debt, thus hedging the cash flow of the financial liabilities. Credit risks are not part of the hedging, on account of GD Towers credit rating, have only an immaterial effect on the changes in the fair value of the hedged item.

The effectiveness of the cash flow hedges is reviewed prospectively at each reporting date using the main contractual features and a sensitivity analysis and calculated retrospectively using an effectiveness test based on the hypothetical derivative method. As at the reporting date, all designated hedging relationships were sufficiently effective. Income or expenses from changes in the fair value of hedging instruments that exceed the changes in the fair value of the underlying transactions are recognized as the ineffective portion of cash flow hedges. This ineffectiveness within the hedging relationship arises from differences in the parameters between the hedging instrument and the hedged item.

The main causes of ineffectiveness in the context of existing hedging relationships are:

- the effects of the credit risk of the counterparties and the Group on the fair value of the hedging transactions that are not reflected in the change in the fair value of the hedged item,
- the existing lower limits of the reference interest rate in the hedged item (interest rate floor),
- the initial market value of the hedging instrument is not equal to zero at the time of designation of the hedging relationship (late designation).

For a hedging transaction in the amount of 4,050 EUR million the initial market value of the hedging instrument at the designation date February 01, 2023, 173 EUR million. The change in the fair value of the hedging instrument shows a residual maturity effect (pull-to-par effect) at the beginning of the staggered designation date, which describes a gradual decline towards par of the initial non-zero initial value over the residual term (until February 01, 2028), irrespective of the interest rate trend.

To hedge the interest rate risk, hedging transactions with an average interest rate of 1.99 percent (Dec. 31, 2023: 1,98 percent) were completed. Of the total nominal amount of the hedging instruments in the amount of 4,470 EUR million (Dec. 31, 2023: 4,320 EUR million), 4,050 EUR million (Dec. 31, 2023: 4,050 EUR million) have a duration until February 01, 2028, and 420 EUR million (Dec. 31, 2023: 270 EUR million) have a duration until February 01, 2030.

Nominal and carrying amounts of derivative financial instruments in hedging relationships

in EUR thousand	December 31, 2024				December 31, 2023			
		Carrying amount of the hedging instruments				Carrying amount of the hedging instruments		
	Nominal amount of the hedging instruments	Financial assets	Financial liabilities	Change in value of Hedging instruments in the reporting period for determining ineffectiveness	Nominal amount of the hedging instruments	Financial assets	Financial liabilities	Change in value of Hedging instruments in the reporting period for determining ineffectiveness
Cashflow Hedges Interest rate risk								
EURIBOR	4,470,000	28,531	-6,110	-54,705	4,320,000	80,239	-3,112	-96,521

Hedging instruments are reported in the balance sheet under other financial assets and financial liabilities.

Disclosures on hedged items in hedging relationships

in EUR thousand	Change in the fair value of the hedged items for determining ineffectiveness in the reporting period	Balance of amounts recognized in other comprehensive income relating to hedged risk (existing hedging relationships)	Presentation of the hedged items in the statement of finan-cial position
Cash flow hedges			
Interest rate risk **2024**	26,832	-92,668	n.a.
Interest rate risk **2023**	67,658	-67,054	n.a.

Gains or losses from hedging relationships

in EUR thousand	Hedge ineffectiveness of existing hedging relationships recognized in profit or loss	Changes in value recognized directly in other comprehensive income	Amounts reclassified to profit or loss from other comprehensive income due to occurrence of the hedged items (existing hedging relationships)	Total change in other comprehensive income	Disclosure of ineffectiveness in the income statement
Cashflow Hedges					
Interest rate risk **2024**	-28,693	52,346	77,960	-25,614	Other financial result
Interest rate risk **2023**	-30,020	-11,625	55,429	-67,054	

In the consolidated income statement, the reclassified amounts are reported under interest expenses and the hedge ineffectiveness under other financial results.

Reconciliation of total other comprehensive income from hedging relationships (excluding taxes)

	Designated risk components (effective portion)
in EUR thousand	**Cash flow hedges – interest rate risk**
At February 1, 2023	–
Changes recognized directly in equity	-11,625
Reclassification to profit or loss due to occurrence of the hedged item	-55,429
At December 31, 2023	**-67,054**
Changes recognized directly in equity	52,346
Reclassification to profit or loss due to occurrence of the hedged item	-77,960
At December 31, 2024	**-92,668**

8. Other information

8.1 Employee base

During the financial year, the companies included in the consolidated financial statements had an annual average of 764 employees.

	2024	**2023**
Germany	708	683
Austria	56	53
Overall Group	**764**	**736**
thereof pay-scale employees	688	690
thereof non-pay-scale employees	76	45
	764	**736**

8.2 Disclosures on the statement of cash flows

The cash flow statement shows cash inflows and outflows and their effects on the cash and cash equivalents of the GD Towers Group. In accordance with IAS 7, Statement of Cash Flows, a distinction is made between operating activities, investing activities and financing activities.

Cash and cash equivalents exist if they can be converted into cash in the short term (usually within three months). The amount shown in the cash flow statement is essentially made up of cash on hand, bank balances and similar items and corresponds to the value of cash and cash equivalents in the balance sheet.

Within the cash and cash equivalents bank balances in rental deposit accounts are included, which are subject to a contractual restriction on disposal in the amount of 1,170 kEUR (December 31, 2023: 1,135 kEUR).

GD Towers continues to have unused credit lines totaling 563.4 EUR million (December 31, 2023: 980 EUR million), consisting of a credit line for investments (“Capex Facility”) of 543.4 EUR million (December 31, 2023: 830 EUR million) and a short-term credit line for working capital (“Revolving Credit Facility”) of 20 EUR million (December 31, 2023: 150 EUR million).

The following non-cash transactions took place that had no impact on the cash flow statement:

- The additions to non-current assets due to leases in accordance with IFRS 16 are presented in section 4.8 Leases
- The changes in asset retirement obligations are presented in section 4.11 Other provisions

The financial liabilities resulting from financing activities developed as follows:

in EUR thousand	Balance at December 31, 2023	of which: payments to be disclosed in the cash flow from financing activities[1]	Total cash changes in book values
Current financial liabilities	**33,564**	**0**	**122,399**
thereof to banks	5,062	0	124,938
thereof to shareholders	2,539	0	-2,539
Non-current financial liabilities	**4,747,892**	**4,747,892**	**-188,400**
thereof to banks	4,137,892	4,137,892	286,600
thereof to shareholders	610,000	610,000	-475,000
Derivative financial liabilities	**3,112**	**0**	**0**
Lease liabilities	**2,192,260**	**2,192,260**	**-181,227**
Derivative financial assets	**80,239**	**0**	**0**

1) The GD Towers Group has exercised the option under IAS 7.33 and reported the interest payments made and received in the cash flow from operating activities.

	Cash-effective book value changes			
in EUR thousand	Fair value	Other	Book value as of 12.31.2024 of the payments to be reported in the cash flow from financing activities[1]	Balance at December 31, 2024
Current financial liabilities	**0**	**6,676**	**130,000**	**162,639**
thereof to banks	0	2,447	130,000	132,447
thereof to shareholders	0	1,304	0	1,304
Non-current financial liabilities	**0**	**25,660**	**4,585,152**	**4,585,152**
thereof to banks	0	25,660	4,450,152	4,450,152
thereof to shareholders	0	0	135,000	135,000
Derivative financial liabilities	**2,998**	**0**	**0**	**6,110**
Lease liabilities	**0**	**145,380**	**2,156,413**	**2,156,413**
Derivative financial assets	**-51,708**	**0**	**0**	**28,531**

1) The GD Towers Group has exercised the option under IAS 7.33 and reported the interest payments made and received in the cash flow from operating activities.

in EUR thousand	Balance at February 1, 2023	of which: payments to be disclosed in the cash flow from financing activities[1]	Total cash changes in book values
Current financial liabilities	**4,877,863**	**4,877,863**	**-4,050,000**
thereof to banks	0	0	0
thereof to shareholders	4,877,863	4,877,863	-4,050,000
Non-current financial liabilities	**25,000**	**25,000**	**3,865,648**
thereof to banks	0	0	4,115,648
thereof to shareholders	25,000	25,000	-250,000
Derivative financial liabilities	**0**	**0**	**0**
Lease liabilities	**2,072,049**	**2,072,049**	**-104,931**
Derivative financial assets	**0**	**0**	**0**

1) The GD Towers Group has exercised the option under IAS 7.33 and reported the interest payments made and received in the cash flow from operating activities.

in EUR thousand	Cash-effective book value changes: Fair value	Other	Book value as of 12.31.2023 of the payments to be reported in the cash flow from financing activities[1]	Balance at December 31, 2023
Current financial liabilities	**0**	**-820,262**	**0**	**33,564**
thereof to banks	0	5,062	0	5,062
thereof to shareholders	0	-825,324	0	2,539
Non-current financial liabilities	**0**	**857,244**	**4,747,892**	**4,747,892**
thereof to banks	0	22,244	4,137,892	4,137,892
thereof to shareholders	0	835,000	610,000	610,000
Derivative financial liabilities	**3,112**	**0**	**0**	**3,112**
Lease liabilities	**0**	**225,142**	**2,192,260**	**2.192,260**
Derivative financial assets	**80,239**	**0**	**0**	**80,239**

1) The GD Towers Group has exercised the option under IAS 7.33 and reported the interest payments made and received in the cash flow from operating activities.

