The Sunrise Holding Group

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Forward-looking Statements

The information set forth in this annual report contains forward-looking statements that are based on management's beliefs and assumptions and on information currently available to management. All statements other than present and historical facts and conditions contained in this annual report, including statements regarding the Sunrise Holding Group's future results of operations and financial position, business strategy, plans and objectives for future operations, are forward-looking statements. When used in this annual report, the words "anticipate," "believe," "continue" "could," "estimate," "expect," "intend," "may," "might," "ongoing," "objective," "plan," "potential," "predict," "should," "will" and "would," or the negative of these and similar expressions identify forward-looking statements. Forward-looking statements are subject to a number of risks and uncertainties, including, among others, those related to:

- our substantial indebtedness and the potential effect on our ability to execute our business strategy;
- the significant amount of cash we may need to meet our obligations under our indebtedness;
- the expenditures required to renew the portion of our spectrum expiring in 2028;
- the impact of a decline in ARPU in our mobile and fixed networks on our business, revenues, earnings and cash flows if we fail to expand our subscriber base to offset ARPU declines;
- price erosion in the telecommunications industry;
- our dependence on our agreement with Swiss Towers AG for access to the majority of our mobile antenna sites and passive mobile infrastructure;
- the lack of ownership of all our network infrastructure and equipment or the land on which it is constructed;
- reputational risks and impairment our brands are subject to;
- damage and disruptions to our network infrastructure and IT systems;
- customer churn and its impact on our revenues and cash flows;
- our reliance on third-party suppliers for certain of our products and services;
- changes in, or failure or inability to comply with, government regulations and legislation in Switzerland and adverse outcomes from regulatory proceedings;
- our ability to anticipate, protect against, mitigate and contain loss of our and our customers' data as a result of cyber attacks on us;
- the leakage of sensitive customer or company data or the failure to comply with applicable data protection laws, regulations and rules;
- potential operational impacts if Liberty Global is unable for any reason to effectively provide services to us pursuant to our services arrangements with Liberty Global, or if we are unable to adequately, timely and cost-effectively replace such services once such arrangements expire; and
- other risks and uncertainties, including those listed in this section of this annual report titled '*Risk Factors*'.

Risk Factors

Our business faces significant risks. You should carefully consider all of the information set forth in this annual report, including the following risk factors which we face, and which are faced by our industry. Other risks and uncertainties that we do not presently consider material, or of which we may not be presently aware, may become important factors that affect our business, revenues, earnings and cash flows. Our business, revenues, earnings and cash flows could be materially adversely affected by any of these risks. This report also contains forward-looking statements that involve risks and uncertainties. Our results could materially differ from those anticipated in these forward-looking statements, as a result of certain factors including the risks described below and elsewhere in this annual report. See '*Forward-looking Statements*' above.

Risks Relating to the Sunrise Holding Group's Indebtedness

The Sunrise Holding Group has substantial indebtedness that may have a material adverse effect on its ability to execute its business strategy.

The Sunrise Holding Group has a substantial amount of indebtedness. The level of Sunrise's indebtedness could have important consequences, including: requiring a substantial portion of Sunrise's cash flow from operations to be dedicated to the payment of interest and principal on existing indebtedness, thereby reducing the funds available for other purposes, including the payment of dividends; potentially impairing Sunrise's ability to obtain additional financing in the future for working capital, capital expenditures, product development, acquisitions or general corporate purposes; potentially limiting Sunrise's flexibility in planning for, or reacting to, changes in its business, competitive environment and the industry in which it operates; potentially placing Sunrise at a competitive disadvantage as compared to competitors that are not as highly leveraged; and potentially making Sunrise vulnerable in the event of a downturn in general economic conditions or adverse developments in its business.

Although the Sunrise Holding Group reduced its leverage in connection with the spin-off, such deleveraging may not be sustained and Sunrise's leverage may increase to or above current levels at any time in the future.

The Sunrise Holding Group will require a significant amount of cash to meet its obligations under its indebtedness and fund other liquidity needs, which it may not be able to generate or raise on acceptable terms or at all.

The Sunrise Holding Group's third-party debt obligations excluding vendor financing outstanding as of February 4, 2025 will mature between 2028 and 2032. Sunrise's ability to pay principal or interest when due will depend on its future performance and ability to generate cash, which is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors discussed herein, many of which are beyond Sunrise's control.

If Sunrise does not have sufficient cash flows from operations or other capital resources to pay its indebtedness at maturity, it may be required to refinance that indebtedness. It may also need to incur additional indebtedness or raise equity capital if it is unable to fund its other liquidity needs. The type, timing and terms of any future financing will depend on Sunrise's cash needs and the prevailing conditions in the credit and financial markets, and such future financing may not be available on acceptable terms or at all. Debt financing, if available, may involve agreements that include covenants further limiting or restricting the Sunrise Holding Group's ability to take specific actions, such as incurring additional debt, providing security or making capital expenditures. Such restrictions could adversely impact Sunrise's ability to, among other things, conduct its operations, obtain additional financing or execute its business plan.

If the Sunrise Holding Group is unable to repay or refinance all or a portion of its indebtedness as it comes due or to raise capital required to fund its other liquidity needs on terms acceptable to it, it may be forced to, among other things, sell assets, delay business projects or forego market opportunities.

Sunrise's business requires significant ongoing investments. The amount of required investment may fluctuate from period to period and increase above historical levels or current estimates but may not generate a positive return.

Sunrise has historically had to, and expects to continue to have to, incur significant capital and other expenditures, including for, among other things, the continued expansion, maintenance and improvement of its mobile and fixed network infrastructure. For example, to maintain its level of service to its mobile customers, Sunrise may be required to make additional investments to expand its 4G active mobile infrastructure (consisting of network equipment that is embedded in passive tower infrastructure) if it is unable to move data traffic on its mobile network from 4G to 5G at the expected rate or at all. Sunrise may be unable to do so if, among other things, Sunrise's existing and new mobile service subscribers choose not to subscribe for or use 5G services because their mobile devices are not compatible with 5G technology, due to limitations of 5G connectivity indoors or for any other reason.

In addition, to maintain and improve its competitive position in the mobile market, Sunrise expects to continue to incur capital expenditures to complete the rollout of 5G and 5G Standalone ('**5G SA**') active mobile infrastructure in its network. Sunrise may not be able to complete such rollout during the estimated time frame or at the estimated cost and the amount of associated expenditures may therefore fluctuate from period to period and be higher than currently expected. Significant investments may also be required to enhance Sunrise's product and service offerings, improve customer experience and provide upgraded customer premises equipment ('**CPE**') to Sunrise's customers.

Sunrise may also be required to undertake unplanned infrastructure maintenance, construction or upgrades and other expenses necessitated by factors beyond Sunrise's control, including those described elsewhere herein. For example, if a proposed revision to the Telecommunications Services Ordinance (Verordnung über Fernmeldedienste of 2007, as amended) (the '**Telecommunications Services Ordinance**') is implemented, Sunrise may be required to supplement its networks with batteries and diesel emergency power generators at its own expense by 2030 (for emergency services) to 2033 (for other services) to enable operations in connection with cyclical power cuts and longer regional outages. Sunrise may also be required, under the Telecommunications Services Ordinance, to undertake significant expenditures to replace CPE it provided to its customers if such CPE poses a security risk which cannot be addressed by other means. If requested by Swisscom, Sunrise and other telecommunications services providers may be required to contribute to certain of Swisscom's costs associated with providing universal services in proportion to their respective gross revenues.

As a result of all of these uncertainties, although Sunrise targets a reduction in its property and equipment additions as a percentage of revenue in the medium term due to a reduction in planned investments, there can be no assurance that such a reduction will in fact be achieved.

While Sunrise's future investments into its business may be substantial, there can be no assurance that any such investments will generate positive returns in the anticipated amounts, on the anticipated timeline or at all. Sunrise may be unable to generate a positive return on investment if, among other things, it does not maintain or expand its subscriber base to a level that justifies its investments, if customers do not respond to Sunrise's services, products, network improvements and other initiatives as favorably as expected or prefer competitors' services over Sunrise's despite Sunrise's investments, or if the actual cost of Sunrise's investments is higher than its initial estimates, whether due to ineffective estimate methodology, inflation, unforeseen events or otherwise.

The Sunrise Holding Group is, and will continue to be, subject to restrictive debt covenants.

Subject to applicable exceptions and qualifications, the indentures and the facilities agreements governing the Sunrise Holding Group's outstanding indebtedness restrict, and the finance documents under which Sunrise may incur any additional indebtedness may restrict, among other things, Sunrise's ability to: incur or guarantee additional indebtedness; create or incur certain liens; make certain payments; make certain investments; create encumbrances or restrictions on the payment of loans or advances to and on the transfer of assets to or by Sunrise's subsidiaries; sell, lease or transfer certain assets, including stock of restricted subsidiaries; engage in certain transactions with affiliates; consolidate or merge with other entities; and create certain security interests over Sunrise's assets.

The Sunrise Credit Facility also provides that if on the last day of each fiscal quarter, the aggregate net indebtedness under the revolving and certain ancillary facilities, less cash, exceeds 40% of the aggregate of the relevant revolving facility commitment, then the ratio of senior net debt to annualized EBITDA (each as defined in the Sunrise Credit Facility) of the borrower on such day may not exceed 4.75:1. The Sunrise Holding Group's ability to meet this and other financial covenants may be affected by adverse economic, competitive or regulatory developments and other events beyond its control, and there can be no assurance that these financial covenants will be met. In the mid term, the Sunrise Holding Group expects its reported leverage ratio to be between 3.5 and 4.5 times Adjusted EBITDAaL (as defined in the "*Operational and Financial Review*") as calculated pursuant to its anticipated refinancing transactions.

The foregoing covenants could limit Sunrise's ability to finance its future operations and capital needs and pursue business opportunities and activities that may be in its interest and non-compliance by the Sunrise Holding Group with any such covenant may constitute an event of default under the respective debt instrument.

Upon the occurrence of an event of default under the Sunrise Holding Group's debt instruments, subject to applicable cure periods and other limitations on acceleration or enforcement, the relevant creditors could elect to declare all amounts outstanding immediately due and payable and, in the case of indebtedness under credit facilities, cancel the availability of the facilities. In addition, any default under a finance document could lead to an event of default and acceleration under other debt instruments that contain cross- default or cross-acceleration provisions. If Sunrise's creditors accelerate the payment of all or a significant part of the Sunrise Holding Group's indebtedness, Sunrise's assets may not be sufficient to repay accelerated indebtedness in full and satisfy all other liabilities as they become due. If the Sunrise Holding Group is unable to repay those amounts, Sunrise's creditors could proceed against any collateral granted to them to secure repayment of those amounts.

See the "*Operational and Financial Review*" and Note 21 of the Notes to the consolidated financial statements for more information about the Sunrise Holding Group's indebtedness outstanding as of December 31, 2024.

Sunrise may not freely access the cash of its operating companies.

The Sunrise Holding Group's operations are conducted through its subsidiaries. Sunrise's current sources of corporate liquidity include cash and cash equivalents, as well as interest income received on its cash and cash equivalents. From time to time, Sunrise also receives (i) proceeds in the form of distributions or loan repayments from its subsidiaries or affiliates, (ii) proceeds upon the disposition of investments and other assets and (iii) proceeds in connection with the incurrence of debt or the issuance of equity securities. The ability of Sunrise's operating subsidiaries to pay dividends or to make other payments or distributions to Sunrise depends on their individual operating results and any statutory, regulatory or contractual restrictions to which they may be or may become subject and, in some cases, Sunrise's receipt of such payments or distributions may be limited due to tax considerations or the presence of noncontrolling interests. Most of Sunrise's operating subsidiaries are subject to credit agreements or indentures that restrict sales of assets and prohibit or limit the payment of dividends or the making of distributions, loans or advances to shareholders, including Sunrise. In addition, because these subsidiaries are separate and distinct legal entities they have no obligation to provide Sunrise funds for payment obligations, whether by dividends, distributions, loans or other payments. If Sunrise's operating subsidiaries are for any reason unable to pay dividends or make other payments or distributions to Sunrise, this would have a material adverse effect on Sunrise's liquidity and, as a result, its ability to operate its business.

Certain of the Sunrise Holding Group's borrowings bear interest at floating rates or are tied to Sunrise meeting certain ESG requirements.

Sunrise is exposed to the risk of fluctuations in interest rates, primarily through its credit facilities, which are indexed to Euro Interbank Offer Rate, Term Secured Overnight Financing Rate, Sterling Overnight Index Average, Swiss Average Rate Overnight or other base rates, and such exposure may increase to the extent that Sunrise incurs additional floating rate indebtedness. Approximately 52% of Sunrise's indebtedness outstanding as of December 31, 2024 was subject to floating interest rates.

Although Sunrise entered into, and may in the future continue to enter into, hedging arrangements designed to fix interest rates on substantially all of its floating rate indebtedness, there can be no assurance that hedging will continue to be available on commercially reasonable terms or at all. Hedging itself carries certain risks, including the risk associated with default by the counterparty to the hedging transaction and the risk that Sunrise may need to pay a significant amount (including costs) to terminate any hedging arrangements. If interest rates were to rise significantly and Sunrise's hedging instruments were not for any reason effective at offsetting rate increases, Sunrise's interest expense would correspondingly increase, thus reducing cash flows that Sunrise has available to use for other purposes, including capital expenditures, and exacerbating the other risks described herein associated with its high levels of indebtedness.