8.3 Relationships with related parties and persons

The Group companies included in the consolidated financial statements have business relationships with related parties as defined by IAS 24. Related parties as defined by IAS 24 are companies that exercise a significant influence on the company or are controlled or jointly managed by it. This applies in particular to transactions with companies in the DTAG Group and transactions with non-consolidated subsidiaries. These transactions are generally conducted at arm’s length conditions.

Related parties

Relationships with shareholders

In connection with the sale of shares, a loan of 835 EUR million was granted by the shareholders for current financing, which is distributed among the shareholders based on their capital shares. As of December 31, 2024 the outstanding loan amount is 110 EUR million (December 31, 2023: 585 EUR million). The interest expense incurred during the fiscal year amounts to 24,9 EUR million (2023: 42,3 EUR million).

Furthermore, there are extensive business relationships with companies within the DTAG Group, in particular from the leasing of passive infrastructure by GD Towers and the providing of services by DTAG.

The outstanding balances with companies in the DTAG Group are made up as follows:

in EUR million	December 31, 2024	December 31, 2023
Right-of-use assets	53.4	62.4
Trade receivables	20.2	17.8
Other financial assets	32.5	34.6
Trade payables	13	33.8
Leasing liabilities	55.7	58.5
Other financial liablities (incl. Interest)	26	26

Revenues and services invoiced to and received from companies within the DTAG Group break down as follows:

in EUR million	2024	2023
Sales (leasing)	983.6	837.2
Other operating income (other cost allocations)	4.4	5.4
Goods and services received	119.8	115.3
Interest expense (leasing)	2.7	2.3

Relationships with other related parties

The outstanding balances with other related parties are made up as follows:

in EUR million	December 31, 2024	December 31, 2023
Trade payables	0.3	0

The goods and services received from other related parties break down as follows:

in EUR million	2024	2023
Goods and services received	1.4	1.4

These are services received by the non-consolidated subsidiary PreHCM GmbH.

Natural related parties

According to IAS 24, related parties are, among other things, persons who are responsible for the planning, management and supervision of the company. These include in particular the management of GD Towers:

- Dr. Bruno Jacobfeuerborn, CEO
- Philipp Pohlmann, CFO
- Thomas Ried, COO
- Samuel A. Tomic, CPO

The total amount of remuneration paid to the Management Board in the 2024 financial year amounted to 2,535 kEUR (2023: 2,858 kEUR). On this amount 2,535 kEUR (2023: 2,468 kEUR) was for short-term benefits and 0 kEUR (2023: 390 kEUR) for other long-term benefits.

8.4 Auditor's fees and services in accordance with § 314 HGB

The following table provides a breakdown of the auditor's (Deloitte GmbH) professional fees recognized as expenses in the respective financial year:

in EUR thousand	2024	2023
Auditing services	914	1,330
Other assurance services	14	0
Tax advisory services	0	0
Other non-audit services	0	0
Total	**928**	**1,330**

8.5 Other financial obligations

The following table provides an overview of GD Towers other financial obligations:

	December 31, 2024			
in EUR thousand	Total	Due within 1 year	Due > 1 year ≤ 5 years	Due > 5 years
Purchase commitments regarding property, plant and equipment	239,314	239,314	0	0
Other purchase commitments and similar obligations	366,939	132,248	234,691	0
Other financial obligations	9,827	5,012	4,815	0
	616,080	**376,574**	**239,506**	**0**

	December 31, 2023			
in EUR thousand	Total	Due within 1 year	Due > 1 year ≤ 5 years	Due > 5 years
Purchase commitments regarding property, plant and equipment	160,873	160,873	0	0
Other purchase commitments and similar obligations	290,124	126,340	163,784	0
Other financial obligations	10,869	3,968	6,901	0
	461,866	**291,181**	**170,685**	**0**

8.6 Events occurring after the balance sheet date

In January 2025, the three wholly owned subsidiaries of DFMG Holding GmbH, DFMG Corporate Functions GmbH, DFMG Engineering Verwaltungs GmbH and DFMG Engineering GmbH & Co. KG, based in Leverkusen, Germany were founded. As the requirements of IFRS 10 regarding control are met from January 2025, the companies will be included in the scope of consolidation in future.

As part of the reorganization, the new companies will in future provide various services exclusively to the GD Towers Group companies, which is why there are essentially tax effects for GD Towers. For the consolidated financial statements as at December 31, 2024, this results in a different tax rate for the measurement of deferred taxes compared to the previous year (see section 6. Income taxes).

GD Towers Holding GmbH

Group Management Report

2024

as of December 31, 2024

Contents

Fundamentals of the Group

Organization and Legal Structure

The GD Towers Group with its subsidiaries is one of the leading tower providers in Europe with around 43,500 sites in Germany and Austria.

On July 12, 2022, Deutsche Telekom AG concluded an agreement with the North American financial investors Digital-Bridge and Brookfield on the sale of 51 percent of the shares in the companies of the tower business in Germany and Austria. Deutsche Telekom retains 49 percent of the shares. As a result, Deutsche Telekom loses control over GD-Towers-Holding GmbH. The sale of the shares was completed on February 1, 2023. Consequently, the fiscal year 2023 was a shortened fiscal year, limiting comparability with 2024.

GD Towers Holding GmbH, headquartered in Münster, Germany, is the parent company of the GD Towers Group, which comprises seven fully consolidated subsidiaries. The GD Towers Group includes, in addition to the GD Towers Holding, Münster (Germany) as the parent company, seven fully consolidated subsidiaries. Among them, DFMG Holding GmbH (hereinafter referred to as DFMG Holding) acts as the holding and financing company. It is responsible for managing the external financing of the entire Group. This includes the operating companies DFMG Deutsche Funkturm GmbH, Münster (Germany) (hereinafter referred to as DFMG) and Towers Infra Austria GmbH (formerly Magenta Telekom Infra GmbH), Vienna (Austria) (hereinafter referred to as TIA). Erste DFMG Deutsche Funkturm Vermögens-GmbH, Bonn, (hereinafter referred to as Erste DFMG) owns antenna masts (towers, masts and standpipes) as well as associated operating buildings and other related assets, which it leases exclusively to DFMG for use in exchange for a fee. The remaining subsidiaries primarily serve as holding companies or internal service providers for the Group.

Business Model

The core business of the GD Towers Group is the planning, construction, operation and commercialization of antenna masts at tower-, mast- and rooftop locations in Germany and Austria. The constructed antenna areas at various locations provide the basis for leasing to our customers, forming the foundation for revenue generation for the GD Towers Group. The services offered to our customers include the construction of antenna carriers, the conversion and expansion of existing antenna carriers (e.g. for LTE or 5G), leasing of buildings (e.g. for rooftop sites) and land (e.g. for mast or tower sites), the maintenance and operation of existing antenna carrier sites and technical sites, and the installation of antenna carrier facilities.

The Group provides these services to both private and public entities, including Mobile Network Operators (MNOs), radio and broadcasting companies, and authorities and organizations with security tasks, as part of their extensive infrastructure portfolio.

As the demand for antenna support is directly linked to developments in the telecommunications market, the market requirements for MNOs also influence the demand for GD Towers as a radio tower operator.

Current developments in the telecommunication market particularly demand further network expansion, network modernization, and mobile network extensions. The global trend towards increasing data volumes continues uninterrupted and requires fast network expansion. A special focus has been placed on expanding coverage to enable the new 5G generation of mobile communication.

With approximately 800 employees, we drive the expansion of infrastructure for MNOs, radio and broadcasting companies and digital networks for public authorities during our business activities.

The current focus of our business strategy is therefore on expanding the LTE-/5G-network, modernizing networks and closing white spots, to meet the needs and expectations of our customers, particularly MNOs. By focusing on these areas, we are paving the way for the gigabit society and creating added value for all our stakeholders.

Management System

The group-wide management system is designed to support the implementation of the GD Towers Group strategy and the associated long-term financial goals. Thereby the management follows the concept of value-oriented corporate management.

The expectations of various stakeholders (shareholders, lenders, customers, employees, suppliers, and society) should be aligned to ensure sufficient funds for an attractive dividend policy, debt reduction, a responsible HR policy, and investments in sustainable corporate growth.

In addition to the annual budget planning, the GD Towers Group reporting system includes monthly management reports as well as quarterly IFRS reports for the shareholders. These are an integral part of regular management meetings as well as meetings of the Shareholders' Committee and represent a key basis for assessment and decision-making.

Therefore, we use specific performance indicators to measure the success reliably and **comprehensibly**. These are derived from the internal reporting system of the GD Towers Group.

The following explanations provide an overview about our key financial and non-financial performance indicators.

Financial Performance Indicators

in EUR thousand	01.01.-12.31.2024	02.01.-12.31.2023
Revenue	1,302,892	1,134,065
EBITDA pre IFRS 16 (adjusted for special items / one-offs)	791,389	663,665
AFFO	427,354	319,759
Cash CAPEX	356,943	286,772

Revenue

Revenue represents the value generated from our operating activities. It is directly influenced by how effectively we sell our products and services in the market. The growth and development of revenue is a key indicator for measuring the Company's success.

EBITDA before IFRS 16 (adjusted for special items / one-offs)

Our operating profitability is measured using adjusted EBITDA before IFRS 16 "Leases", defined as EBITDA adjusted for rental expenses and special items/one-offs. This is calculated based on EBIT (operating result) from the consolidated income statement, adjusted for amortization of intangible assets, depreciation of Property, plant and equipment, as well as right-of-use assets. Special items and one-offs distort the presentation of operating activities, making it difficult to compare earnings across periods. To align with the terms of our "Senior Facilities Agreement" and ensure transparency, we adjust our earnings figures accordingly.

in EUR thousand	01.01.-12.31.2024	02.01.-12.31.2023
EBIT[1]	**746,611**	**580,058**
Depreciation & Amortization1	324,191	284,518
EBITDA[1]	**1,070,802**	**864,576**
Rental Expenses (before IFRS 16)	-276,614	-234,358
EBITDA pre IFRS 16	**794,188**	**630,218**
Special Items / One-offs	-2,799	33,447
Adjusted EBITDA pre IFRS 16	**791,389**	**663,665**

1) Performance Indicators are taken from the consolidated income statement and are presented for reasons of clarity.

AFFO

The AFFO (Adjusted Funds from Operations) is defined as cash flow from operating activities. It is calculated as outlined in the following reconciliation, starting from EBITDA before IFRS 16, reduced by payments for maintenance investments in facilities, interest payments, and payments for transaction costs associated with raising financial liabilities, tax payments and non-cash changes in balance sheet items. It reflects the Group's potential for further development, organic growth, dividend distributions, and debt repayment.

in EUR thousand	01.01.-12.31.2024	02.01.-12.31.2023
EBITDA pre IFRS 16	**794,188**	**630,218**
Investments for Maintenance	-15,754	-12,541
Paid Interest (without IFRS 16) and other charges	-191,508	-288,755
Paid Taxes	-71,326	-70,239
Change of Working Capital & other non-cash Expenses/Income	-88,246	61,076
AFFO	**427,354**	**319,759**

Cash CAPEX

Cash capex refers to cash outflows for investments in intangible assets (excluding goodwill) and property, plant and equipment, which impact AFFO.

Presented financial performance indicators are part of the loan conditions (known as covenants) outlined in the "Senior Facilities Agreement".

Non-Financial Performance Indicators

In addition to the financial performance indicators, we use the following non-financial performance indicators to evaluate the Group's success.

A key non-financial performance indicator is the number of macro sites. These are physical infrastructure sites, either ground-based (masts, towers), rooftop (rooftop sites, special sites), or leased from third parties (so-called resell sites), equipped with communication facilities to establish mobile network cells. Macro sites also include permanently mobile sites. The number of sites is crucial for the GD Towers Group as it helps estimate revenue potential and ensures a high level of planning certainty.

Closely related to this is the number of tenants.

Another important non-financial performance indicator is the construction of new macro sites and broadcasting facilities (BTS). This performance indicator tracks the overall progress of site expansion to meet the needs and requirements of our customers.

Additionally, we measure the tenancy ratio, defined as the total number of tenants at macro sites divided by the total number of macro sites.

	12.31.2024	12.31.2023
Non-Financial Performance Indicators		
Number of Macro Sites	43,490	42,439
Number of tenants	58,538	57,129
Tenancy ratio	1.35	1.35
	01.01.-12.31.2024	**02.01.-12.31.2023**
New BTS	**1,098**	**888**

Economic Report

Macroeconomic and Sector-Specific Conditions

Despite the signs of economic resilience and progress in the forecasted reductions of inflation rates by the end of 2024, global economic activity remains below the pre-pandemic projections of January 2020. The long-term impacts of the Covid-19 pandemic, the war in Ukraine, and increasing geoeconomic fragmentation continue to slow down the global economic recovery. This fragmentation has disrupted global trade and international investments, weakening global growth. Additionally, factors such as tighter monetary policies to curb inflation and reduced fiscal support in heavily indebted countries further challenge a sustainable recovery.

In the Eurozone, economic recovery remains fragile and continues to feel the effects of the war in Ukraine. Following modest growth of 0.4 percent in 2023 and an expected 0.8 percent in 2024, a slight improvement to 1.0 percent is forecast for 2025. However, this still falls short of pre-pandemic expectations. In Germany the economy is expected to contract by 0.2 percent in 2024, after a decline of 0.3 percent of 2023. A modest growth of 0.3 percent is projected for 2025. The weak recovery is primarily due to continuing challenges in the manufacturing sector and sluggish demand from trading partners.[1]

Global inflation is expected to continue decreasing, from 5.8 percent in 2024 to 4.2 percent in 2025 and 3.5 percent in 2026. A similar trend is expected in Germany with inflation rate falling from 3.5 percent in 2024 to 2.2 percent in 2025 and 1.9 percent in 2026. This decline is mainly driven by lower energy and food prices, along with improved global supply chains.[2]

Production costs in Germany have consistently risen since 2022, surpassing international averages. This is partly due to higher electricity and natural gas prices compared to both European and non-European countries. In addition to energy costs, labor costs are a significant factor. Labor costs in Germany are higher than the international average and have continued to rise in recent years. While labor costs per unit of output have decreased in many countries, they have continued to rise in Germany. This is also evident in the labor market, where a shortage of workers persists, and is not expected to improve in 2025, due to a slight projected decline in unemployment.[3]

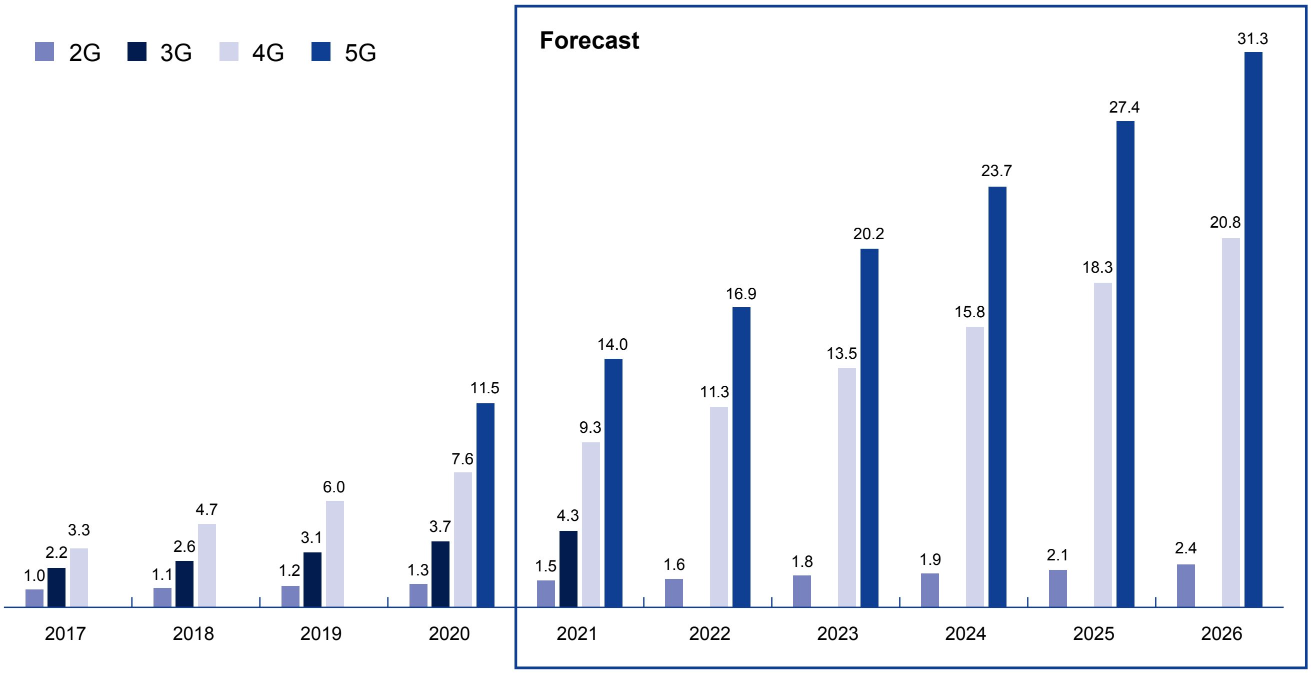
Economic uncertainty remains elevated due to reduced fiscal support, conservative demand forecasts, and stricter lending practices. These factors have led to increased caution in business investments, contributing to a notable rise in corporate bankruptcies in Germany. Bankruptcies have increased by 24.3 percent compared to the previous year.[4]

1) World Economic Outlook Update, January 2025: Global Growth: Divergent and Uncertain
2) World Economic Outlook, October 2024: Policy Pivot, Rising Threats
3) Sachverständigenrat: Versäumnisse angehen, entschlossen modernisieren Jahresgutachten 2024/2025
4) Insolvenzen in Deutschland Jahr 2024, Creditreform Wirtschaftsforschung

Development of the Global Mobile Communications Market

With each new generation of mobile telecommunications technologies introduced, users have consumed more data than ever before. In Europe, data usage continues to increase in response to the growing prevalence of smartphones and internet-based applications. This rising demand from MNOs for expanded network coverage and denser networks could drive the growth of the telecommunication infrastructure industry. The demand for Macro Points of Presence (PoPs) is expected to reach 147,000 by 2030, driven by coverage obligations, densification, and the entry of 1&1 as the fourth MNO.