In addition, the interest rate on certain of the Sunrise Holding Group's outstanding indebtedness is subject, and the interest rate on any future indebtedness may be subject, to increase if Sunrise fails to publish certain environmental, social and governance ('**ESG**') and sustainability reports, or to meet certain ESG targets, and to decrease if Sunrise exceeds certain targets. Sunrise may fail to timely publish ESG reports or meet targets set forth therein for a number of reasons, some of which may be beyond its control. The reasons it might fail to meet ESG targets include, among others, prohibitively high cost of necessary investments, adverse regulatory developments, unavailability of required technologies, resources or supplies or deficiencies in initial target-setting methodology. Even if Sunrise meets ESG targets and does not therefore incur an increase in interest on certain of its indebtedness, for reasons including the foregoing, there can be no assurance that Sunrise would be able to exceed ESG targets and obtain a decrease in its interest rates.

For more information about the Sunrise Holding Group's indebtedness, interest rate hedging arrangements and ESG-related provisions, see the "*Operational and Financial Review*" and Notes 21 and 22 of the Notes to the consolidated financial statements.

Exchange rate fluctuations could adversely affect Sunrise's financial results because a substantial portion of its indebtedness is denominated in euros and U.S. dollars, while its cash flows are generated in Swiss francs.

A substantial portion of the Sunrise Holding Group's indebtedness is denominated in euros and U.S. dollars, even though substantially all of Sunrise's operating cash flow is generated in Swiss francs, which exposes Sunrise to risks associated with currency exchange rate fluctuations. Such exposure may increase to the extent that the Sunrise Holding Group incurs additional indebtedness denominated in currencies other than the Swiss franc. In order to manage the negative impact of a reduction in the value of the Swiss franc relative to euro and U.S. dollars on its financial profile, Sunrise has entered into, and may in the future continue to enter into, currency swaps in respect of all such euro- and U.S. dollar-denominated indebtedness. Currency swaps themselves carry certain risks, including default by the counterparty to the swap transaction and the risk that Sunrise may need to pay a significant amount (including costs) to terminate any currency swap arrangements. If Sunrise is not able to enter into currency swap arrangements to the extent necessary and on commercially reasonable terms, Sunrise's exchange rate risk could be significantly exacerbated. Any appreciation of the Swiss franc against the euro or the U.S. dollar, which has occurred historically, particularly in times of economic uncertainty, and increased volatility in the exchange rates may increase the cost of hedging Sunrise's exposure to currencies other than the Swiss franc and any currency swap arrangements may not provide sufficient protection against currency risk. For more information about Sunrise's indebtedness and currency swap arrangements, see the "*Operational and Financial Review*" and Notes 21 and 22 of the Notes to the consolidated financial statements.

A downgrade, suspension or withdrawal of any rating assigned to Sunrise or to its debt securities by a rating agency could cause the cost of* the Sunrise Holding Group*'s indebtedness to increase.

Actual or anticipated changes in the credit ratings assigned to Sunrise or its debt securities could affect the trading price of Sunrise's debt and equity securities. Credit ratings may be revised or withdrawn at any time by the issuing organization in its sole discretion and credit rating agencies continually review their ratings for the companies that they follow. The credit rating agencies also evaluate the industries in which companies they follow operate and may change their credit rating for such companies based on industry outlook. Accordingly, if a credit rating agency downgrades its outlook on the Swiss telecommunications industry generally, this may lead to a downgrade of its credit rating of Sunrise or its debt securities.

Risks Relating to the Sunrise Holding Group's Financial Position

Sunrise has no recent history of operating as a separate company, such that its recent historical financial information may not be a reliable indicator of its future results.

The Sunrise Holding Group's financial results previously were included within the consolidated results of Liberty Global, and Sunrise believes its reporting and control systems were appropriate for those of subsidiaries of a public company. However, following the spin-off, Sunrise has additional compliance requirements, demands of management and may be unable to achieve some or all of the anticipated benefits from the spin-off.

Sunrise may be unable to achieve the anticipated benefits expected to result from the spin-off, or such benefits may be delayed, may be less than anticipated or may never occur at all. Sunrise may not achieve these or other anticipated benefits for a variety of reasons, some of which are beyond its control, including, among others, volatility in the world financial markets, the diversion of management attention from operating and growing Sunrise's business and litigation or other legal proceedings which may result from the spin-off. In addition, the anticipated benefits of the spin-off may be partially or fully offset by loss of synergies between Liberty Global and Sunrise resulting from the spin-off. These could be material to Sunrise and are not reflected in the Sunrise Holding Group's historical financial statements. As a result, Sunrise's historical financial information is not necessarily representative of the results that it is achieving as a separate company and may not be a reliable indicator of its future results.

The expenditures required to renew the portion of Sunrise's spectrum expiring in 2028 are uncertain but may be significant.

Part of Sunrise's spectrum expires in 2028. In its sole discretion, the Swiss Federal Communications Commission ('**ComCom**') may either hold a new spectrum auction, a criteria-based allocation or renew the spectrum expiring in 2028 that is currently held by Swiss telecommunications services providers, including Sunrise, at a price determined by ComCom without an auction (direct allocation). In all three scenarios, the cash expenditure required to renew this portion of its spectrum could be significant.

ComCom has communicated that frequency bands will be allocated by means of an auction if the demand for new and existing frequencies exceeds the available frequencies. Sunrise anticipates that in case of a spectrum auction or a criteria-based allocation, Sunrise's cost to re-secure the spectrum it currently holds might be higher than if ComCom elects to follow a renewal procedure. In addition, regardless of the allocation method selected by ComCom, there is no certainty as to the timing of payments that Sunrise will be required to make to renew its expiring spectrum. ComCom, in its sole discretion, may require Sunrise to pay all fees due from Sunrise at the time of allocation, or it may agree to receive such fees in instalments.

A decline in ARPU in Sunrise's mobile and fixed networks may adversely affect its business, revenues,

earnings and cash flows if Sunrise fails to expand its subscriber base to offset ARPU declines.

From time to time, Sunrise has been, and may in the future be, required to lower service prices, increase promotional discounts or bundle additional services (such as roaming) in the base customer subscription fee to maintain its subscriber base and remain competitive as a result of industry competition, the increased prevalence of over-the-top ('**OTT**') services, and other factors, some of which may be currently unforeseen and beyond its control. See "*Risks Relating to Industry and Operations—The telecommunications industry is mature, saturated, competitive and subject to price erosion*". Sunrise may also from time to time choose to lower service prices in order to expand its subscriber base and increase its market share. Decreasing ARPUs could have a material adverse impact on Sunrise's revenues, earnings and cash flow if Sunrise fails for any reason to expand its subscriber base or reduce its costs to offset ARPU declines.

The Sunrise Holding Group is subject to inflation risks, which may adversely affect its results of operations.

Sustained high levels of inflation globally have had and could continue to have an adverse effect on Sunrise's business, revenues, earnings and cash flows. In particular, Sunrise experienced cost increases associated with high levels of inflation in countries outside of Switzerland where some of its third-party suppliers, including IT and customer service providers, mobile device and CPE manufacturers and others are located. Sunrise may not be able to raise service prices sufficiently or rapidly enough to offset an increase in costs, particularly in light of strong price competition in the telecommunications industry. Therefore, Sunrise's costs may rise faster than their associated revenue which would adversely affect Sunrise's profitability.

The Sunrise Holding Group is exposed to the risk of default by the counterparties to its cash, derivative and other financial instruments and undrawn debt facilities.

Sunrise is exposed to the risk that its counterparties will default on their obligations to Sunrise. Sunrise cannot rule out the possibility that one or more of its counterparties could fail or otherwise be unable to meet its obligations to Sunrise. Any such instance of default or failure could have an adverse effect on the Sunrise Holding Group's cash flows, results of operations, financial condition and liquidity. In this regard, (i) Sunrise may incur losses to the extent that it is unable to recover debts owed to it, including cash deposited and the value of financial losses, (ii) Sunrise may incur significant costs to recover amounts owed to it and such recovery may take a long period of time or may not be possible at all, (iii) Sunrise's derivative liabilities may be accelerated by the default of a counterparty, (iv) Sunrise may be exposed to financial risks as a result of the termination of affected derivative contracts, and it may be costly or impossible to replace such contracts or otherwise mitigate such risks, (v) amounts available under committed credit facilities may be reduced and (vi) disruption to the credit markets could adversely impact Sunrise's ability to access debt financing on favorable terms, or at all.

At December 31, 2024, Sunrise's exposure to counterparty credit risk included (i) derivative assets with an aggregate fair value of CHF 0.2 million, (ii) trade receivables of CHF 387.3 million and (iii) cash and cash equivalents and restricted cash of CHF 352.3 million. For additional information regarding the Sunrise Holding Group's debt and derivative instruments, see Notes 21 and 22 of the Notes to the consolidated financial statements.

A goodwill impairment loss could have a material adverse effect on the Sunrise Holding Group's results of operations and financial position.

As of December 31, 2024, Sunrise had CHF 6.0 billion of goodwill on its consolidated statement of financial position, recorded primarily as a result of the Sunrise-UPC transaction. Sunrise tests the carrying value of goodwill annually as of September 20 or more frequently if any indications exist that goodwill may be impaired during the year. The process of evaluating the potential impairment of goodwill is subjective and requires significant judgment. If Sunrise at any time determines that the carrying value of goodwill exceeds its recoverable amount, it will need to record an impairment loss on its consolidated statement of income or loss, which could have a material adverse effect on Sunrise's results of operations.

For more information about Sunrise's accounting policies and goodwill, see Notes 3 and 15 of the Notes to the consolidated financial statements.

Sunrise's pension liability may reduce its cash flows, net assets and distributable reserves

Sunrise provides retirement benefits to its employees in accordance with Swiss law by means of a pension plan operated by a pension fund that is a separate legal entity. Such pension plan is deemed to be a defined benefit plan under IFRS. As of June 30, 2024, Sunrise's pension fund was overfunded and covered approximately 117.4% of Sunrise's obligations under the pension plan, as determined under the Swiss accounting and actuarial rules applicable to the pension fund. However, there can be no assurance that Sunrise's pension fund will be overfunded at all times. As of the reporting date for the annual report, the pension fund has not yet disclosed the funding position as at December 31, 2024. Should Sunrise's pension fund at any time have a significant underfunding according to Swiss actuarial rules, which would typically occur if the funding level drops below 90% as determined under such rules, Sunrise would be obliged to make additional contributions into the pension plan in addition to the regular contributions defined in the pension plan regulations. Any such contributions would divert cash from use for other purposes and may adversely affect Sunrise's ability to execute its business strategy, finance its capital expenditures and operations or service its debt.

Risks Relating to Industry and Operations

The Swiss telecommunications industry is mature, saturated, competitive and subject to price erosion.

The Swiss telecommunications industry is mature and saturated, with substantially all Swiss individuals receiving one or more telecommunications services. Accordingly, Swisscom, Sunrise and Salt, the primary telecommunications service providers in Switzerland, compete with each other to maintain and expand their respective subscriber base. In broadband, TV and fixed-line telephony, Sunrise also competes with certain municipally-owned entities and public utilities, which may be able to compete more effectively on price than Sunrise as they may not require a normal commercial return. Sunrise also competes against services delivered OTT services, which may make certain telecommunications services less attractive to customers or obsolete.

Although ARPUs for telecommunications services in Switzerland are higher than in the EU-15 countries (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden and the United Kingdom) on an absolute basis, the cumulative effect of competitive pressures, coupled with limited potential for differentiation of telecommunications services, exerts downward pressure on prices for Swiss telecommunications services, which has resulted in the introduction of lower-priced brands as well as aggressive promotion campaigns. Sunrise, similar to other industry players, has also responded by beginning to diversify its product and service offerings to include value-added services, such as DaaS offerings and a home security product to residential customers, as well as cybersecurity, cloud storage and other services to business customers. However there can be no assurance that Sunrise will be successful in developing or commercializing such services or that such services will augment its revenues, earnings or cash flows significantly.

Sunrise may not be able to effectively respond to competitive pressures and could experience higher customer churn, fail to attract new customers or incur substantial costs and investments just to maintain its subscription base. Continued price erosion could require Sunrise to permanently decrease its service prices or offer aggressive promotional prices. In particular, if Sunrise is unable to manage its costs to support service prices that are as or more attractive to customers than the prices of its competitors while remaining profitable, it could have a material adverse effect on its business, revenues, earnings and cash flows.

Sunrise depends on its agreement with Swiss Towers AG for access to the majority of its mobile antenna sites and passive mobile infrastructure.

Sunrise's access to approximately 56% of its mobile antenna sites and associated passive infrastructure is based on its long-term service agreement with Swiss Towers AG ('**Swiss Towers**') which has an initial term of 20 years and may be extended for two additional terms of 10 years each, at Sunrise's option. If Swiss Towers terminates the agreement in full in accordance with its terms, or if Sunrise terminates the agreement for good cause, Sunrise is entitled to maintain access to such sites and infrastructure by purchasing passive infrastructure and rights to Swiss Towers' agreements with site owners from Swiss Towers at a discount to their fair market value (as determined in accordance with the agreement), which will vary depending on the circumstances of the termination. Such a purchase and assignment may entail significant expense and cause disruptions in Sunrise's network, particularly in the case of any delays in the purchase or assignment process. Fixed and mobile infrastructure must generally be placed in specific geographical areas in order for the network to function effectively and efficiently. Accordingly, if such agreement with Swiss Towers were terminated prior to its scheduled expiration or not renewed upon its scheduled expiration and it were impossible or uneconomical for Sunrise to exercise its purchase and assignment right, or if Swiss Towers were unable to fulfill its obligations to Sunrise under the agreement for any reason, it may be difficult or impossible for Sunrise to find suitable replacements in a timely manner, on acceptable terms or at all, which could materially adversely affect Sunrise's business, including its ability to operate its mobile network and its revenues, earnings and cash flows. See "*Additional Information–Material Contracts –Swiss Tower Master Services Agreement*".

Sunrise does not own all of its network infrastructure and equipment or the land on which it is constructed.