Data traffic per sub
Estimate, indexed to 2G data consumption in 2017, 2017-26

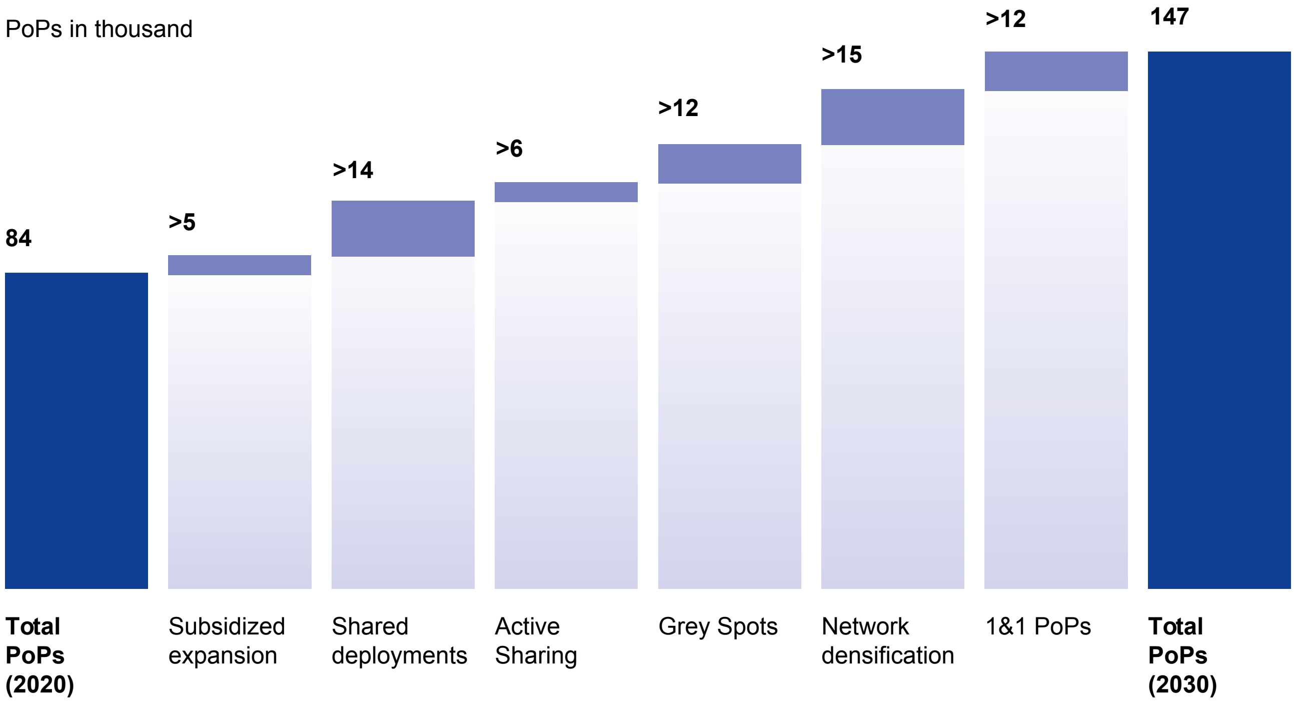


In 2023, mobile telecommunication technologies and services accounted for approximately 5.4 percent of the global GDP, representing an economic impact of around 5.7 trillion US dollars. The mobile ecosystem supported roughly 35 million jobs worldwide. As the deployment of 5G continues to expand, both investment requirements and the need to monetize technology are growing. According to a survey by GSMA Intelligence, while 5G has high awareness, many potential users do not perceive sufficient added value to justify paying a premium compared to previous generations. This could result in increased competition and pressure on pricing. However, integrating 5G with mobile devices and digital services could establish a “unique selling point,” enhancing customers’ willingness to pay for premium offerings. The research also indicates that 5G users are more inclined to include digital services and entertainment options in their mobile contracts, creating new revenue opportunities for providers through proprietary services and partnerships. [5]

Moreover, 5G is projected to generate significant economic benefits in the coming years. By 2030, it is expected to generate a global economic impact of over $930 billion. Advanced markets like Asia-Pacific, North America, and Europe are forecast to experience robust growth, while emerging markets may face slower adoption due to challenges such as device affordability and spectrum availability. Over the next seven years, 36 percent of 5G benefits are expected to arise from the manufacturing sector, followed by 15 percent in the public sector and 10 percent in the service industry. Additionally, mobile data traffic is expected to be four times higher in 2030 than in 2023, driven by applications such as video streaming, online gaming, and new IoT services.

5) GSMA 2024

Germany – PoP demand forecast



Forecasts indicate that 5G technology could generate a contribution to the global economy of over 950 billion dollars by 2030. A significant portion of this contribution is expected to be generated in the developed regions of East Asia, the Pacific region, North America, and Europe, where significant growth is forecasted in the next years. According to GSMA forecasts, approximately 92 percent of MNOs‘ investment expenditures will be directed towards the expansion of 5G networks between 2023 and 2030. These investments are heavily concentrated in regions such as North America, Europe, and developed markets in the Asia-Pacific region, where the potential for network densification and expansion is greatest.[6]

The introduction of 5G and the associated network densification present significant revenue growth potential for European TowerCos. A key factor driving this is the increasing colocation potential at existing sites, allowing TowerCos to host multiple mobile network operators at a single location. This growing demand for colocation is driven by mobile operators aiming to enhance their network coverage through 5G implementations. Furthermore, there is a rising need for new site construction, particularly in urban and densely populated areas where greater network density is required.[6 7] However, the demand for new builds is being slowed by challenges such as steel supply issues, partly resulting from the redirections of Ukrainian steel production. These challenges have caused delays in completing new infrastructure. Nonetheless, growth potential in the German tower sector remains strong, driven by the increasing need of mobile network operators to expand coverage and enhance network density.[6 7]

In Germany, the number of Points of Presence (PoPs), which serve as critical network nodes for tower infrastructure, is expected to grow from 84,000 in 2020 to over 147,000 by 2030.[6] This expansion is fueled by strong demand for 5G-enabled services, the increasing number of devices requiring seamless and reliable connectivity, and emerging applications such as autonomous vehicles and IoT solutions. Another key factor driving the growth potential of TowerCos is the modernization of existing infrastructure, which is essential for the rollout of 5G. This includes replacing existing RAN antennas to support the new frequency bands and capacities of 5G networks. For established TowerCos, this creates additional business opportunities, as they typically coordinate upgrade measures for their anchor tenants.[6 7]

6) GSMA 2024
7) Ericsson Mobility Report 2024

The Ericsson forecasts also confirm that by 2029, 5G will account for approximately 75 percent of total mobile data traffic, further increasing the demand for additional network capacity. The number of 5G subscriptions worldwide is expected to reach 5.6 billion by 2029, with North America and Western Europe leading in 5G penetration. The expansion of 5G mid-band spectrums will play a crucial role in these regions, as these frequency bands offer an optimal balance between coverage and capacity, thereby enhancing the user experience.[8] Public transport network coverage has also increased, as EU initiatives combined with rising energy prices have shifted focus onto transport networks.[8] As a result, additional growth opportunities are emerging to expand the number of sites and Points of Presence (PoPs). Beyond technological advancements, European TowerCos could increasingly drive growth in the future through decisions made by national regulatory authorities. The introduction of network coverage obligations requires mobile network operators to provide network coverage of a certain quality in specifically defined areas.

Overall, the number of cell towers in Europe is expected to grow by up to 4 percent annually over the next five years, as the expansion of 5G networks and increasing demand for mobile services continue to push network coverage and capacity forward. In Germany, even stronger growth of up to 5 percent per year is projected, driven particularly by the need for additional sites for 5G mid-band and the deployment of small cells to densify networks in urban areas.[8 9]

8) Ericsson Mobility Report 2024
9) GSMA 2024

Business Development of the Group in 2024

The fiscal year 2024 of GD Towers was marked by the expansion of new locations for our customers and the optimization of processes and IT-infrastructure, following the sale of 51 percent of the shares previously fully owned by Deutsche Telekom AG to the two North American financial investors Brookfield and DigitalBridge.

in EUR thousand	01.01.-12.31.2024	02.01.-12.31.2023	Change	%
Revenue	1,302,892	1,134,065	168,827	14.89%
Changes in inventories	1,834	1,795	39	2.17%
Own capitalized costs	39,477	20,602	18,875	91.62%
Overall performance	**1,344,203**	**1,156,462**	**187,741**	**16.23%**
Other operating income	28,464	14,370	14,094	98.08%
Material expenses	-149,430	-148,948	-482	0.32%
Personnel costs	-86,157	-71,654	-14,503	20.24%
Other operating expenses	-66,278	-85,654	19,376	-22.62%
EBITDA	**1,070,802**	**864,576**	**206,226**	**23.85%**
Deprivation and Amortisation	-324,191	-284,518	-39,673	13.94%
EBIT	**746,611**	**580,058**	**166,553**	**28.71%**
Profit (loss) from financial activities	-391,682	-315,486	-76,196	24.15%
EBT	**354,929**	**264,572**	**90,357**	**34.15%**
Income tax	-133,955	-100,085	-33,870	33.84%
Net profit (loss)	**210,974**	**164,487**	**56,487**	**34.34%**
EBITDA	**1,070,802**	**864,576**	**206,226**	**23.85%**
Rental expenses (before IFRS 16)	-276,614	-234,358	-42,256	18.03%
EBITDA pre IFRS 16	**794,188**	**630,218**	**163,970**	**26.02%**
Special items / One-offs	-2,799	33,447	-36,246	-108.37%
Adjusted EBITDA pre IFRS 16	**791,389**	**663,665**	**127,724**	**19.25%**

The comparative information has been adjusted due to a change in presentation within the income statement, see the explanations in the notes to the consolidated financial statements.

Total Revenue & Site Expansion

The **total revenue** for the 2024 fiscal year was amounted to kEUR 1,302,892, and thus slightly exceeded the plan by 1 percent. This increase was primarily driven by site expansions at a constant tenancy ratio (1.35) and progressive network modernization.

In 2024, 1,098 **new transmission facilities** were constructed, slightly exceeded the plan. Consequently, the **number of macro sites** increased as planned by 1,051 to a total of 43,490 by year-end. Additionally, the number of rental agreements increased by 1,409 to 58,538, 0.7 percent above the planned level as of December 31, 2024.
The site expansion extended across all clusters (excl. towers).
As a result, **cash Capex**, at kEUR 356,943, exceeded the budgeted volume due to its connection with site development.

Costs & Financial Performance

Operational costs increased during the fiscal year in line with growth and revenue. In addition to personnel expenses, which naturally constitute a significant portion, other major cost components included kEUR 50,971 for electricity and other ancillary costs, as well as kEUR 48,774 for facility management expenses at our locations. Other operating expenses for the fiscal year 2023 included a one-time special effect of kEUR 29,814 due to unforeseen tax expenses in Austria, which arose as part of the reorganization. These were normalized in line with their extraordinary nature.

The **financial result** was primarily influenced by external bank financing (“Senior Facilities Agreement”) with a total volume of 5.2 EUR billion and additional financial resources provided by shareholders. At the time of closing, 835 EUR million of these resources were made available, part of which has already been repaid (see the development of the Group’s assets and financial position). Interest expenses for loans from credit institutions, net of interest income from hedging transactions, amounted to kEUR 189,991 (2023: kEUR 164,343). Interest expenses from shareholder loans were kEUR 24,873 (2023: kEUR 42,277). Additionally, interest expenses from lease agreements amounted to kEUR 88,780 (2023: kEUR 74,959).

The tax expense for the fiscal year amounted to kEUR 133,798 (2023: kEUR 100,085). Based on the reported earnings before taxes (EBT), this results in a tax rate of 37.7 percent (2023: 37.8 percent).

The **special items and one-offs** totaling kEUR -2,799 (2023: kEUR 33,447) primarily resulted from the partial reversal of a tax provision in Austria that was established in the previous year as part of the reorganization, as the full amount did not have to be paid to the tax authority. Conversely, special expenses for IT and consulting costs were incurred as part of the optimization of the IT landscape.

Adjusted EBITDA before the application of IFRS 16, which is driven by the positive revenue development, amounts to kEUR 791,389, and therefore 2 percent above the budget.

Financial position of the group

The financial position of the GD Towers Group, due to its business operations as an infrastructure provider, is particularly characterized by property, plant & equipment, right-of-use assets from leasing agreements, lease liabilities and external bank financing.

in EUR thousand	December 31, 2024	in %	December 31, 2023	Change	%
Assets					
Cash and cash equivalents	98,282	1.96%	63,672	34,610	54,36%
Trade receivables	36,336	0.73%	40,685	-4,349	-10,69%
Intangible assets and PPE	2,587,399	51.71%	2,426,544	160,855	6,63%
Right-of-use assets	2,066,309	41.30%	2,127,485	-61,176	-2,88%
Current and non-current financial assets	63,796	1.27%	117,153	-53,357	-45,54%
Deferred tax assets	113,860	2.28%	152,393	-38,533	-25,29%
Other assets	37,661	0.75%	29,877	7,784	26,05%
Total assets	**5,003,643**		**4,957,809**	**45,834**	**0,92%**
Liabilities					
Current and non-current financial liabilities	4,753,901	95.01%	4,784,568	-30,667	-0.64%
Current and non-current lease liabilities	2,156,413	43.10%	2,192,260	-35,847	-1.64%
Liabilities from trade and other payables	151,370	3.03%	150,047	1,323	0.88%
Provisions for pensions and similar obligations	29,906	0.60%	28,165	1,741	6.18%
Current and non-current other provisions	1,249,608	24.97%	1,336,080	-86,472	-6.47%
Deferred tax liabilities	5,266	0.11%	32,230	-26,964	-83.66%
Other liabilities	205,659	4.11%	179,578	26,081	14,52%
Equity	-3,548,480	-70.92%	-3,745,119	196,639	-5.25%
Total liabilities and equity	**5,003,643**		**4,957,809**	**45,834**	**0,92%**

The increase in **cash and cash equivalents** by kEUR 34,610 or 54.36 percent to kEUR 98,282 is due to a reporting-date-related rise. Group Treasury centrally manages cash to optimize financial resources and ensure liquidity at all times.

The increase in **intangible assets and Property, plant and equipment** by kEUR 160,855 (6.63 percent) to kEUR 2,587,399 is almost entirely attributable to Property, plant and equipment, primarily antenna structures at tower, mast, and rooftop locations. The rise compared to the previous year primarily results from the site expansion described earlier (see Cash Capex development in the “Group Business Development in 2024” chapter). Additions to Property, plant and equipment totaling kEUR 762,609 mainly relate to masts, standpipes, and steel structures for new antenna sites, as well as the conversion to 5G as part of network modernization.

The decline in **right-of-use assets** by kEUR 61,176 (2.88 percent) to kEUR 2,066,309 and the corresponding **lease liabilities** by kEUR 35,847 (1.64 percent) to kEUR 2,156,413 primarily stems from adjustments in valuation assumptions. The smaller decrease in lease liabilities compared to rights of use is due to lower repayments as of the reporting date.

The decline in **trade receivables** by kEUR 4,349 (10.69 percent) to kEUR 36,336k is mainly due to a reporting-date-related decrease in receivables from operating lease agreements with major customers (MNOs).

Financial assets decreased significantly compared to the previous year by kEUR 53,357 (45.54 percent) to kEUR 63,796, driven by the declining market value of the interest rate swap for hedging the term loan (“Facility A”).

The **other assets** increased slightly compared to the previous year by kEUR 7,784 (26.05 percent) to kEUR 37,661, mainly due to an increase in value-added tax (VAT) and other tax receivables, including kEUR 11,546 from a VAT special advance payment due to the newly established VAT group.

The **liabilities** are primarily characterized by financial obligations in addition to lease liabilities. As of December 31, 2024, these mainly include the external bank financing of the GD Towers Group. Following the sale of 51.0 percent of GD Towers Group shares to North American financial investors DigitalBridge and Brookfield by Deutsche Telekom AG on February 1, 2023 (Closing Date), and the subsequent repayment of Deutsche Telekom AG's shareholder loan of 4.05 billion, the GD Towers Group entered into a "Senior Facilities Agreement" with a banking consortium of 66 partner banks for a total volume of 5.2 EUR billion and a term of seven years (maturing February 1, 2030). This includes a term loan ("Facility A") of 4.05 EUR billion, an investment credit line ("Capex Facility") originally of 1.0 EUR billion, of which 457 EUR million (December 31, 2023: 170 EUR million) was utilized by December 31, 2024, and a short-term revolving credit facility for working capital ("Revolving Credit Facility") of 150 EUR million, of which 130 EUR million (December 31, 2023: EUR 0) was utilized by December 31, 2024.
The shareholder loans granted in 2023 for a 30-month term totaling 835 EUR million were partially repaid by 250 EUR million in the previous year, with further repayments of 475 EUR million made in the 2024 financial year.

Liabilities from trade and other payables remained at the previous year's level.

The **other provisions** include provisions for restoration obligations amounting to kEUR 1,217,296 (previous year: kEUR 1,282,242). These represent the estimated costs for dismantling and clearing assets and restoring sites where the assets are located. The change mainly results from adjustments to cost estimates for towers and the discount rate. Other provisions primarily include costs for variable compensation, part-time retirement, outstanding vacation, and flextime.

The **other liabilities** primarily include income tax liabilities and deferred income for prepaid rents not attributable to the fiscal year. Compared to the previous year, these increased by kEUR 26,081 (14.52 percent) to kEUR 205,659, mainly due to higher income tax liabilities resulting from increased earnings. In contrast, the prepaid rents accruals decreased compared to the previous year.

The negative **equity** of 3,548 EUR million reported in the consolidated financial statements is primarily influenced by restructuring activities carried out in connection with the reorganization to achieve the target structure, which occurred during the sale of shares to Salsa Bidco GmbH in the previous year. It is neither relevant for covenant agreements with financing banks nor does it possess any legal significance. Legal significance, especially in Germany, is mainly attributed to the equity of GD Towers Holding GmbH in the individual financial statements according to the German Commercial Code (HGB). As of December 31, 2024, this amounted to 5,574 EUR million.

Financial Situation

The financial situation of the GD Towers Group in the fiscal year 2024 is particularly influenced by external financing of the Group and investments in site expansion.

in EUR thousand	01.01.-12.31.2024	02.01.-12.31.2023
EBITDA pre IFRS 16	**794,188**	**630,218**
Investments for maintenance	-15,754	-12,541
Paid interest (without IFRS 16) and other charges	-191,508	-288,755
Paid taxes	-71,326	-70,239
Change of Working Capital & Change in provisions & other non-cash expenses	-88,246	30,984
AFFO[1]	**427,354**	**319,759**
Cash flow from investing activities		
Payments for investments in:		
Intangible assets	-2,737	-3,527
Property, plant and equipment	-354,206	-283,251
Non-current financial assets	-1	-1,718
Proceeds from disposal of property, plant and equipment	98	3,031
Cash flow from investing activities	**-356,846**	**-285,465**
Cash flow from financing activities		
Proceeds from issue of current financial liabilities	191,000	175,000
Repayment of current financial liabilities	-61,000	-4,225,000
Proceeds from issue of non-current financial liabilities	286,600	4,220,000
Repayment of non-current financial liabilities	-475,000	-250,000
Repayment of lease liabilities	-181,227	-104,931
Cash flow from financing activities	**-239,627**	**-184,931**

The **AFFO** for the fiscal year 2024 amounts to kEUR 427,354, exceeding the plan by 14 percent. This was primarily due to higher EBITDA pre-IFRS 16 and lower changes in net working capital (NWC) driven by higher incoming payments compared to the plan. The included investments in maintenance are at a typical level for the Group, mainly related to maintenance measures for passive radio infrastructure. The interest paid mainly stems from the “Senior Facilities Agreement” for 2024, amounting to kEUR 163,932 (2023: kEUR 140,898), net of interest received from related interest rate hedging transactions, and interest payments to shareholders totaling kEUR 24,873 (2023: kEUR 39,601). Taxes paid are exclusively related to advance payments for income taxes concerning the fiscal year 2024. In the prior year, transaction costs of kEUR 104,352 under the “Senior Facilities Agreement,” incurred upon its execution on February 01, 2023, were paid.