Sunrise relies on network access agreements, leases and other contracts with third parties for access to, and as a supplement to, certain of its fixed and mobile infrastructure. Sunrise supplements its owned fixed HFC network with network access agreements with Swisscom and municipal utility companies. Sunrise also enhances its mobile network coverage through an antenna-sharing agreement with Salt. All such agreements are referred to herein as "supplemental network agreements".

Sunrise's supplemental network agreements may not be renewed or may be terminated in certain customary circumstances, such as for cause. The counterparties to the supplemental network agreements are Sunrise's competitors. With the exception of Swisscom's copper network, to which Swisscom is legally required to provide access at regulated prices, such counterparties are not required to contract with Sunrise on any particular terms or at all and, subject to compliance with applicable competition and other laws, there can be no assurance that they will continue to do so, particularly if doing so becomes competitively disadvantageous for them. Further, any difficulties or delays in interconnecting with other networks and services, or the failure of any operator to provide consistently reliable interconnection or other services to Sunrise, could adversely affect the reliability, coverage and quality of Sunrise's networks. In case of termination, non-renewal or cessation of services under all or a substantial portion of supplemental network agreements, Sunrise may be required to incur capital expenditures in order to construct its own infrastructure and it may become competitively disadvantaged if its counterparties contract with its competitors but not with Sunrise.

Additionally, some of the equipment used in Sunrise's fixed and mobile network is installed on private premises. Sunrise's ability to conduct maintenance and upgrades or construct new equipment on such premises is subject to the property rights of the landowners. Disputes with these private landowners or legal proceedings involving their property may subject such equipment to encumbrances or cause it to be inaccessible, which could adversely affect Sunrise's ability to operate its fixed and mobile network.

Any of the foregoing could lead to disruptions of Sunrise's fixed and mobile networks or loss of network coverage, which could lead to a loss of subscribers, damage to Sunrise's reputation (especially among business customers, who generally have higher service expectations) and otherwise materially adversely affect Sunrise's business, revenues, earnings and cash flows. Disputes with counterparties to the foregoing contracts have also arisen in the past, and may in the future arise, and a failure of such disputes to be resolved without disruption to ongoing services may have similar consequences.

The telecommunications industry is significantly affected by technological changes, and Sunrise may not be able to effectively anticipate or react to these changes.

The telecommunications industry has historically been, and continues to be, significantly affected by technological changes in a variety of ways. Among other impacts, these changes may:

- enable improved telecommunications products and services, as in the case of FTTH broadband connectivity that is becoming increasingly attractive to customers because it offers higher download speeds;
- make certain telecommunications services less attractive to customers or even obsolete, as in the case of OTT services which continue to erode traditional TV, SMS and voice connectivity and embedded subscriber identity module technology that is eroding mobile roaming revenues; or
- enable improved quality and efficiency of certain operational or customer-facing processes, as in the case of artificial intelligence ('**AI**') technologies used to optimize network operations or to automate and improve customer service.

Sunrise's revenues, earnings, cash flows and profitability depend on its ability to timely adopt and successfully integrate new technologies to expand or improve its existing product and service offerings, proactively identify new revenue streams and improve cost efficiencies in its operations, all while meeting evolving customer expectations and regulatory requirements. It may also not receive the necessary licenses or meet the regulatory requirements to provide services based on new technologies and be negatively impacted by unfavorable regulation regarding the usage of any new technologies. If customers begin demanding new features or technologies adopted by one or more of Sunrise's competitors, particularly if these competitors choose to emphasize the features or technology in their marketing, but Sunrise is unable to offer such features or technologies, Sunrise's revenues, earnings and cash flows may be adversely affected unless and until it is able to offer such features or technologies.

Certain of Sunrise's existing competitors or potential new entrants may have advantages over Sunrise in adopting certain new technologies. For example, Swisscom, due to its market position and financial capabilities, has the ability to create new market standards on a large scale in Switzerland by quickly introducing new advanced technologies. In addition, certain of Sunrise's technology systems, like the systems of its current major competitors, are older, legacy systems that are less flexible, secure or efficient, and they may be difficult, expensive or impossible to integrate with new technologies. Sunrise may accordingly be disadvantaged in the implementation of new technology relative to new entrants or other competitors that have fewer or no legacy systems. Sunrise has experienced challenges with integrating new technology systems in the past, including in connection with the Sunrise-UPC transaction, and it is possible that it may experience such challenges in the future.

Sunrise's failure to innovate, maintain technological advantages or respond effectively and timely to changes in technology could have a material adverse effect on its business, revenues, earnings and cash flows.

Any new technologies that Sunrise develops or adopts may not yield a positive return and may have unanticipated adverse consequences.

At the time Sunrise selects and advances one technology over another, it may not be possible to accurately predict which technology may prove to be the most economical, efficient or capable of retaining and attracting customers or stimulating subscription for and use of Sunrise’s products and services. Sunrise may therefore develop or implement a technology that does not meet customer expectations or achieve commercial success despite significant investment by Sunrise. For example, there can be no assurance that Sunrise’s planned investments in 5G SA active mobile infrastructure would be offset by revenues generated by services it can provide using such infrastructure.

New technologies developed or adopted by Sunrise may also be incompatible with other newly developed technologies or may lead to unintended consequences, controversies or regulatory scrutiny, which could adversely affect Sunrise’s reputation, brand equity, business and customers. For example, AI technology is in its early stages of commercial use and presents a number of risks, including risks related to lack of accountability and explainability, reliance on large volumes of data, cybersecurity, data practices and intellectual property. AI algorithms are based on machine learning and predictive analytics that may lead to unintended consequences, including generating “hallucinatory” content that is inaccurate, misleading or otherwise flawed, or resulting in outcomes that are biased or discriminatory. Using AI successfully, ethically and as intended will require significant resources, including the technical expertise required to develop, test and maintain AI-based services, as well as establishing and maintaining a robust AI governance framework. Further, an increasing number of countries are adopting content moderation and AI-specific regulations, including in particular in the European Union. Such regulations, including the EU Artificial Intelligence Act and its sanctions provisions, may apply extraterritorially to companies operating in Switzerland, including Sunrise. Switzerland does not yet have specific laws regulating AI, but AI may be subject to existing Swiss laws, including data protection law, criminal law and telecommunications law. On 12 February 2025, the Swiss Federal Council announced that it intends to regulate AI by implementing the Council of Europe's AI Convention in Switzerland, but through tailored sector-specific amendments to existing laws rather than by adopting a new horizontal AI regulation such as the EU Artificial Intelligence Act. The Swiss AI regulation is expected to be available as a draft for public consultation by the end of 2026.

Sunrise’s brands are subject to reputational risks and impairment.

Sunrise’s owned and licensed brands are valuable assets. A failure by Sunrise to, among other things, maintain its premium Sunrise brand image, product and service quality, the reliability of its networks, customer service quality or compliance with applicable regulations and stakeholder expectations about Sunrise’s ESG activities could damage the value of its brands.

In addition, Sunrise’s brands may be harmed by events or parties outside of its control, such as cyberattacks or improper conduct by third parties who interface with Sunrise’s customers, such as contracted customer service providers. This risk is particularly increased due to Sunrise’s reliance on sponsorships and endorsements to promote its premium brand image. It is possible that Sunrise’s brand reputation may be damaged by the conduct of those sponsors. Furthermore, some of Sunrise’s brands, such as Lebara, are trademarks that Sunrise licenses from third parties. Because Sunrise does not control the trademarks licensed to it, the reputation of such brands could be damaged by changes made by the licensors to such brands or their business models, as well as other factors outside of Sunrise’s control, which could in turn adversely affect Sunrise’s reputation, sales and results of operations.

A failure to protect Sunrise’s image, reputation and the brands under which Sunrise markets its products and services may have a material adverse effect on the Sunrise Holding Group’s business, revenues, earnings and cash flows.

Sunrise’s network infrastructure and IT systems are vulnerable to damage and disruptions.

Sunrise’s data centers and technical sites, which house many of its critical systems, owned and accessed third-party network infrastructure, as well as its data hosting and processing facilities and hardware supporting certain sophisticated IT systems, are vulnerable to damage and disruptions from numerous events beyond Sunrise’s control, including fire, flood, extreme temperatures, windstorms and other natural disasters, power outages, terrorist acts, lack of electric supply, equipment and system failures, hardware and software failures, security vulnerabilities, human errors and third-party criminal acts, including theft, cyberattacks and other breaches of network and IT security. While Sunrise’s data centers and technical sites are generally distributed across Switzerland, two key data hosting facilities are located within approximately 15 kilometers of each other, and some are located in areas that are vulnerable to certain natural disasters. While Sunrise has implemented disaster recovery and business continuity plans designed to prevent, detect and mitigate such disruptions or damages, these plans, or any similar plans implemented by owners of networks that Sunrise has contracted to access, may not be sufficient to protect against disruption if any of the above-mentioned events occur and there can be no assurance that Sunrise will be able to recover all data in the event of a catastrophe. In addition, changes in temperature, precipitation patterns and other factors associated with climate change may exacerbate the frequency and severity of the above-described natural events. The occurrence of network or IT system failures and business interruptions could harm Sunrise's reputation and brand equity, limit Sunrise's ability to maintain and expand its subscriber base, cause Sunrise to incur significant expenditures, result in regulatory sanctions or otherwise have a material adverse effect on Sunrise's business, operations, revenues, earnings and cash flows. Sunrise's business may be adversely affected by opposition to construction or installation of passive and active mobile infrastructure. The Swiss telecommunications industry has experienced opposition to construction or installation of passive and active mobile infrastructure, especially 5G infrastructure, including as a result of alleged health risks such as from non-ionising radiation, security and environmental concerns. As a result of such opposition, Swiss telecommunications service providers, including Sunrise, have faced, and may continue to face, disputes and negotiations in connection with the construction of or upgrades to individual mobile antennas. Individuals and activist groups have protested and filed legal actions against or related to building permits required to construct or upgrade such antennas. Sunrise has been, and may in the future continue to be, from time to time, party to such proceedings. For example, Sunrise is subject to legal proceedings which challenge the legality of its reliance on a simplified antenna permitting procedure when upgrading certain of its mobile antennas to "adaptive" 5G technology, which facilitates faster data transfer speeds. Following a recent adverse decision in a similar proceeding against Swisscom, all Swiss telecommunications companies, including Sunrise, are no longer able to follow simplified procedures for upgrades of their mobile antennas to adaptive 5G, resulting in more time and resources required to obtain permits and potentially increased risk that permits are not approved. For adaptive 5G antennas which had been previously permitted pursuant to a simplified procedure, all telecommunications companies, including Sunrise, are also required to resubmit permit applications pursuant to fulsome permitting procedures within a time period to be prescribed by the relevant local authority and it is possible that some or all such re-submitted applications may be denied. To date, certain cantons set deadlines for re-submission of six or 12 months, which in some cases Sunrise already complied with but in a few cases due to dependencies, for example required consent of the landlords, deadline will not be met. There is also uncertainty as to whether, in light of this decision, Swiss telecommunications service providers including Sunrise may be required to temporarily deactivate certain mobile antenna features that were installed pursuant to a simplified procedure until a fulsome procedure is complete, which may temporarily reduce mobile network coverage and quality. Telecommunications network infrastructure sites are also subject to the risk of protests, vandalism and other forms of sabotage or activism, which have occurred on Sunrise's sites in the past and may occur in the future.

Any of the foregoing could require Sunrise to incur substantial capital expenditures, delay the construction or upgrades of its networks (including the rollout of 5G and 5G SA active mobile infrastructure), result in adverse regulatory developments caused by pressure from political parties or activist groups and otherwise have a material adverse effect on the Sunrise Holding Group's business, revenues, earnings and cash flows.

Risks Relating to Customer Base and Contracts

If Sunrise is unable to successfully manage its customer churn, its revenues and cash flows may be reduced.

Sunrise's ability to attract and retain customers depends on many factors, including, among others, its ability to offer competitive product and service offerings at competitive prices, provide customers access to the latest mobile devices and other technologies, convince customers to switch from competing operators or stay with Sunrise despite competing offers, maintain or improve its brand equity and customer service and protection, maintain or improve the reliability, coverage and functionality of its fixed and mobile networks and IT systems, increase converged subscriptions and develop, maintain or improve its published customer satisfaction ratings and successfully market a portfolio of value-added products and services. The various measures Sunrise has taken or may in the future take to reduce churn, including customer loyalty programs, value-add services, brand investments and customer experience improvement initiatives, may require substantial investment but may not reduce the rate of customer churn. Sunrise's ability to retain subscribers is especially limited in the case of subscriptions which are prepaid or cancellable at any time by the subscriber. As of December 31, 2024, approximately 63% of Sunrise's subscribers were not subject to active fixed-term contracts or device plans with Sunrise, allowing them to terminate their services at their option at any time without contractual penalties.

If Sunrise is unable to manage customer churn, its subscriber base will decrease, which would decrease its revenues and cash flows unless Sunrise is able to offset a decrease in its subscriber base with an increase in ARPUs, which could have a material adverse effect on the Sunrise Holding Group's business, revenues, earnings and cash flows.

The legal relationships between Sunrise and its customers are generally based on standard contracts and forms; any errors in the documentation could therefore affect a large number of customer relationships.