The **cash flow from investing activities** for fiscal year 2024 amounts to kEUR -356,846 and mainly includes investments in passive infrastructure, particularly for the expansion of macro sites (refer to the Cash Capex Development section “Business Development of the group in 2024”).

The **cash flow from financing activities** for fiscal year 2024 amounts to kEUR -239,627, primarily influenced by the external financing of GD Towers group. During the current year, the short-term working capital credit line (“Revolving Credit Facility”) was repeatedly drawn and repaid. The investment credit line (“Capex Facility”) was utilized in fiscal year 2024 for 287 EUR million (2023: 170 EUR million), bringing the total utilization to 457 EUR million as of December 31, 2024. Additionally, repayments of the two shareholder loans totaling 475 EUR million and repayments of lease liabilities amounting to kEUR 181,227 were made during the year.

Opportunity and Risk Report

Risk Management

Risk Identification and Reporting

The companies of the GD Towers Group prepare a risk report quarterly. Risks are assessed in terms of their impact on the assets, financial, and earnings positions as well as their probability of occurrence. The need for actions is identified, and actions are pointed out or initiated. This also includes qualitative factors that could be significant for our strategic positioning and reputation and that help determine the overall risk. If unexpected risks are identified in addition to the regular reporting of significant risks, these are reported immediately. The risk report is approved by the Management Board quarterly and submitted to the Finance Committee.

It is essential for our annual planning process to identify opportunities and evaluate them strategically and financially. Thus, they become a part of our forecast statements for the financial and non-financial performance indicators.

Evaluation Methodology

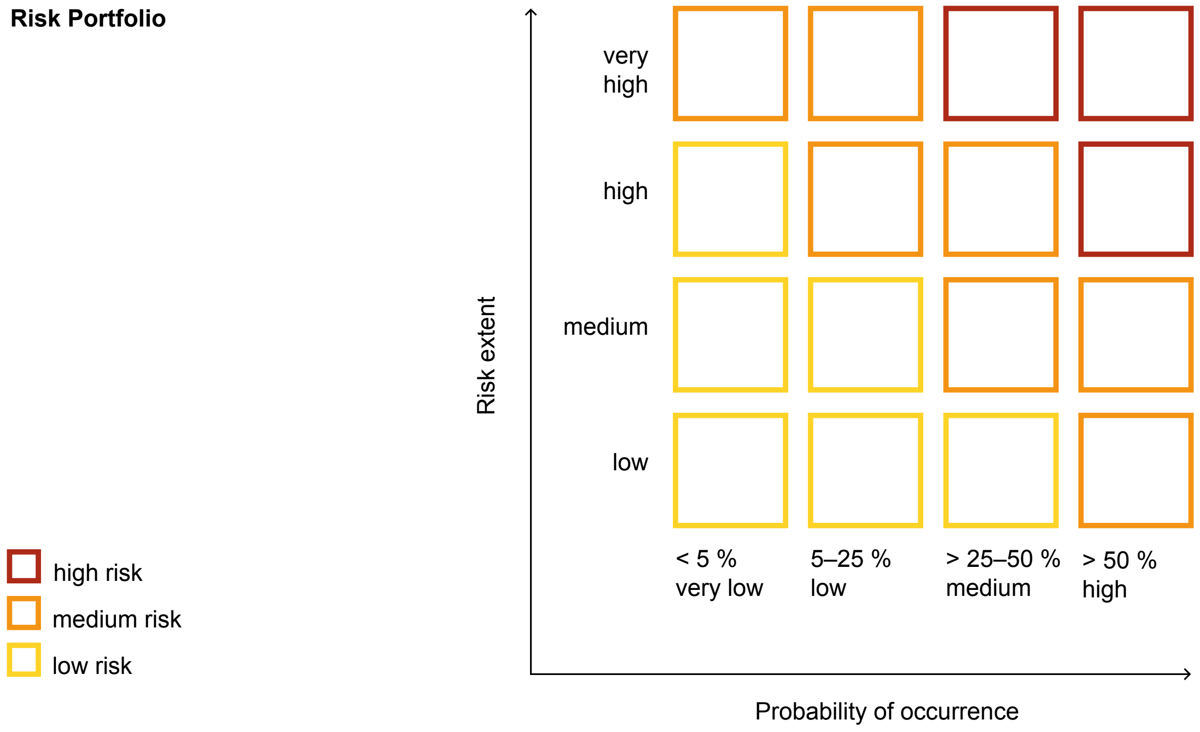
The “probability of occurrence” and “risk extent” are used to assess the risks. The following assessment criteria apply:

Probability of Occurrence	Description
< 5 %	very low
5 to 25 %	low
> 25 to 50 %	medium
> 50 %	high

Risk extent	Description
low	Limited negative impact on business activities, results of operations, financial position, reputation, < 2,5 Mio. € EBITDA single risk per year
medium	Some negative impact on business activities results of operations, financial position, reputation, ≥ 2,5 Mio. € EBITDA single risk per year
high	Significant impact on business activities, results of operations, financial position, reputation, ≥ 6 Mio. € EBITDA single risk per year
very high	Damaging negative impact on business activities, results of operations, financial position, reputation, ≥ 12,5 Mio. € EBITDA single risk per year

Based on the assessment according to the above-mentioned characteristics, we categorize the risks into low, medium and high risks according to the following chart.

Risk Portfolio



We generally report risks classified as „low“ to „very high“. The risks are reported after deducting risk-mitigating measures (net view). Non-quantifiable qualitative risks that could have a negative impact for example on our reputation are also reported.

Risk and Opportunities

In the following, we present all significant risks and opportunities, which from today's perspective, could have a direct impact on the financial- and earnings position and/or the reputation of GD Towers, either directly or indirectly via the results of the subsidiaries.

	Probability of occurrence	Risk extent	Risk significance	Change
Strategic risks and opportunities				
Market and macroeconomic environment (Europe especially Germany)	medium	low	low	stable
Reorganization	medium	low	low	stable
Sustainability and social responsibility	medium	low	low	stable
Operational risks and opportunities				
Customers	low	very high	medium	stable
Purchase and suppliers	low	very high	medium	stable
Employees	low	medium	low	stable
Extreme weather events	low	low	low	stable
Other operational risks	low	medium	low	stable
Litigation and compliance risks & opportunities	**low**	**high**	**medium**	**stable**
Financial risks	**low**	**high**	**medium**	**stable**

Strategic Risks and Opportunities

Market and Macroeconomic Environment (Europe especially Germany)

The macroeconomic environment in Europe remains influenced by political conflicts (e.g., the war in Ukraine, the conflict in Gaza, and U.S. technology sanctions against China). The resulting economic slowdown may impact trade relationships and continue to affect both supply chains and the broader economic landscape. This has led to a decline in interest rates and lower inflation in the 2024 fiscal year compared to previous years. Purchase prices for intermediate products used in constructing communication sites, such as steel and cement, remained high in 2024 but did not increase further. Furthermore, recently concluded collective wage agreements in Germany suggest further increases in personnel costs, potentially impacting the German companies within the GD Towers Group.

In addition to macroeconomic risks, the GD Towers Group continues to operate in a dynamic telecommunications industry environment characterized by intense competition and ongoing technological advancements. The GD Towers Group anticipates sustained high demand for mobile communication sites and expects further market dynamics driven by the entry of additional MNOs requiring their own base stations and mobile communication sites. With the increasing density of mobile communication networks, the GD Towers Group also sees medium-term growth potential in areas such as Small Cells and Distributed Antenna Systems.

Reorganization

With the exit of the Deutsche Telekom AG Group on February 1, 2023 and the associated restructuring of the GD Towers Group, extensive changes to the organization became necessary. Activities and areas previously managed centrally by Deutsche Telekom AG have been restructured. This applies to the functional area of the holding companies. Furthermore, extensive process adjustments in the operating units of the GD Towers Group are required, due to the change in Group affiliation. Due to the early establishment of relevant teams and competences, including the use of external resources and transitional arrangements with Deutsche Telekom AG, the risk has been sufficiently considered. On the contrary, opportunities arise from independent organization in many areas. For example, DFMG, as the main operating unit of the GD Towers Group, has further expanded its third-party market business (leasing locations to customers other than Telekom Deutschland GmbH) in recent years and will continue to drive this forward in the new ownership structure. The GD Towers Group sees the opportunity to use the expertise and capital of the new owners to gain more flexibility for the expansion of the third-party market business. In this context, the focus is particularly on developing the perception of the “Deutsche Funkturm” brand, including increased communication on corresponding platforms but also engagement in the public sector.

The changes in the corporate structure in Germany described in the forecast report may initially pose risks in workflows between the companies. However, the opportunities to better respond to changing market demands outweigh these risks.

The project to transform the IT landscape, aimed at standardizing, optimizing, and modernizing the Group’s IT systems, seeks to establish a more efficient, robust, and future-proof infrastructure. While this offers opportunities for sustainable cost and time savings, it may also lead to increased efforts during implementation. These include the procurement of external resources, potentially causing budget deviations, as well as personnel bottlenecks that could extend the project timeline and adversely affect the project budget.

Sustainability and Social Responsibility

As part of its activities, the GD Towers Group bears responsibility by anchoring and continuously developing corporate management regarding environmental, social and governance aspects. The focus on sustainability aspects results on the one hand not only from the increasing regulatory requirements such as the CSRD (Corporate Sustainability Reporting Directive) and the EU taxonomy by the EU or the German legislator’s Supply Chain Duty of Care Act, but also from the increased expectations of stakeholders such as customers, suppliers, lenders, employees, shareholders and the society. The further promotion of sustainability in the corporate strategy can therefore make a valuable contribution and provide a competitive advantage in the acquisition of new customers, the recruitment of new employees and the improvement of credit conditions. By addressing the regulatory requirements at an early stage, including by creating internal and external resources, the GD Towers Group has comprehensively addressed the risks arising from the additional requirements, but has also created the opportunity to exploit the opportunities associated with it.

Operational Risks & Opportunities

Customers

The focus on MNOs inherent in the business model entails a certain dependence on a few major customers, resulting in corresponding concentration of risk. However, the telecommunication market in Europe, especially in Germany, is characterized by relatively few market participants compared to other industries. Consequently, this dependence is reflected on both sides. Both parties are therefore interested in long-term and partnership-based relationships and adjust their business conduct accordingly.

The GD Towers Group addresses resulting risks, particularly through long-term contracts with its major customers, to ensure planning certainty and to be able to react early to potential unfavorable developments. Furthermore, further diversification of the customer portfolio is aimed, for both markets, Germany and Europe.

Purchase and Suppliers

Achieving the expansion targets, it is essential that the sites are built on time, which depends on a number of external factors. Critical external factors are, for example, the availability of a suitable site, the necessary permits and licenses, the availability of suppliers and materials for planning and construction, as well as the availability and provision of energy and fixed network access. A delay in any of these factors may lead to a delay in the construction of the site and thus to a delay in the recognition of revenue for the site. The GD Towers Group is committed to meeting its construction obligations on time but nevertheless recognizes the risk that limited external resources could cause delays.

Furthermore, the GD Towers Group endeavors to conclude long-term contracts with its landlords, e.g., for buildings or land, to set up sites there. However, if a rental contract is terminated by the landlord, a so-called “forced site move” location will be sought if the customer so requests. Nevertheless, there is a risk of an increased number of terminations on the part of site landlords if, for example, there is a change in social attitudes towards mobile communications. Such an increased number of terminations could negatively affect the profitability of the GD Towers Group.

Moreover, the risk of a possible restriction of work due to the spread of illness within the GD Towers Group is certainly present. This includes both GD Towers’ internal impact and GD Towers’ external risk factors, such as possible delivery problems for construction materials or resource bottlenecks for general contractors or their suppliers due to cases of illness.

The GD Towers Group endeavors to maintain a diverse range of suppliers. Together with the precise selection of reliable suppliers, this minimizes the risk of supply bottlenecks.

Employees

Our future growth will be significantly influenced and guided by our workforce. The skills and commitment of our employees in all areas are crucial to the success of the company. However, due to the tense market situation, recruiting new employees can be challenging. The markets relevant to us are characterized by intense competition for qualified specialists and the challenge of being perceived by the public as an attractive employer. Recruiting and retaining employees is one of the company’s priorities. This is achieved through focused measures such as employee surveys, attractive compensation models and benefits, individual training opportunities, as well as the identification and promotion of attractive career prospects. Another focus is on recruiting young talent using varied training and study models, which are marketed through various platforms. Nevertheless, it is possible that employee-related risks may arise and impact business activities, even if the effects are difficult to assess.

Another part of our commitment to our employees is to provide them with a robust health and safety working environment. An accident or collapse on a construction site could result in claims for compensation being made against the GD Towers Group. Such a situation could have a negative impact on the Group’s reputation and affect its ability to conduct future business or hire employees. These consequences could adversely affect the GD Towers Group’s business, financial condition, and results of operations.

Extreme Weather Events and Natural Disasters

The locations of the companies in the GD Towers Group are exposed to environmental risks such as extreme weather events and natural disasters. The number and intensity of extreme weather events such as floods, earthquakes, severe storms and forest fires have increased dramatically worldwide due to rising temperatures and other climate changes associated with climate change. In a global comparison, however, Germany and Austria are rarely affected by natural disasters, meaning that the risk can be classified as low. Nevertheless, extreme weather conditions are becoming increasingly likely in the future. Accordingly, the risk that the sites could be affected by extreme weather events has also increased. Any damage or destruction, in whole or in part, at one of the sites could impair the functionality of the site as well as the surrounding community and thus have a negative impact on the company's financial situation. To adequately mitigate such risk, the GD Towers Group has taken out appropriate insurance policies.

Due to extreme natural events and negative climate impacts, there may be increased requirements for environmental and climate protection, which could have a direct impact on the provision of existing and new mobile communications sites. On the one hand, higher requirements (e.g. compensatory measures) may result in higher costs for the provision of new mobile communications sites, but this may also have a negative impact on the search for potential sites. In addition, new EU legal requirements for the preservation of biodiversity may lead to stricter protection and an expansion of existing protected areas. Greater distances from nature conservation areas and residential areas or the non-issuance of permits could make the search for suitable sites more difficult and jeopardize or delay the necessary expansion in Germany and Austria.

Other Operating Risks

The mobile communications infrastructure of the GD Towers Group is also inherently exposed to the risk of acts of sabotage and vandalism. Calls for such sabotage on internet forums and vandalism damage to DFMG-Sites in recent years point to this risk. Such acts of sabotage can disrupt the smooth operation of the sites and thus lead to financial losses. In order to prevent sabotage and vandalism, an extensive security concept is used to precisely regulate access to the sites and includes the installation of camera surveillance at the sites.

In addition to the risk of attacks directly on sites, there is also a risk of cybercrime. The frequency of cyber-attacks on companies is constantly increasing and is also becoming ever more complex due to the evolving methods of attack. Accordingly, companies are required to protect their own data as well as the data of their business partners and customers through constant improvements and adjustments. Cybercrime incidents can lead to business interruptions, embezzlement and unauthorized access to confidential information. Robust security concepts are used to counter this risk.

Regulatory and Compliance Risks & Opportunities

Regulatory

Regulatory risks arise from legal regulations at the National and European level, as well as from derived regulatory and intervention powers of national regulatory authorities, which restrict our product and pricing options. Regulatory opportunities may arise from deregulation. Regulatory interventions by regulatory authorities, which are only partially foreseeable by us, can further increase existing prices and competitive pressures. It is likely that regulation in Germany and other European countries will also have a negative impact on the development of our revenue and earnings in the medium to long term. For the GD Towers Group, the following regulatory developments are currently of particular importance:

In principle, there is a significant risk that Chinese network equipment suppliers could be excluded from network expansion in Germany through legislation. In the past, subsidiaries of the GD Towers Group have supported customers in replacing system technology (e.g., as part of the SRAN project). If a swap-out of existing technology becomes necessary, the companies could be contracted for construction and support services. From a capacity and cost perspective, a potential swap-out could pose a risk, while from a revenue perspective, such a project could represent an opportunity. To accelerate the ongoing network modernization efforts of its customer Telekom Deutschland, DFMG commissions necessary construction work on passive infrastructure at sites where the customer uses Huawei equipment. This is unlikely to be impacted by the discussed ban (exclusion of Chinese network equipment suppliers). However, it remains uncertain whether Huawei would continue to support DFMG with the required construction work in the event of a transition to another technology supplier, making the previously mentioned capacity risk a plausible concern.

There is also the potential for regulation under the 2021 Telecommunications Act (TKG) concerning towers taller than 100 meters. Nevertheless, it should be noted that around three years have passed since the amendment came into effect without the Federal Network Agency having initiated any measures for market definition or a subsequent market analysis. Furthermore, the growing adoption of digital broadcasting is inherently diminishing the importance of mounting heights. In this context, the market and its development should continue to be monitored, but given the declining risk, no active measures are currently required.

The “Gigabit Infrastructure Regulation” was enacted in April 2024. While it confirms that TowerCos may be subject to access claims from other telecommunications operators, it also establishes that, in terms of pricing, TowerCos existing contracts, terms, and business model (provided they regularly grant access to more than one company) must be considered.

Specific pricing determinations remain pending. However, given these provisions, there is strong reason to believe that current pricing structures could remain justified if access claims are asserted.

Compliance & Data Protection

As a company, we are subject to numerous laws and regulations. Violations of such laws could lead to significant penalties and fines, as well as reputational damage. For example, breaches of data protection laws, such as the EU General Data Protection Regulation (GDPR), could result in substantial fines. Additionally, disclosing data protection violations could cause significant reputational harm and damage the trust of our customers and business partners in our organization. There is also a risk that members of management and our employees may violate guidelines and standards for appropriate and responsible business conduct. This includes risks such as fraud, misrepresentation or manipulation of financial data, anti-competitive behavior, bribery, corruption, discrimination, and harassment in the workplace.

Compliance risks in this context refer to risks arising from systematic violations of legal or ethical standards that could lead to administrative or criminal liability for the company, its executives, or employees, or cause significant reputational damage. To mitigate this risk, we are continuously enhancing our compliance management system (CMS) and have implemented comprehensive guidelines. Our code of conduct requires all employees to act ethically and adhere to laws and regulations in their work for the company. Additionally, quarterly compliance reporting is carried out to management. At present, management is not aware of any such violations.