Sunrise maintains contractual relationships with its customers. The administration of these relationships requires the use of general terms and conditions as well as various standard contracts and forms with a large number of individual customers. As a result, ambiguities or errors in the formulation or application thereof present a significant risk due to the large number of such documents that are executed. In light of legislative actions and judicial decisions that continue to develop, it is possible that not all of Sunrise's general terms and conditions and standard contracts and forms will comply at all times with applicable legislation in Switzerland or be enforceable if legally challenged. For example, certain of Sunrise's contracts provide for inflation linked mid-term service price increases. Certain Swiss consumer protection organizations have publicly opposed such clauses. On June 17, 2024, Stiftung für Konsumentenschutz, a Swiss consumer protection agency, commenced legal proceedings against Sunrise alleging that inflation-linked mid-term service price increase clauses in its consumer contracts are unenforceable. Although Sunrise has not to date implemented any price increases pursuant to such clauses, if such clauses are held to be unenforceable, it would limit Sunrise's future ability based on such clause to offset the impact of inflation on its operating costs with subscription revenues. In such a case, Sunrise could only raise its prices by means of a unilateral contract amendment granting the customer an extraordinary right of cancellation. Should problems of application or errors occur, or should individual provisions or entire contracts or agreements become or be held invalid, numerous customer relationships could be affected as a result of Sunrise's use of standard contracts and forms, leading to significant adverse consequences. Any such problems could have a material adverse effect on Sunrise's reputation, business, revenues, earnings and cash flows.

If Sunrise fails to maintain or improve its customer service channels, Sunrise's ability to maintain and grow its subscriber base could be materially adversely affected.

Sunrise's customer services interactions occur primarily through its call centers, digital touchpoints and retail locations. If Sunrise fails to maintain a consistently high level of customer service, or a market perception develops that it does not maintain high-quality customer service, this could adversely affect its ability to maintain and increase its subscriber base or increase the cost of doing so, any of which could have a material adverse effect on Sunrise's business, revenues, earnings and cash flows. Sunrise could be unable to maintain consistently high quality customer service for a number of reasons, some of which are beyond its control, including, among others: increases in the volume of customer interactions resulting from, for example, new offerings or initiatives; inability to attract, train and retain qualified customer service employees; failures in IT systems; failure of customer service innovations, such as chatbots and digital self-service portals, to operate as expected or be accepted by Sunrise's customers; and cyberattacks, natural disasters, public health crises and other events causing business disruptions.

Failure to perform on major or high-value contracts could adversely affect the Sunrise Holding Group.

Sunrise has several major, complex and high-value government, national and multinational customer contracts, as well as long-term contracts for the provision of wholesale connectivity, international roaming services and MVNO services. Such contracts generally include minimum service quality and reliability commitments which Sunrise may be unable to meet due to a number of factors, including the ones described elsewhere herein, some of which may be beyond its control. Sunrise's failure to meet its contractual commitments or otherwise meet the needs and expectations of such customers could lead to a termination or reduction in scope of such contracts, which would adversely affect Sunrise's revenues, earnings and cash flows and could damage its reputation and brand equity. The revenue arising from, and the profitability of, these contracts is subject to a number of factors, including, among others: variation in cost, achievement of cost reductions anticipated in the contract pricing, delays in the achievement of agreed milestones owing to factors some of which may be outside Sunrise's control, changes in customers' needs, customers' budgets, strategies or businesses, penalties for failing to perform against agreed service levels and the performance of Sunrise's suppliers. Any of these factors could make a contract less profitable or even loss-making. Failure by Sunrise to manage and meet its commitments under these contracts or failure by customers to renew such contracts, as well as changes in customers' requirements, their budgets, strategies or businesses, may lead to a reduction in Sunrise's expected future revenues, earnings and cash flows under such contracts, which could have an adverse effect on its business and aggregate revenues, earnings and cash flows.

Risks Relating to Partners, Employees and Other Third Parties

Sunrise relies on third-party suppliers for certain of its products and services and outsources certain of its operations.

Sunrise relies on third-party vendors for equipment, services, TV content and software that Sunrise uses in order to provide services to its customers, as well as for certain of its operations, including the maintenance of its networks, logistics, IT operations, development and testing services and significant parts of its call centers. Sunrise has experienced, and may in the future experience, interruptions in the supply of products and services from third parties for a number of reasons many of which are beyond its control, including various operational risks applicable to its suppliers, including labor shortages, global conditions, natural disasters, security vulnerabilities, human errors and third-party criminal acts. For example, Sunrise's supply of mobile devices was adversely impacted by the worldwide chip shortage in 2020 and 2021 and Sunrise also experienced supply delays associated with global supply chain disruptions driven by geopolitical challenges and the COVID-19 pandemic. Sunrise has also experienced decreases in sales volume and reductions in service quality due to shortages of skilled personnel experienced by its customer service and sales outsourcing partners.

Certain of Sunrise's agreements with suppliers may be short-term and terminable upon relatively short notice or for good cause under Swiss legal principles governing indefinite and long-term contracts (for example, if continuation of the agreement is, in good faith, unacceptable to the terminating party for any reason). The renewal of such agreements at expiry may require the renegotiation of certain terms thereof, and the outcome of renegotiations may be unfavorable to Sunrise. Some of Sunrise's supply agreements require Sunrise to purchase minimum quantities of products, which may require Sunrise to purchase product inventory which it may not be able to resell within a reasonable time or at all. Last, pursuant to limitations in certain of its contracts, Sunrise may not recover all direct and indirect damages, including lost revenue and lost profit, that it may experience if its suppliers do not perform their contracts in a satisfactory manner or at all.

Sunrise has decreasing visibility and influence over supplier practices the further upstream the supplier is. Any actual or alleged breaches of the conduct required of Sunrise vendors, or any applicable laws or regulations, by an upstream supplier of Sunrise may result in reputational damage, costs of investigation, supply disruption and loss of customers.

If for any reason Sunrise is unable to source sufficient amounts of required equipment, services, TV content and software from its suppliers on acceptable terms or at all, Sunrise may be unable to provide products and services to its customers and fulfill its contractual commitments to them, which could reduce customer satisfaction levels; lead to network disruptions; lead to a loss of subscribers; damage its reputation; be subject to penalties, disputes and litigation; and otherwise have an adverse effect on its business, revenues, earnings and cash flows.

If Sunrise fails to maintain or expand its distribution channels, Sunrise's ability to maintain and grow its subscription base could be materially adversely affected.

Sunrise relies on its website, mobile applications, call centers, sales representatives, retail locations and third-party distributors and partners to generate sales and sales leads. Sunrise's website, mobile applications, call centers and other digital sales channels, as well as IT systems supporting nondigital sales channels, are vulnerable to outages and other disruptions. Sunrise may not be able to secure new or renew existing retail location lease contracts on favorable terms or at all, and it may be unable to recoup costs of opening new locations if they do not generate sufficient revenue for any reason. Sunrise's third-party distributors may generally terminate their contracts with Sunrise at any time upon three to six months' notice or become unable to perform their obligations due to insolvency, financial distress or as a result of a merger or change in ownership. Such distributors may also have relationships with Sunrise's competitors and may choose to promote competitors' services more actively, particularly if Sunrise's competitors are able to offer them better incentives than Sunrise. Competitors may be able to secure larger third-party distribution networks than Sunrise or vertically integrate with Sunrise's distributors, enabling them to generate more sales than Sunrise. If Sunrise fails to maintain and expand its distribution channels, this could have a material adverse effect on the Sunrise Holding Group's business, revenues, earnings and cash flows.

The loss of key personnel or employees may have an adverse impact on the Sunrise Holding Group.

The successful execution of the Sunrise strategy depends in part on the ability to attract, develop and retain key personnel. There is high demand and strong competition for experienced and appropriately skilled personnel in the technology sector. In addition, there is increased scrutiny on companies' diversity, equity, and inclusion initiatives. There can be no assurance that Sunrise will be able to continue to attract, develop and retain the qualified personnel needed and who bring the opportunities and benefits associated with diverse backgrounds, experiences, and skill sets.

Sunrise may not be able to renew its existing collective employment contract on reasonable terms or at all and it may otherwise from time to time be subject to employment litigation.

As of December 31, 2024, 63% of Sunrise's workforce in Switzerland was covered by a collective employment contract with Syndicom, a Swiss trade union, which came into force on January 1, 2022. The collective employment contract will be extended automatically to December 31, 2026 if the collective employment contract is not terminated by either party by June 30, 2025. If a renegotiation is triggered, Sunrise may not be able to renew its collective employment contract on reasonable terms or at all. Negotiations could result in higher personnel or other costs, as well as increased operational restrictions. A failure to reach an agreement on certain key issues could result in strikes, lockouts or other work stoppages, which could further increase Sunrise's labor costs and operating restrictions, which could in turn adversely affect Sunrise's business, revenues, earnings and cash flows.

Sunrise has conducted and may in the future conduct reductions in workforce. If Sunrise fails to adhere to the requirements articulated by Swiss employee protection laws, especially in connection with workforce reductions, it could face legal actions brought by affected current or former employees, and Sunrise may incur losses and experience damage to its reputation (especially as an employer), any of which could adversely affect the Sunrise Holding Group's business, revenues, earnings and cash flows.

If Huawei is ever prohibited from operating in Switzerland, or Huawei's equipment is prohibited from being used in Switzerland, Sunrise would be required to incur substantial additional expenses.

Most of Sunrise's existing active mobile infrastructure has been sourced and installed by Huawei and Sunrise plans to rely on Huawei for equipment procurement and installation in the future. In addition, Huawei operates and maintains Sunrise's mobile network and a part of its fixed network. In December 2023, the Swiss Federal Department of Environment, Transport, Energy and Communications was tasked with presenting a draft revision of the Telecommunications Act (Fernmeldegesetz of 1997, as amended) (the 'Telecommunications Act') that would implement measures to reduce geopolitical risks associated with the development of 5G infrastructure and otherwise strengthen the security of telecommunications and digital infrastructure, including by prohibiting high-risk vendors from providing equipment or network services to Swiss telecommunications providers. Such a revision, if implemented, could entitle the regulator to require Sunrise to cease contracting with those deemed to be high-risk vendors.

If Huawei is determined to be a high-risk vendor, Sunrise may be required to remove and replace all or part of the Huawei equipment that is currently in use in its mobile network, which would require significant capital expenditures and time to complete and may result in mobile network disruptions (which could be prolonged) or a reduction in mobile network quality or coverage. In addition, Sunrise may be required to contract with one or more vendors instead of Huawei to maintain and operate its mobile and part of its fixed network, which is likely to result in an increase in the price for such services and may result in a reduction in service quality. Any of the foregoing could cause Sunrise to lose subscribers, damage its reputation, adversely affect its ability to maintain, operate and expand its mobile network and otherwise materially adversely affect the Sunrise Holding Group's business, revenues, earnings and cash flows.

In addition, even if Huawei is not banned in Switzerland, the continued use of Huawei equipment and technology within Sunrise's network could have a negative impact on Sunrise's reputation if customers perceive Huawei equipment to be less secure than the equipment sourced from other providers or otherwise come to view businesses that partner with Huawei unfavorably, particularly if Sunrise's competitors choose to emphasize this in their marketing communications.

Sunrise is subject to the risk of fraudulent or otherwise improper behavior by its customers, distribution partners, suppliers, employees and others, which Sunrise's risk management and internal controls may not prevent or detect.

Sunrise is subject to the risk of fraudulent or improper behavior by its customers, distribution partners, suppliers, employees and others with whom Sunrise deals, as well as parties unrelated to Sunrise. Sunrise's processes and internal controls may be insufficient to effectively prevent or detect inadequate practices, fraud and violations of law or Sunrise's policies by its subsidiaries, intermediaries, employees, outsourced staff, directors and officers. Sunrise may be exposed to the risk that such persons receive or grant inappropriate benefits or generally use corrupt, fraudulent or other unfair business practices. In addition, employees could use Sunrise's information, confidential customer information or other confidential information provided by third parties to Sunrise for personal or other improper purposes, as well as misrepresent or conceal improper activities from Sunrise. Sunrise has from time to time experienced, and may in the future experience, employee fraud, such as cash and inventory theft and sales commission fraud, as well as employee errors and other actions that could subject it to financial claims for negligence or otherwise as well as regulatory actions.

Fraudulent or improper behavior could result in loss of business or revenue, increased costs, harm to Sunrise's reputation and brand equity, as well as litigation and financial losses resulting from the need to reimburse customers or business partners or fines or other regulatory sanctions. Any of the foregoing could have a material adverse effect on the Sunrise Holding Group's business, revenues, earnings and cash flows.

Risks Relating to Regulation and Tax

Sunrise is subject to extensive regulation and has been, and may in the future be, adversely affected by changes in laws, regulations or policy.

Sunrise operates in an extensively regulated industry with a limited number of competitors. Should regulatory authorities find that Sunrise is "dominant" in any market in which it operates or that it has engaged in anti-competitive practices, it may be subject to increased regulation (including regulation of its service prices), as well as changes in its business practices prompted by regulators or activists. For example, Sunrise has been fined by the Swiss Federal Competition Commission (the 'Competition Commission') for failure to give Swisscom access to its broadcasts of Swiss National League ice hockey games and was compelled to provide such access to Swisscom. Telecommunications regulations in Switzerland are evolving. Potential changes in laws and regulations include but are not limited to further liberalization of the access regime; the abolition of international roaming tariffs; and the introduction of levies on internet access subscriptions in order to compensate rights holders for copying and transmitting of protected works. To date, Swiss telecommunications regulators have generally refrained from regulating the industry as heavily as it is regulated in the European Union, including with respect to customer pricing and wholesale access to fibre networks. Should this regulatory approach change, Swiss telecommunications companies, including Sunrise, may be subject to lower revenues and margins, higher compliance costs and restrictions on certain operations and business practices. If the Swiss authorities regulate wholesale access to fixed fibre networks and require owners of such networks to provide wholesale access to all telecommunications companies at regulated prices, this could reduce any competitive advantage that Sunrise may have by virtue of its contractual wholesale access relationships.

Sunrise is also subject to a variety of other laws and regulations, including those related to anti-corruption and bribery, environment, health and safety. Sunrise is currently conducting and may in the future have to conduct, or be the subject of, investigations related to contamination at its infrastructure sites. Batteries and diesel generators at certain of its antenna sites may cause spills resulting in contamination of the environment. Sunrise has also experienced and may in the future experience accidents or incidents affecting the health, safety and well-being of its employees and third parties, particularly at certain of its infrastructure sites.

Failure to comply with any regulation may result in investigations, enforcement actions, fines and other penalties, restrictions on operations and business practices, reputational damage, loss of subscribers, litigation and other adverse impacts on the Sunrise Holding Groups's business, revenues, earnings and cash flows. Changes in laws, regulations or governmental policy or the interpretation or application of laws or regulations affecting Sunrise's activities and those of its competitors could significantly increase Sunrise's regulatory compliance costs, restrict Sunrise's operations, cause it to incur significant expenses or consume significant time and resources.

Sunrise requires spectrum allocations as well as other licenses and permits, to deliver services to its subscribers.

Sunrise requires spectrum allocations, microwave, network and broadcasting licenses and building permits and other licenses to operate its business. Sunrise's spectrum allocations in particular are required to enable Sunrise to deliver mobile services. Spectrum allocations are issued for a limited time and new allocations must be obtained upon expiration or to support additional traffic on the network or deploy new mobile network technologies. There can be no assurance that Sunrise will be able to obtain such allocations on the same terms, for the same type and amount of spectrum, or at all. To the extent that Sunrise is for any reason unable to renew a substantial portion of its spectrum allocations upon expiry or otherwise, it will be able to continue operating its mobile network, but the service quality will decline, with users experiencing lower voice connection quality, dropped calls, slower mobile data speeds, reduced geographic network coverage or other adverse impacts on connectivity, which could cause Sunrise to lose existing subscribers or limit its ability to attract new ones. While Sunrise is unable to reliably estimate the impact of such a service quality decline on its subscriber base, revenues, earnings and cash flows, such impact could be material. Obtaining spectrum allocations upon expiry thereof or if new allocations are required also requires significant expense. See "*Risks Relating to Sunrise's Financial Position—The expenditures required to renew the portion of Sunrise's spectrum expiring in 2028 are uncertain but may be significant*". Sunrise's spectrum allocations could also be revoked by the relevant regulatory authority, without reimbursement of the license fees paid by Sunrise, if Sunrise experiences, among other things, changes in factual or legal circumstances.

In addition, Sunrise's mobile network is supported by a significant number of antenna sites, which must generally be located in specific geographical areas in order to ensure appropriate mobile network coverage. Sunrise and network operators whose antenna sites Sunrise accesses require various building and other permits to construct and upgrade equipment at such sites. Delays in or failure to secure such permits could lead to delays in construction and activation of antenna sites.

If Sunrise is unable to maintain, renew existing or secure new licenses, permits and other authorizations necessary to operate its business now or in the future, it may have to cease certain of its operations or services and may be unable to maintain its existing subscribers or attract new ones, any of which could have a material adverse effect on its business, revenues, earnings and cash flows.

Sunrise may be subject to financial risks related to tax compliance.

Sunrise and its affiliates are subject to corporate income taxes, dividend withholding taxes as well as non-income-based taxes, such as stamp duties and value-added tax in Switzerland, the Netherlands (due to the jurisdiction of incorporation of the Sunrise Holding Group's financing holding company), Portugal (due to certain customer service activities conducted by Portugal-based personnel) and certain other jurisdictions (due to certain international services and other activities). Tax regulations are complex and evolving, and significant judgment, for example with respect to transfer pricing, is required to determine Sunrise's tax liabilities. In the fourth quarter of 2024, Sunrise reached a pre-final settlement with the Canton Zurich tax authority regarding the previously disclosed tax audit for fiscal years 2019 to 2021 performed during 2024. The pre-final settlement figure agreed covered fiscal years 2019 to 2024 and amounted to approximately CHF 60 million. As a result, Sunrise recognized significant prior year taxes in the fiscal year 2024, which will be cash settled via amended returns on a cantonal basis largely during 2025 (CHF 38 million), with diminishing phasing over the years 2026 (CHF 18 million) and 2027 (CHF 4 million). Tax Audit adjustments for prior years will result in the utilisation of the historic net operating losses and Sunrise currently expects to become a full taxpayer already in fiscal year 2028 (tax expense) with an effective rate of approximately 17%. Any changes in the assumptions underlying the expense or the final resolution with the tax authorities, once available, could result in adjustments to the recognized tax provisions in future periods. Sunrise may be subject to tax audits in the future. In connection with the current and any future tax audits, tax authorities may challenge and disagree with Sunrise's judgments with respect to transfer pricing or otherwise and assess additional taxes and related penalties against Sunrise in amounts which may be material, as well as require Sunrise to make different judgments in the future. Sunrise may be required to engage in litigation to challenge any such assessments, which may be costly and distracting to management even if its outcome is favorable. Any of the foregoing could have a material adverse effect on the Sunrise Holding Group's business, earnings and cash flows.

Risks Relating to Intellectual Property and Cybersecurity

Sunrise may be subject to intellectual property infringement claims by others and may be unable to adequately protect its own intellectual property rights.

Sunrise uses technologies that are or may be protected by third parties' rights, including in its CPE, network infrastructure, mobile devices sold to customers and its IT systems, and third parties may allege that Sunrise has infringed their intellectual property rights with respect to such technologies, which may result in litigation. Sunrise's own proprietary intellectual property consists primarily of its trademarks and copyrighted software. Sunrise has in the past commenced, and may in the future be required to commence, trademark infringement proceedings against third parties to enforce and protect its trademarks, and it may in the future be required to commence proceedings to protect its copyrighted software. Any intellectual property litigation or proceeding could be costly and divert management resources from the business, regardless of outcome. An unfavorable decision could result in the loss of Sunrise's proprietary rights, which may require Sunrise to pay additional licensing and royalty fees which may be significant, particularly if the infringement affects products or services deployed among a large portion of its customers.

In addition, Sunrise incorporates open source software in its software and systems and expects to continue to do so in the future. Open-source software is generally freely accessible, usable and modifiable. Pursuant to open source licenses, Sunrise may be required to offer its proprietary software that incorporates the open source software for no cost, release source code for modifications or derivative works it created or license such modifications or derivative works under the terms of the open source license. If an author or other third party that distributes open source software that Sunrise uses were to allege that Sunrise had not complied with open source software licenses, Sunrise could incur significant legal expenses defending against such allegations and could be subject to significant damages, including being enjoined from offering the components of its software that contains the open source software and being required to comply with the conditions of the license, which could disrupt its ability to offer the affected software and require it to devote additional resources to change its products. Sunrise could also be subject to proceedings by parties claiming ownership of what Sunrise believes to be open source software, which may be costly to defend. Additionally, usage of open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide updates, warranties, support, indemnities, assurances of title or controls on origin of the software, and are provided on an "as-is" basis. Likewise, some open source projects, which are also provided on an "as-is" basis, have known security and other vulnerabilities and architectural instabilities, or are otherwise subject to security attacks due to their wide availability, and are provided on an "as-is" basis.

Sunrise's and third-party IT systems are vulnerable to security breaches and cyberattacks.

Sunrise's success depends, in part, on the continued and uninterrupted performance of its IT and network systems, including its fixed and mobile network components, internet sites, data hosting and processing facilities and other hardware, software and technical applications and platforms, as well as Sunrise's customer service centers. Some of these systems and facilities are managed, hosted, provided or used by third-party providers or their vendors. Sunrise's and its third-party providers' systems and equipment, and CPE that Sunrise provides to its customers, are subject to disruptions, security breaches, cyberattacks, malicious human acts, human errors and security flaws. Sunrise has from time to time been the target of security breach attempts and expects to be subject to similar attacks in the future. Security breaches or cyberattacks from any source could cause significant disruptions to Sunrise's or its third-party providers' operations, require Sunrise to incur significant costs and materially adversely affect the Sunrise Holding Group's business, revenues, earnings and cash flows.

Sunrise and its third-party service providers may not be able to anticipate, detect or respond in an adequate and timely manner to attempts to obtain unauthorized access to, disable or degrade Sunrise's or its third-party service providers' systems. In some cases, anticipation, detection and response efforts may depend on third parties who may not deliver products or services to Sunrise that meet the required contractual standards due to error, defect, delay, outage or for another reason beyond Sunrise's control. In addition, cyberattack techniques are becoming increasingly complex, sophisticated and difficult to promptly detect. Employees working from home as a response to public health emergencies, epidemics, pandemics or other factors and longer-term shifts towards remote or hybrid work may increase cybersecurity risks. The risk of cyberattack may also be heightened in the context of ongoing conflicts and in response to sanctions imposed, such as increased cyberattacks associated with the Russia-Ukraine conflict. Given its critical status, telecommunication infrastructure, including the infrastructure operated by Sunrise or its third-party providers, is at heightened risk of physical or cyberattacks by nation states, terrorist or other groups. The changing cybersecurity landscape could require Sunrise to devote significant resources to prevent, detect and mitigate the impact of cybersecurity breaches.

Sunrise's cyber liability insurance, which provides third-party liability and first-party liability insurance coverage, may not be sufficient to protect against all of Sunrise's businesses' losses from any future disruptions or breaches or other events as described above. Costs for insurance may also increase as a result of increased threats, and certain insurance coverage may become more difficult or impossible to obtain.

Sensitive personal data could be subject to misappropriation, misuse, leakage, falsification or accidental release or loss of information, and Sunrise may fail to comply with data protection legislation or appropriate practices.

Through Sunrise's operations, sales and marketing activities, Sunrise and its third-party providers collect and store a large amount of personal information related to Sunrise's customers. This may include phone numbers, e-mail addresses, ID card numbers, contact preferences, personal information stored on electronic devices and payment information, including credit and debit card data. Sunrise also gathers and retains information about its employees in the normal course of business. In many cases, Sunrise may share this personal information with third-party service providers that assist with certain aspects of Sunrise's business.

The confidentiality or integrity of the data held by Sunrise or its third-party providers could be compromised by, among other things, unauthorized access, misappropriation, misuse, leakage, falsification or accidental release or loss. Sunrise has experienced data breach incidents in the past and may experience them in the future. A compromise of the confidentiality or integrity of Sunrise's data could lead to regulatory fines and other sanctions, litigation, significant costs required to remedy breaches, damage to Sunrise's reputation and brand equity, disruptions in Sunrise's operations and otherwise have a material adverse effect on its business, revenues, earnings and cash flows.

Sunrise is subject to laws regarding the protection, privacy and security of personal information, such as the Swiss Federal Act on Data Protection (Bundesgesetz über den Datenschutz of September 25, 2020 (Status as of September 1, 2023)) (the '**Federal Data Protection Act**') and -in specific cases - Regulation (EU) 2016/679 (General Data Protection Regulation, or '**GDPR**'), and expects the regulatory landscape to continue to evolve. Data protection laws may impose restrictions on data practices which may necessitate changes to Sunrise's operations, impact operational efficiency, prevent the application of certain marketing and sales initiatives and result in increased regulatory and compliance costs. Also, compliance with data privacy laws has become more complex and compliance costs have increased significantly and may continue to do so. Sunrise may not be fully compliant with the Federal Data Protection Act or other applicable data protection legislation at all times. Failure to comply with data protection laws or laws related to use of personal data in marketing (such as laws concerning use of cookies and similar techniques) could subject Sunrise to potentially significant liability, including litigation, investigation, regulatory actions or other actions by local, cantonal or federal authorities, and may result in, among other consequences, penalties and fines (which may not be covered by Sunrise's insurance policies or contractual protections and which may be significant, particularly if imposed under the GDPR), required remedial actions, as well as reputational harm, negative publicity and increased customer churn, any of which could have a material adverse effect on the Sunrise Holding Group's business, revenues, earnings and cash flows.

In addition, there is increasing public awareness of privacy and data security issues. Practices that may be perceived to be inappropriate or overly intrusive by consumers (for example, personalized advertising and use of consumer data in training AI models), as well as any failure by Sunrise to keep up with consumer preferences towards the use of their personal data, may result in as reputational harm, negative publicity and increased customer churn, any of which could have a material adverse effect on the Sunrise Holding Group's business, revenues, earnings and cash flows.

Generally Applicable Risk Factors

Unfavorable conditions in and outside Switzerland may materially adversely impact Sunrise's business, revenues, earnings and cash flows.

Although Sunrise has historically benefited from the Swiss macroeconomic environment, there can be no assurance that, among other things, Swiss inflation, interest rates and corporate taxes will remain low or lower than the EU-15, that its GDP per capita will remain high or higher than that of the EU-15 or that the Swiss currency will remain stable. Unfavorable economic conditions in Switzerland, which is the only country in which Sunrise provides its products and services, may impact the size of Sunrise's subscriber base or the prices Sunrise is able to charge for its products and services, as subscribers may be more likely to, among other things, downgrade or disconnect their services, place fewer international calls or adopt new value-added services at a slower rate than expected or not at all, or to increase Sunrise's bad debt expense. Macroeconomic and other conditions impacting travel to or from Switzerland could negatively impact revenue from roaming fees.

Adverse public health, geopolitical and climate conditions could have a material adverse impact on the Sunrise Holding Group's business, revenues, earnings and cash flows.

Sunrise may be adversely impacted by public health emergencies, epidemics and pandemics and government responses thereto. For example, the COVID-19 pandemic required Sunrise to implement a remote work policy, implement additional public health protocols in the context of maintaining and operating its networks and close certain of its retail stores, resulting in business disruptions. It also adversely affected the global economy, disrupted global supply chains and created significant volatility and disruption of financial markets. The impact of any such future event or condition may be different and cannot be predicted.

In addition, political unrest and geopolitical conflicts (such as the Russia-Ukraine conflict and conflicts in the Middle East) have disrupted and may further disrupt global supply chains and heighten volatility of global financial markets, as well as increase the incidence of cyberattacks against critical infrastructure, including Sunrise's networks. While Sunrise does not have direct operations in conflict areas, Sunrise has one supplier located in Moldova, which could be impacted by an escalation of the Russia-Ukraine conflict. Any escalation in current or emerging conflicts could worsen the foregoing effects or create new adverse conditions that Sunrise cannot predict.