Risks in the area of data protection (GDPR) primarily concern data breaches. These can result in very high fines (up to 4 percent of global annual revenue). A data breach may involve violations of the personal rights of affected individuals or compromise the confidentiality, availability, and integrity of personal data. The GD Towers Group and its subsidiaries take appropriate technical and organizational measures to prevent such breaches and regularly raise awareness among employees about handling personal data. Work is ongoing to expand the data protection management system. Quarterly reporting to management occurs. During the current reporting period, there were no reportable data protection incidents or violations.

Other Legal Risks

The GD Towers Group and its subsidiaries are currently involved in various legal disputes arising from their ordinary course of business. Support is provided by the corporate legal department in conjunction with external advisors. Additionally, the corporate legal department is always involved in contract negotiations to minimize legal risks associated with entering new contracts. If the incurrence of an obligation is probable, the resulting risks are reflected in provisions. Currently, there are no legal disputes of particular significance.

Financial Risks

Liquidity, Default and Currency Risks

The GD Towers Group is primarily exposed to liquidity and default risks concerning its assets, liabilities, and planned transactions. We aim to limit these risks. Payment-related risks are monitored through a standard process and secured accordingly using derivative hedging instruments. Derivative financial instruments are exclusively used for hedging purposes and never for speculative purposes. The assessment of the risk areas described below, including liquidity, default, and currency risks, considers all hedging measures.

Financing and liquidity risks

To ensure continual liquidity and optimal utilization of financial resources, a system-supported Treasury Management System is employed. Additionally, both short-term cash flow forecasting and medium-term liquidity forecast are implemented with the objective of identifying liquidity needs and risks, developing appropriate strategies to address these needs, and implementing these strategies.

As another component, Group Treasury has implemented a group-wide cash pooling system to enable efficient utilization of the group's liquidity while simultaneously optimizing financing costs.

The GD Towers Group has shareholder loans and bank financing. The bank financing has a term until February 2030 and includes a term loan of 4.05 EUR billion, a capex line of 1.0 EUR billion, and a revolving credit facility of 150 EUR million. As of December 31, 2024, 467 EUR million of the capex line had been drawn, while the revolving credit facility can be used and repaid as needed. 130 EUR million of the revolving credit facility had been utilized by December 31, 2024. Due to their large volume, these financings are partially exposed to significant refinancing risk. To mitigate these risks, the group maintains regular contact with various market participants, continuously monitors all available financing options in the capital and banking markets and utilizes them strategically. Early reviews before each maturity date are carried out to ensure adequate refinancing.

Default Risks

In its operational business, the GD Towers Group is only exposed to a very low default risk, meaning the risk that the counterparty does not fulfill its contractual obligations. The risk of default on receivables includes a certain concentration of risk, as a significant portion of the receivables is linked to individual major customers of the Group. To minimize the default risk, outstanding receivables are continuously monitored.

Currency Risks

Currency risks primarily arise from operational activities. Material risks from foreign exchange fluctuations are hedged when they are cash-effective and sufficiently secure. However, foreign exchange risks that do not affect cash flow, such as risks resulting from the translation of assets and liabilities into euros, remain fundamentally unhedged. Currency risks are of minor importance in the GD Towers Group, as there are no significant foreign currency positions within the Group.

Tax Risks

The GD Towers Group, along with its subsidiaries, operates primarily in Germany and Austria and is thus subject to applicable tax laws and regulations in these countries. Risks may arise from changes in local tax laws or jurisprudence and from different interpretations of existing regulations. These changes can have implications for the corresponding tax positions in the balance sheet and income statement. With the sale of the GD Towers companies, another profit and loss transfer agreement was concluded between DFMG Holding GmbH and GD Towers Holding GmbH, which is effective retrospectively from January 01, 2023. Consequently, from the fiscal year 2023 onwards, the German subsidiaries are part of a trade tax, corporate income tax, and value-added tax group with GD Towers Holding GmbH. The central group tax department, supported by external consultants in both countries, continuously monitors and analyzes the tax framework conditions to manage the resulting risks.

Management's Assessment of the Overall Risk and Opportunity Situation

The overall risk situation in 2024 remained largely stable, similar to the previous year, and is generally assessed as acceptable. From today's perspective, management does not consider the group's existence to be at risk. As of the reporting date and at the time the financial statements were prepared, there are no existential risks for the GD Towers Group and its significant subsidiaries.

Forecast

Economic expectations

According to the latest forecasts from the International Monetary Fund (IMF) from January 2025, global GDP growth is expected to be 3.3 percent in 2025 and 2026. These forecasts indicate continued weakness compared to the historical average (2000–2019) of 3.7 percent.[10] This decline reflects structural challenges, including weak productivity growth and demographic issues affecting many economies worldwide.[11] In the Eurozone, growth of 1.0 percent is expected for 2025, with weak growth primarily attributed to the manufacturing sector and increased political uncertainty. A slight improvement to 1.4 percent is anticipated in 2026, driven by stronger demand and better financial conditions.[10]

Global inflation is expected to continue decreasing, from 5.8 percent in 2024 to 4.2 percent in 2025 and 3.5 percent in 2026. This decline is mainly supported by the normalization of energy prices and the stabilization of global supply chains, although inflation risks remain in some regions, particularly in emerging markets. In the Eurozone, moderate growth of 1.4 percent is expected for 2025, with a stabilization at 1.5 percent in 2026. However, this recovery remains fragile and depends on the development of the geopolitical situation and the normalization of inflation. The inflation rate in the Eurozone is expected to decrease from 3.4 percent in 2025 to 2.2 percent in 2026, due to the easing of energy market pressures and improved supply conditions. A similar trend is expected in Germany, with the inflation rate falling from 3.5 percent in 2024 to 2.2 percent in 2025 and 1.9 percent in 2026.[11]

Development of the global telecommunications market

Due to the ongoing strong demand from mobile network operators (MNOs) seeking to densify existing networks and improve coverage, we expect continued growth in the radio tower and telecommunications market in 2025. The demand for macro Points of Presence (PoPs) is expected to reach 147,000 by 2030, driven by network coverage obligations, network densification, and 1&1 as the fourth mobile network operator. Overall, the number of radio towers in Europe is expected to increase by up to 3 percent annually over the next five years (up to 6 percent in Germany).

Another key growth driver is 5G technology. Forecasts predict that by the end of 2024, global 5G usage will reach approximately 1.7 billion connections, with an expected increase to nearly 5.6 billion by 2029, representing about 60 percent of global mobile connections. In Europe, one of the leading 5G markets, 5G is expected to account for 86 percent of all mobile connections by 2029.[12] Globally, 5G is expected to contribute over 930 billion dollars to the global economy by 2030, with much of the growth coming from developed regions such as North America, Europe, and the Asia-Pacific region.[12] [13] It is forecasted that mobile network operators will invest around 75 percent of their capital expenditures in expanding 5G networks between 2023 and 2030.[12]

In the long term, growing data traffic will be driven by the increasing number of smartphone contracts and rising average data volumes per contract, due to more video content and broader 5G adoption. To meet the growing data demand in the 4G and 5G sectors, MNOs will particularly aim to differentiate themselves from competitors through network quality.

The rising data flow will require additional network capacity. Network densification will also be necessary to meet the range and capacity requirements of the high-frequency spectrum used by 5G networks.

10) World Economic Outlook Update, January 2025: Global Growth: Divergent and Uncertain
11) World Economic Outlook, October 2024: Policy Pivot, Rising Threat
12) Ericsson Mobility Report 2024
13) GSMA 2024

Expected development of the Group

GD Towers is directly influenced by the demand of MNOs due to its business operations as a TowerCo. Therefore, growth is primarily driven by an increased demand from these entities, which in turn is shaped by the developments outlined earlier in the telecommunication market.
GD Towers' plans are particularly based on quantities agreed upon with the MNOs, sometimes contractually.

For the fiscal year 2025, GD Towers expects the following figures/volumes compared to the year 2024:

	2025
Financial Performance Indicators	
Revenue	slight increase
EBITDA pre IFRS 16 (adjusted for special items / one-offs)	slight increase
AFFO	moderate decline
Cash CAPEX	sharp increase
Non Financial Performance Indicators	
Number of Macro Sites	slight increase
Number of tenants	slight increase
New BTS	slight decrease
Tenancy ratio	constant

In the 2025 financial year, we plan, as in 2024, for a slight increase in the number of macro sites and corresponding tenants. Given the high absolute base of sites and tenants, growth is expected to remain in the low single-digit percentage range. This increase will primarily be driven by demand from our largest customers (MNOs) and the volumes agreed with them for the 2025 financial year.

For 2025, we will maintain a strong focus on site expansion. Accordingly, we plan a similarly robust expansion of new BTS, albeit slightly below the previous year's level. Due to significant investments in site expansion, we anticipate a substantial increase in Cash CAPEX compared to 2024.

Based on the assumptions outlined above and the expectation of a constant tenancy rate, we forecast a moderate increase in total revenue for the 2025 financial year, in the mid-single-digit percentage range.

With a stable cost structure and a growth-driven slight rise in costs in 2025, we expect EBITDA pre-IFRS 16 (adjusted for special effects) to grow in the mid-single-digit percentage range.

This growth is expected to continue having a positive impact on AFFO. However, due to higher tax payments in 2025, we anticipate a moderate decrease in AFFO in the low double-digit percentage range.

Overall, the 2025 financial year will remain focused on growth and future-oriented initiatives. Alongside site expansion as a central objective, ongoing efforts will be directed toward improving processes and systems, including group-wide IT projects. To respond more agilely to market changes, the corporate structure in Germany will be reorganized in 2025. As part of this realignment, the functions of strategy and control, production, operations, and internal group services will be consolidated into separate entities.