The operation of Sunrise's networks requires a substantial amount of electricity. Geopolitical conflict has led and could in the future lead to energy costs increases in Switzerland. It could also in the future lead to electricity shortages. Switzerland relies on energy imports, including Russian natural gas, to meet energy demands during the winter months. The Swiss government has stated that it may resort to rolling blackouts due to potential energy shortages as a result of the Russia-Ukraine conflict and possible disruptions in gas supplies and Sunrise as well as other telecommunications operators have prepared plans to address energy shortages should they occur. The cost of electricity may also increase due to the effects of climate change, such as increase in global temperatures and in the frequency and severity of weather-related events. Any energy cost increases or shortages or governmental responses to such disruptions could have a material adverse impact on the Sunrise Holding Group's ability to conduct its operations and its revenues, earnings and cash flows.

Environmental, social and governance risks may adversely impact Sunrise's business.

Sunrise may be unable to adapt to or comply with increasingly demanding expectations from analysts, investors, customers and other stakeholders and new regulatory diligence and reporting or other legal requirements related to ESG issues, including Sunrise's impact on the environment or the origin of raw materials in some of its products. Expectations and requirements may differ among stakeholders, may be based on diverging calculations or other criteria and may experience material changes as they are emerging. Sunrise may not be able to meet its

ESG objectives (including its CO2 emission reduction targets) for a variety of reasons, including factors outside of its control. A failure to comply with any requisite ESG standards or meet ESG goals or expectations could adversely affect Sunrise's reputation, have a negative impact on its relationships with investors, employees and customers, hinder Sunrise's access to capital or the cost thereof or otherwise significantly increase Sunrise's costs, all of which could have a material adverse effect on the Sunrise Holding Group's business, revenues, earnings and cash flows.

Climate-related risks may adversely impact Sunrise's business.

At the end of 2024 following the completion of the spin-off, Sunrise conducted a climate change risk assessment (the '**Assessment**') in accordance with applicable Swiss law to identify key risks and opportunities under two opposing climate scenarios. The Assessment adhered to the recommendations set out in the Financial Stability Board's Task Force on Climate-related Financial Disclosures ('TCFD') guidelines to evaluate Sunrise's physical and transition risks as an independent entity.

Certain of the transition risks identified by the Assessment have the potential to impact costs, access to capital, market share, operational processes and rollouts, the ability to meet consumer needs and regulatory fines or litigation. These include, among others:

- increased exposure to rising energy costs and carbon taxation driven by rising data demands;
- growing climate compliance and disclosure demands with associated impacts on operational processes;
- rising costs and reduced availability of critical raw materials (e.g., copper, lithium, rare earth metals) and low-carbon alternatives;
- increasing customer and investor sustainability expectations; and
- insufficient adoption of circular economy practices and efficient product design.

The physical risks identified by the Assessment include, among others, acute physical hazards, such as extreme weather events, and chronic physical conditions that may lead to rising temperatures and prolonged heatwaves. These have the potential to impact infrastructure operations and maintenance, energy stability and costs, water consumption, insurance coverage and premiums and indirect impacts such as through the supply chain.

There can be no assurance that Sunrise will be successful with respect to acquisitions, dispositions, joint ventures, partnerships or other strategic transactions, or that it will achieve the anticipated benefits thereof.

Sunrise has sought and completed, and expects to continue to seek and complete, attractive acquisitions, dispositions, joint ventures, partnerships or other strategic transactions. Sunrise's ability to successfully execute any such future transaction may be limited by many factors, including market conditions, government regulation, availability of financing, its or its counterparty's debt covenants, complex ownership structures among potential targets, acquirers, joint ventures or partners, disapproval by shareholders of potential targets or acquirers and competition from other potential acquirers, including private equity funds. Sunrise may finance future acquisitions and other inorganic growth strategies by issuing equity to finance or refinance the consideration in any such transactions, which would dilute the ownership interests of its shareholders, or incur significant debt in connection with acquisitions.

Even if Sunrise is successful in completing such transactions, its ability to realize the anticipated benefits of such transactions will depend, to a large extent, on its ability to integrate the acquired business in a manner that facilitates growth opportunities and achieves the projected cost savings, which may be challenging. For example, Sunrise has experienced challenges with integrating different technology systems following the Sunrise-UPC transaction. Factors beyond Sunrise's control could affect the total amount or timing of integration costs, and many of these costs, by their nature, are difficult to estimate accurately. These costs could exceed the costs historically borne by Sunrise and offset, in whole or in part, the expected synergies. Expected synergies and benefits may not be realized in the amounts anticipated, within the expected time frame, at the expected cost or at all. Strategic transactions may fail to further Sunrise's business strategy as anticipated, expose Sunrise to additional liabilities associated with an acquired business, some of which Sunrise may be unable to anticipate and for which it may not be indemnified by the target, disrupt its existing business, distract management and result in the loss of key employees, business partners and customers.

Risks Relating to Sunrise's Relationship with Liberty Global

Following the spin-off, conflicts of interest, or the appearance of conflicts of interest, may develop between the executive officers and directors of Liberty Global, on the one hand, and the executive officers and directors of Sunrise, on the other hand.

Certain of the directors and executive officers of Liberty Global also serve as members of the Sunrise

Board and thus have a financial interest in both companies. In particular, Mr. Fries, the Chief Executive Officer and President of Liberty Global and Vice Chairman of the Liberty Board, serves as the Sunrise Chair. This overlap of roles and financial interests could create, or appear to create, actual or potential conflicts of interest when Liberty Global's directors and executive officers and members of Sunrise management and Executive Committee face decisions that could have different implications for Liberty Global and Sunrise.

For example, potential conflicts of interest could arise in connection with the resolution of any dispute between Liberty Global and Sunrise regarding terms of the agreements governing the relationship between Liberty Global and Sunrise after the spin-off, including, among others, the master separation agreement, the tax separation agreement and the transitional services agreements or any commercial agreements between the parties or their affiliates.

If Liberty Global is unable for any reason to effectively provide services to Sunrise pursuant to the companies' services arrangements, or if Sunrise is unable to adequately, timely and cost-effectively replace such services once such arrangements expire, Sunrise's business could be adversely affected.

Neither Liberty Global nor any of its affiliates have any obligation to provide financial, operational or organizational assistance to Sunrise and its subsidiaries other than those services to be provided pursuant to existing services agreements, including services agreements that Liberty Global and Sunrise entered into in connection with the spin-off, see "*Additional Information—Material Contracts*". If Liberty Global does not provide these services to Sunrise effectively or at all for any reason, or if Sunrise is not able to timely, adequately and cost-efficiently replace such services with internal resources or vendor agreements once such arrangements expire or if they are for any reason terminated, then Sunrise may not be able to operate its business effectively and its profitability may decline.

Potential indemnification liabilities to Liberty Global pursuant to the agreements entered into in connection with the spin-off could materially and adversely affect Sunrise's business, financial condition, financial performance and cash flows.

The agreements Sunrise entered into with Liberty Global in connection with the spin-off, among other things, provide for indemnification obligations designed to make Sunrise financially responsible for substantially all liabilities that may exist relating to its business activities, whether incurred prior to or after the spin-off. If Sunrise is required to indemnify Liberty Global under the circumstances set forth in the agreements it enters into with Liberty Global, Sunrise may be subject to substantial liabilities. Please refer to the section entitled "*Additional Information—Material Contracts*".

The terms that Sunrise receives in its agreements with Liberty Global may be less beneficial to Sunrise than the terms Sunrise may have otherwise received from unaffiliated third parties.

The agreements Sunrise extended or entered into with Liberty Global in connection with the spin-off were prepared while Sunrise was still a wholly owned subsidiary of Liberty Global. Accordingly, during the period in which the terms of those agreements were prepared, Sunrise did not have an independent board of directors or a management team that was independent of Liberty Global. As a result, the terms of those agreements may not reflect terms that would have resulted from arm's-length negotiations between unaffiliated third parties. For more information on the agreements Sunrise has entered into, please refer to "*Additional Information—Material Contracts*".

Sunrise may have a significant indemnity obligation to Liberty Global, which is not limited in amount or subject to any cap, if the spin-off is treated as a taxable transaction due to certain actions by Sunrise. In addition, Sunrise is responsible for, and has agreed to indemnify Liberty Global for, certain taxes that are attributable to or otherwise relate to the Sunrise group, and for taxes that are attributable to certain internal restructuring steps taken prior to the spin-off.

Pursuant to the tax separation agreement that Sunrise entered into with Liberty Global in connection with the spin-off, Sunrise and Liberty Global generally are equally allocated any tax liabilities in the event that the spin-off is not accorded the tax treatment expected by the parties. However, in the event that the spin-off is determined to be taxable as a result of certain actions taken by Sunrise, then Sunrise would be responsible for all taxes imposed on it or Liberty Global as a result thereof, including taxes imposed on Liberty Global's shareholders that Sunrise or Liberty Global bear as a result of shareholder litigation.

Sunrise's indemnification obligations to Liberty Global and its subsidiaries are not limited in amount or subject to any cap. If Sunrise is required to indemnify Liberty Global and its subsidiaries under the circumstances set forth in the tax separation agreement, Sunrise may be subject to substantial liabilities, which could materially adversely affect its financial position. See "*Additional Information—Material Contracts—Tax Separation Agreement*".

Sunrise may determine to forgo certain transactions in order to avoid the risk of incurring significant tax-related liabilities.

In the tax separation agreement, Sunrise covenanted not to take any action, or fail to take any action (including restrictions on mergers, sales of assets, certain sales of stock and similar transactions), following the spin-off, which action or failure to act is inconsistent with the spin-off qualifying for favored tax treatment under Section 355 of the Internal Revenue Code of 1986, as amended (the 'Code') and related provisions. As a result, Sunrise might determine to forgo certain transactions that might have otherwise been advantageous in order to preserve the favored tax treatment of the spin-off. Under the tax separation agreement, these restrictions apply for two years following the spin-off, unless Sunrise obtains a tax opinion that such action will not result in taxes being imposed on the spin-off, or unless Sunrise and Liberty Global agree otherwise.

In particular, Sunrise might determine to continue to operate certain of its business operations for the foreseeable future even if a sale or discontinuance of such business might have otherwise been advantageous. In addition, Sunrise's indemnity obligation under the tax separation agreement might discourage, delay or prevent a change of control transaction for some period of time following the spin-off. See "*Additional Information—Material contracts—Agreements related to the spin-off*".

Additional Information

Employees

As of December 31, 2024, Sunrise had 2,950 employees by headcount or 2,858 full-time equivalents "FTEs", as compared to 3,113 employees by headcount and 3,012 FTEs as of December 31, 2023, representing a decrease of approximately 5% in the employee population. Employees are located at Sunrise's headquarters in Zurich as well as at additional office and retail locations across Switzerland. As of December 31, 2024, 274 employees were located in a Sunrise-owned call center in Portugal. As of the same date, 27% of Sunrise's employees were part of the sales function, 24% worked in IT, 18% were in management and administration, 12% in marketing, TV and product development, 12% in customer service and 7% in other functions.

As of December 31, 2024, 63% of the Sunrise workforce based in Switzerland was covered by a collective employment contract with Syndicom, a Swiss trade union, which came into force on January 1, 2022. The collective employment contract will be extended automatically to December 31, 2026 if the collective employment contract is not terminated by either party by June 30, 2025. As of the same date, a significant portion of the most senior employees, including the members of Executive Committee, were employed pursuant to Terms and Conditions of Employment (the '**TCE**'), which sets out, among other things, termination, holiday and leave, remote work, flexible time, training, insurance and other employee rights and obligations. The TCE are supplemented by individual employment agreements which set out the particulars of each individual's employment, including compensation matters. Sunrise has never experienced employment-related work stoppages and considers its employee relations to be good.

Material Contracts

Swiss Towers Master Services Agreement

Swiss Towers owns and leases certain mobile antenna sites (the '**Sites**') as well as owns passive tower infrastructure at the Sites ('**Tower Infrastructure**') and provides Sunrise with access to the same pursuant to a master services agreement, dated July 19, 2017 (as amended to date pursuant to amendments thereto and a settlement agreement among the parties, the '**Master Services Agreement**'). Swiss Towers also provides operations, maintenance and configuration services with respect to the Tower Infrastructure to Sunrise. Sunrise pays Swiss Towers an annual fee for its services, which is adjusted annually to reflect changes in the Swiss National Consumer Price Index. Swiss Towers is free to provide other mobile network operators access to the Sites and the Tower Infrastructure and related services, provided that, if such services affect certain aspects of services provided to Sunrise, Sunrise's prior written consent is required. Sunrise and Swiss Towers have established a steering committee with decision-making power with regard to any matters referred to it by either party in relation to the Master Services Agreement.

The Master Services Agreement has an initial term of 20 years which may be extended for up to two additional terms of 10 years each, at Sunrise's option. However, even if Sunrise does not exercise the first or both of its extension options, the Master Services Agreement will continue in force on the latest agreed terms and conditions after the end of the applicable term, unless Sunrise or Swiss Towers terminates the Master Services Agreement as of the end of the applicable term, subject to a notice period of 24 months prior to the end of the applicable term in the case of Sunrise and five years prior to the end of the applicable term in the case of Swiss Towers. The delivery of a termination notice by Swiss Towers will trigger a good faith renegotiation of the Master Services Agreement. Either party may withdraw from negotiations of such an extension at any time in its discretion.

During the initial and additional terms, the Master Services Agreement can only be terminated (i) in full by either party for good cause with immediate effect; (ii) by Sunrise with respect to individual Sites in its discretion, subject to a six-month notice period; (iii) in full or in part if Sunrise no longer has rights to use radio frequencies and ceases to provide mobile network services in Switzerland, subject to a three-month notice period; or (iv) by Swiss Towers with respect to individual Sites, with Sunrise's written consent or upon substitution of one Site for another. If the Master Services Agreement is extended beyond the initial, first or second term, it may be terminated by either party subject to a five-year notice period as of the end of a calendar year, subject to certain rights of Sunrise available on termination.

If Swiss Towers terminates the Master Services Agreement in full in accordance with its terms or if Sunrise terminates the Master Services Agreement for good cause, Swiss Towers must offer Sunrise the right, exercisable within three months of the applicable termination notice, to purchase all Tower Infrastructure and an assignment of rights under all of Swiss Towers' agreements with Site owners at a discount to fair market value (determined in accordance with the terms of the Master Services Agreement), which varies based on the circumstances of the termination. In addition, in the case of any termination of the Master Services Agreement, Sunrise may request Swiss Towers, subject to a 12-month notice period, to extend the Master Services Agreement with respect to up to a portion of the Sites for twelve months. Under certain circumstances such as a material uncured breach of the Master Services Agreement by Swiss Towers, Sunrise has the right to exercise certain "step-in" rights until Swiss Towers is again able to proceed on the terms of the Master Services Agreement.

The rights and obligations created by the Master Services Agreement may only be transferred in whole or in part, with the prior written consent of the other party. A change of control in Swiss Towers, a sale of all or a part of the Tower Infrastructure and the transfer of all or a part of Swiss Towers' agreements with Site owners to a third party is subject to Sunrise's prior written consent, which must be given if, among other things, control of Swiss Towers or the Tower Infrastructure is not transferred to a competitor and if, in the case of a sale of all or a part of the Tower Infrastructure, the Master Services Agreement is transferred to the acquiring party (or the acquiring party enters into a comparable agreement).

Agreements related to the spin-off

In connection with the spin-off, we entered into a master separation agreement, tax separation agreement, technology master services agreement, transitional services agreements and several other agreements with Liberty Global to effect the separation of the Sunrise business and to provide a framework for our relationship with Liberty Global after the spin-off.

In connection with the spin-off, Sunrise also entered into a structured finance agreement, shared services agreement, procurement agreement, interconnect agreement, roaming brokering agreement, hyperscaler consultancy agreement and call center support agreement, each of which is not material to Sunrise.

Master Separation Agreement

On September 9, 2024, Sunrise entered into a master separation agreement with Liberty Global that set forth the principal corporate transactions (including the internal restructuring and transfer of assets and employment or service) that were required to effect the spin-off, certain conditions to the spin-off and a number of other provisions governing the relationship between Liberty Global and Sunrise following the completion of the spin-off (the '**master separation agreement**').

The master separation agreement provides that Liberty Global and Sunrise cooperate in good faith to identify and transfer the employment or service of certain service providers between Liberty Global and Sunrise and that following the spin-off, Sunrise will generally give credit to its service providers for their service to Liberty Global prior to the spin-off. Liberty Global and Sunrise are required to further cooperate and provide each other with access to the appropriate personnel and information to effect the division of employment and benefits-related assets and liabilities in accordance with the terms of the master separation agreement.

The master separation agreement also contains mutual indemnification obligations, which are designed to make Sunrise financially responsible for substantially all of the liabilities that may exist relating to the Sunrise business together with certain other specified liabilities, as well as for all liabilities incurred by Sunrise after the spin-off, and to make Liberty Global financially responsible for all potential liabilities of Sunrise which are not related to the Sunrise business, including, for example, any liabilities arising as a result of Sunrise having been a subsidiary of Liberty Global, together with certain other specified liabilities. These indemnification obligations exclude any matters relating to taxes. For a description of the allocation of tax-related obligations, see "*Tax Separation Agreement*" below.

The master separation agreement requires each of Sunrise and Liberty Global to hold in strict confidence and not to disclose, release or use any and all confidential and proprietary information of the other party without the prior written consent of the other party, subject to customary exceptions, including disclosures required by law, court order or government regulation. In addition, each of Sunrise and Liberty Global agreed to provide each other with information reasonably necessary to comply with reporting, disclosure, filing or other requirements of any national securities exchange or governmental authority, for use in certain judicial, regulatory, administrative and other proceedings and to satisfy certain audit, accounting, litigation and other similar requests.

The master separation agreement provides that any disputes, controversies or claims that may arise between Sunrise and Liberty Global related to the master separation agreement and the other agreements entered into in connection with the spin-off that cannot be resolved by members of senior management of Sunrise and Liberty Global be resolved by binding arbitration.

In the master separation agreement, each of Sunrise and Liberty Global released the other and its subsidiaries, and its and their respective affiliates, directors, officers, agents and employees, from any claims against any of them that arise out of or relate to events, circumstances or actions occurring or failing to occur prior to the spin-off, subject to certain exceptions set forth in the master separation agreement.

Tax Separation Agreement

On September 13, 2024, Sunrise entered into a tax separation agreement with Liberty Global under which tax liabilities and tax benefits relating to taxable periods before and after the spin-off are computed and apportioned between the parties, and the responsibility for payment of those tax liabilities (including any taxes attributable to the spin-off) as well as the right to use those tax benefits were allocated between Sunrise and Liberty Global (the '**tax separation agreement**'). Furthermore, the tax separation agreement sets forth the rights of the parties in respect of the preparation and filing of tax returns, the handling of audits or other tax proceedings and assistance and cooperation and other matters, in each case, for taxable periods ending on or before or that otherwise include the date of the spin-off.

Generally, the tax separation agreement provides that Sunrise assumes liability for, and is required to indemnify Liberty Global against, any taxes attributable to the income, assets and operations of Sunrise allocable to any taxable period, while Liberty Global assumes liability for, and is required to indemnify Sunrise against, any taxes attributable to the income, assets and operations of the Liberty Group. Moreover, Sunrise assumed liability for, and is required to indemnify Liberty Global against, any taxes that are attributable to certain internal restructuring transactions undertaken in anticipation of the spin-off. The tax separation agreement also provides that Sunrise and Liberty Global are equally allocated any tax liabilities in the event that the spin-off is not accorded the tax treatment expected by the parties. However, in the event that the spin-off is determined to be taxable as a result of (i) certain actions taken by Liberty Global, then Liberty Global is responsible for all taxes imposed on Sunrise or Liberty Global as a result thereof, or (ii) certain actions taken by Sunrise, then Sunrise is responsible for all taxes imposed on it or Liberty Global as a result thereof, including taxes imposed on Liberty Global's shareholders that Sunrise or Liberty Global bear as a result of shareholder litigation. These tax amounts could be significant.

The tax separation agreement provides for certain covenants (such as restrictions on mergers, sales of assets, certain sales of its stock and similar transactions) that may restrict Sunrise's ability to pursue strategic or other transactions to the extent inconsistent with the tax opinions that Sunrise received and the intended tax treatment of transactions, including specific prohibitions on taking certain actions that could jeopardize the tax status of the spin-off. Under the tax separation agreement, these restrictions apply for two years following the spin-off, unless Sunrise obtains a tax opinion that such action will not result in taxes being imposed on the spin-off, or unless Sunrise and Liberty Global agree otherwise. Though valid as between the parties, the tax separation agreement is not binding on the IRS or other tax authorities.

Technology Master Services Agreement

Liberty Global Technology Services B.V. ('**LGTS**'), a subsidiary of Liberty Global, and Sunrise are party to a services agreement, originally entered into by such parties or their affiliates in 2014 (with respect to the business of UPC at that time), pursuant to which LGTS provides to Sunrise various technology-related platforms, products and services, including entertainment platforms and support services, connectivity platforms and support services, Global Tier-1 international internet and enterprise backbone network, IP transit and peering services, information technology applications and related services, mobile virtual network operator services, business-to-business-related services, technical architecture advisory services, and security services (the '**technology master services agreement**'). In connection with the spin-off, Liberty Global and Sunrise agreed that the technology master services agreement will remain in place for a period of five years from the closing of the spin-off; provided, that, Sunrise has the option to (i) terminate certain services under such agreement on the fourth anniversary thereof by providing Liberty Global with 12 months' prior written notice of such early termination or (ii) extend the term of the services for one additional period of two years. Sunrise also has the right to request migration support for each of the services provided under the technology master services agreement for an exit period of up to 24 months to wind down or transition away from its use of any such service at the end of the term of such service. In the event that services are terminated earlier than the fourth anniversary, the transition support reduces to 12 months.

The technology master services agreement may be terminated (i) by either party thereto in the event of a material uncured breach by the other party that affects all or substantially all of the services provided thereunder or following the occurrence of an insolvency event involving the other party, or (ii) by LGTS in the case of persistent or material non-payment of amounts owed thereunder by Sunrise. In addition, either party to the technology master services agreement may terminate any individual service thereunder in the case of an extended force majeure event that affects such service or a material uncured breach by the other party that affects such service, and LGTS may terminate any individual service thereunder that LGTS plans to cease providing to all or a material part of the Liberty Global group receiving such service (subject to the provision to Sunrise of certain exit assistance for such service).

The aggregate liability of each party to the technology master services agreement (and their respective affiliates) (i) in relation to any service provided thereunder in any contract year is limited to the aggregate base charges paid or payable in relation to such service during the immediately preceding contract year and (ii) for all claims arising thereunder in any contract year is limited to the aggregate base charges paid or payable for all services thereunder during the immediately preceding contract year, in each case, subject to certain exceptions set forth in the technology master services agreement, including in the event of fraud or deliberate default by the other party. The aggregate base charges payable by Sunrise under the technology master services agreement is approximately CHF 76.0 million per year.

Transitional Services Agreements

On November 8, 2024, Liberty Global Europe Limited ('**LGE**') and Sunrise entered into transitional services agreements pursuant to which LGE provides Sunrise various administrative services to ensure an orderly transition following the spin-off. The services provided by LGE include, among others, internal audit, compliance, internal controls, external reporting, accounting, treasury, emerging business, corporate affairs and regulatory, human resources, legal, content and brand access services. The terms of the services are up to five years following the spin-off, depending on the individual service elements. In addition, the transitional services agreements with a five-year term are subject to an early termination right on the fourth anniversary thereof; provided, that, Sunrise provides LGE with 12 months' prior written notice of such early termination. The aggregate charges expected to be payable by Sunrise under the transitional services agreements decrease during the term and are approximately CHF 30.0 million for the first year.

Cybersecurity

Sunrise is subject to risks from cyber-attacks that have the potential to cause significant interruptions to the operation of its business. The frequency of these attempted intrusions has increased in recent years and the sources, motivations and techniques of attack continue to evolve and change rapidly. Sunrise has developed a cybersecurity program that is designed to scan for, monitor and identify risks to company confidential or non-public information, protect such information, detect threats and events and maintain an appropriate response and recovery capability to help ensure resilience against cyber-attacks and other information security incidents. Sunrise has adopted a variety of measures to monitor and address cyber-related risks and continue to implement and explore additional cybersecurity measures.

Sunrise's strategy for managing cyber-related risks is risk-based and, where appropriate, integrated within our comprehensive enterprise risk management processes. Sunrise's Chief Information Security Officer ('**CISO**'), who reports directly to Sunrise's Chief Technology Officer ('**CTO**'), leads a dedicated cybersecurity team and is responsible for the design, implementation and execution of our cyber-risk management strategy. Additionally, the Compliance, Regulatory & Governance team who is reporting to the General Counsel and Chief Corporate Affairs Officer ('**CAO**') and works closely with the CISO on information security matters oversees and manages the ISO 27001:2022 certified Sunrise Information Security Management System ('**ISMS**') as well as the ISO 22301 certified Sunrise Business Continuity Management System ('**BCMS**'). Both of these management systems include a comprehensive and specific risk management and policy framework. The risks from the respective management systems feed directly into the corporate risk management and are regularly reported to Sunrise management.

Sunrise's CISO and cybersecurity teams actively monitor Sunrise's systems, regularly review and adapt its policies, compliance, regulations and best practices, perform penetration testing, conduct incident response exercises and internal ethical phishing campaigns and provide periodic training and communication across the organization to strengthen security focused behavior and foster a culture of digital safety. Sunrise's cybersecurity team also routinely participates in industry-wide programs to further information sharing, intelligence gathering and unity of effort in responding to potential or actual attacks. The Sunrise ISO certified BCMS operates and is externally audited on a yearly cycle and includes comprehensive business continuity plans for all critical systems and activities to develop an effective recovery strategy that seeks to decrease incident response times, limit financial impacts and maintain customer confidence during any business interruption. As part of the ISO certified ISMS, Sunrise also administers a third-party risk governance program that identifies potential risks introduced through third-party relationships, such as vendors, software and hardware manufacturers or professional service providers. Sunrise seeks to obtain certain contractual security guarantees and assurances with these third-party relationships to help ensure the security and safety of its information. The cybersecurity teams works closely with a broad range of departments, including legal, regulatory, corporate communications, audit services, information technology and operational technology functions critical to Sunrise's operations, as well as engaging external vendors to help ensure the company's cybersecurity program operates effectively.

Sunrise's current CISO, Antti Partanen, has significant experience leading cybersecurity efforts at large enterprises, having worked immediately prior to joining Sunrise at Vodafone Global Cyber Security where he was instrumental in shaping the Cyber Security function at Vodafone Germany, the biggest Vodafone OpCo, where he held the roles of Head of Cyber Prevent and Deputy Chief Information Security Officer during a period of eight years. The Sunrise CISO also holds a Masters degree in Communications Engineering, Telecommunications Systems and Network Security from Helsinki University of Technology (Aalto University). Furthermore, he is a ISACA-Certified Information Security Manager. Sunrise's CISO has been with the company or its subsidiaries for over two years.

Cybersecurity incidents detected by Sunrise's cybersecurity team are evaluated internally based on their severity. Management of cyber incidents is aligned with the Sunrise Corporate Crisis Management[1], with major incidents being escalated to, and managed by, the Corporate Crisis Management, and according to the thresholds defined in the Corporate Crisis Management, escalated to the highest levels of management, including the company's CTO, CAO and, ultimately, its CEO. These members of the Executive Committee are provided with details of the type and severity of the attack, the company's planned response to the incident and are briefed on what information was accessed and the impact such incident has had or is expected to have on the company's operations, as well as any financial or regulatory implications resulting from the incident.

Sunrise management is responsible for oversight of our cybersecurity measures, incident response management and risks related to cybersecurity and technology as well as the steps taken by management to mitigate such risks. Sunrise's CISO provides periodic updates to management on the state of Sunrise's cybersecurity posture, new threats or threat actors that the company is monitoring or developing defenses against and any potential areas of improvement. Sunrise's CEO, CTO, CISO and CAO also have to provide ad hoc updates, as appropriate, in the case of a material cybersecurity incident, providing them a full briefing of the type and scope of the incident as well as the company's current and planned mitigation efforts. All members of management have significant direct or indirect cybersecurity experience. Cybersecurity and the effectiveness of our cybersecurity strategy are regular topics of discussion at meetings of Sunrise management.

In 2024, there were no cybersecurity threats, including as a result of any previous cybersecurity incidents, that materially affected or are reasonably likely to materially affect the Sunrise Holding Group, including its business strategy, results of operations or financial condition.

Property, plant and equipment

Properties

Office, Retail and Data Site Locations

Sunrise leases substantially all of its office space and retail locations, as well as its data and antenna sites. The other leased properties are technical locations, parking lots, shops, storage units or mixed used sites. All of Sunrise's leased properties are located in Switzerland, with the exception of a call center office space in Lisbon rented by Sunrise's wholly owned subsidiary Sunrise Portugal S.A. As of December 31, 2024, Sunrise leased the following properties in Switzerland:

- 19 offices, including its headquarters at Opfikon, Zurich, Switzerland, Sunrise's largest property (approximately 21,590 square meters). The lease on Sunrise's headquarters expires on December 31, 2033, with the option to extend to until December 31, 2043;
- One TV production studio for the MySports pay TV platform;
- Approximately 1,100 data sites; and
- 97 Sunrise and 15 yallo retail locations.

Sunrise owns 13 immaterial properties in Switzerland, the majority of which are small land parcels which were previously necessary for distribution of radio and television signals.

Sunrise believes that its facilities meet its present needs and that they are generally well maintained and suitable for their intended use. Sunrise believes that it generally has sufficient space to satisfy the demand for its services in the foreseeable future but maintains flexibility to move certain operations to alternative premises.

Antenna Sites

As of December 31, 2024, Sunrise operated 4,752 antenna sites to support its mobile network, of which approximately 55% were accessed pursuant to a long-term master services agreement with Swiss Towers, which is controlled by Cellnex, which is further described under "*Additional Information–Material contracts–Swiss Towers Master Services Agreement*". The remaining antenna sites that are not covered by the master services agreement with Swiss Towers are leased pursuant to separate operating lease agreements with other third parties. Sunrise accesses certain additional antenna sites pursuant to an antenna sharing agreement with Salt, pursuant to which Sunrise receives access to certain of Salt's antennas in exchange for providing Salt with access to the same number of Sunrise antennas.

[1] The Sunrise Corporate Crisis Management deals with crisis situations, aiming to facilitate rapid and appropriate responses to serious events such as natural disasters, terrorist attacks, and IT system failures, with the goal of restoring normal operations as quickly as possible.

OPERATIONAL & FINANCIAL REVIEW

Sunrise offers the best mobile telephony, best and most reliable data connections and the best mobile broadband coverage.

Introduction – Switzerland's Leading Challenger

Sunrise is Switzerland's leading challenger, with the clear ambition to drive the telecommunications market with its pace, agility and innovation. Sunrise is in a strong number two position and has proven its potential to pioneer developments, and to enable digital progress.

It boasts a dynamic and international environment. Roughly 2,850 employees (FTEs) from around 80 nations contribute to the success of Sunrise with their expertise, innovative thinking and exceptional commitment, reflecting the diversity of the Sunrise customers.

The company is led by an experienced management team with a proven track record in the telecommunications industry, driving growth through strategic initiatives and operational efficiency.

History

Sunrise was initially formed in 2001 as Sunrise Communications Ltd., a Swiss corporation, through the merger of two companies, each founded in 1996: landline and mobile operator diAx and landline operator NewTelco Ltd. In February 2015, Sunrise Communications Ltd. became a Swiss public company listed on SIX. In November 2020, Liberty Global, through its Swiss subsidiary UPC, another Swiss telecommunications company, successfully completed the acquisition of Sunrise Communications Ltd. in the Sunrise–UPC transaction. Following this transaction, Sunrise UPC became an indirectly wholly owned subsidiary of Liberty Global. The new corporate entity, Sunrise UPC LLC, was renamed Sunrise LLC in 2022. Following the spin-off from Liberty Global in 2024 and the listing of Sunrise Communications AG on SIX Swiss Exchange, Sunrise operates as an independent company managed by a dedicated and experienced Swiss executive team.

Sunrise HoldCo IV B.V. (**Sunrise HoldCo IV**) is an indirect wholly-owned subsidiary of Sunrise Communications AG. This annual report comprises Sunrise HoldCo IV and its subsidiaries (collectively, "the **Sunrise Holding Group**" or "**Sunrise**").

Scope of Business and Infrastructure

By providing the most comprehensive fixed-network access and a world-class mobile network delivering the highest gigabit coverage in Switzerland, Sunrise stands out as a premium and scaled company. It provides high-quality mobile, landline, broadband and TV services to residential customers and empowers business customers with 360° communications and integrated ICT solutions for connectivity, security and Internet of Things ('**IoT**') from a single source, thereby advancing their digitalisation.

With a multi-brand strategy, Sunrise addresses various market segments such as premium, smart shopper and budget. For more details, refer to the Product and Services chapter.

The company has made significant investments in its 5G mobile infrastructure, achieving extensive coverage and top ratings in network performance tests. The hybrid infrastructure strategy of Sunrise leverages both its own high-quality network equipment and third-party networks to provide comprehensive broadband services. More information can be found in the Network chapter.

Regulatory and Risk Management

As a Swiss telecommunications-service provider, Sunrise works in a highly regulated environment. For more details on regulations, see the Regulatory Environment chapter. To support its business in successfully delivering its objectives, targets and commitments to all stakeholders, Sunrise operates an Enterprise Risk Management system. Additional information is available in the Risk Management chapter.

Financial Performance

Financially, Sunrise ended the financial year 2024 with solid results and fully achieved all its financial guidance. 2024 was a dynamic year, with numerous positive developments that are clearly reflected in the financial results. Sunrise concluded the financial year 2024 as anticipated, fully meeting its financial guidance. For more details on the performance of Sunrise, refer to the Financial Review chapter.

Company Values

The company values of Sunrise are at the core of its business and represent the foundation for the way things are done. On the one hand, the values help employees to identify themselves with the organization and guide behaviours. On the other hand, they support the success of the business, as they enable Sunrise to turn its purpose and strategy into reality.
The Sunrise values are crucial in forming a unified company and the company's very own culture, given the history of a merger and strategic acquisitions. The values provide common ground for co-creation, and they are the basis for any interaction with internal or external stakeholders.

Passionate

We put our customers first. Customer needs are at the core of everything we do, we strive to inspire them and exceed their connected-living expectations.
We deliver ambitious goals in line with our vision and strategy to brighten connected living. We follow through on set priorities, and aim to perform highly as individuals, as teams and as a company.
We take ownership with a can-do attitude. We are empowered to create and make a difference, growing through autonomy and by taking on responsibility to deliver agreed goals.

Bold

We push the boundaries by being the challenger in the market and shaping new horizons for the future of connectivity with products and services that deliver value to customers. Internally, we speak up to address improvement opportunities and make decisions even if the outcome is uncertain.
We act like entrepreneurs. We learn from failures and grow. We iterate to get it right and deliver on defined goals. We adapt quickly to changing situations. This helps us to be solution focused.
We are to the point by acting in a pragmatic, efficient and clear way.

One

We collaborate to deliver on our ambitious goals as a unified team, by working cross-functionally, sharing knowledge and involving our customers.
We build trust through respect, appreciation and reliability. We prioritise our mutual success and don't put our individual interests first.
We embrace DE&I so that everyone belongs and is able to realise their full potential. We seek to understand different perspectives, mindsets and cultures. We connect to a wider community and understand the impact of our actions in the world.

Sunrise at a Glance

company

Switzerland's **leading challenger**

Clear ambition to **drive the market** with pace, agility and innovation and to advance digitalisation

Committed to **advancing digitalisation** and driving societal progress

presence

2,850 employees (FTEs) from around **80 nations**

HQ in **Opfikon** and business locations in **Basel, Berne, Bussigny, Geneva, Lugano**

Around **100 Sunrise shops** and around **16 yallo shops**

business

3 business units, executing a **multi-brand strategy**

High-quality mobile, landline, broadband and TV services to **residential customers**

360-degree communications and integrated ICT solutions for **business customers**

network

Awarded-winning as **Top 5 mobile** network worldwide

Hybrid network infrastructure strategy allows broadband services all across Switzerland

Speed upgrade for HFC network from 1 to 2.5 Gbit/s in 2024

Strategy

The Sunrise strategy is designed to drive sustainable growth, foster innovation, and constantly enhance customer satisfaction and loyalty. In a rapidly evolving market, the company is committed to staying ahead by leveraging its strengths, embracing new opportunities and continuously improving its operations. The strategic pillars are focused on key areas that will enable Sunrise to achieve its long-term goals and deliver exceptional value to its stakeholders. Those goals include sustainable growth in core and adjacent areas, high customer satisfaction, operational efficiency, execution of a strong multi-brand strategy, employee engagement and development, and sustainability.

Growth strategy

The company's growth strategy is centred around three main components: winning more customer relationships, expanding those relationships and exploring adjacent opportunities to drive additional services to customers. The company intends to grow its market share further in both the residential and business segments by appealing to Swiss customers with compelling offerings and multiple brands. Revenue growth is targeted by diversifying the consumer base with new non-telco revenues and transforming into a company offering information and communication technology ('**ICT**') services in B2B. This includes new revenue initiatives in the B2B sector and enabling easy partner onboarding.

Customer satisfaction and engagement

Sunrise aims to provide exceptional customer experience across all segments through a variety of channels and strategic initiatives. With a strong customer focus and transparency in customer dialogue and marketing, the Sunrise strategy contributes to customer loyalty and satisfaction.

One such customer experience is Sunrise Moments, which is a unique and comprehensive customer-loyalty programme that gives Sunrise subscribers exclusive access to pre-sales of sports, concert and other event tickets, as well as fast-lane event access and discounted event tickets, among other benefits. In 2024, ski day passes have been added to the portfolio and can be bought at a discounted price.

Furthermore, Sunrise provides customers with exclusive access to the Sunrise starzone Lounge at Switzerland's top event venues (Hallenstadion Zurich, THE HALL Dübendorf, Arena de Genève, St. Jakobshalle Basel) and major festivals like Greenfield, Openair St. Gallen and Zurich Openair, offering prime stage views and exclusive perks.

Operational efficiency

By managing costs effectively despite inflation and new revenue streams, and enhancing investment efficiency in relation to revenues, operational efficiency is maintained. This involves strategic investments in automation and AI, focused capital allocation and promoting a cost-conscious culture. By integrating these elements, Sunrise aims to achieve sustainable growth, enhance customer satisfaction and consolidate its position in the market.

Multi-brand strategy

Operating with a multi-brand strategy, Sunrise covers all the market opportunities in the Swiss consumer segment. The main brand, Sunrise, is positioned in the quality- and service-sensitive segment called the premium segment. In the smart-shopper segment the flanker brand yallo drives attractive price points with a select amount of product and service offerings. yallo is a full telco provider and offers mobile (postpaid and prepaid), Internet and TV products on the 5G network. With further flanker brands such as swype and Lebara, Sunrise is well positioned in the budget segment. Furthermore, branded resellers and mobile virtual network operators ('**MVNOs**') such as TalkTalk, Aldi Mobile or Galaxus Mobile provide mobile services without possessing their own mobile network.

Employee engagement and development

The success of Sunrise is deeply rooted in the expertise, experience and commitment of its employees. To attract and retain top talent, Sunrise adopts fair and equal recruitment practices, offers attractive remuneration, equal pay and benefits, and provides ample opportunities for career progression.

Sunrise is dedicated to ensuring inclusive, equitable, and high-quality training and lifelong learning opportunities for all employees. Employee development is a key focus of its strategy, aiming to build a loyal workforce, manage skill shifts towards new revenue streams and foster a strong and inclusive culture.

To support employee engagement and satisfaction further, Sunrise embraces a FlexWork model, which includes guidelines for flexible working and even working abroad. This approach accommodates a range of lifestyles, promotes diversity among employees and rewards performance.

Sustainability

As an integral part of its corporate strategy, Sunrise implements sustainable measures within its daily business activities. Its sustainability strategy, Sunrise IMPACTS, is based on the pillars of People, Planet and Progress, with the pillar of Governance as the foundation. With goals such as high employee commitment, significant reduction in emissions, circular economy and increased digitalisation, Sunrise is striving towards a more sustainable future.

Sunrise brand and sponsorship:
Sponsorships and endorsements are a significant pillar in the Sunrise strategy to promote the recognition and positioning of the brand. By bringing the brand’s emotional promise "Dream Big. Do Big." to life, customers and prospects are invited to experience unforgettable moments and to dream boldly. The combination of large sponsorship campaigns and local engagements ensures that the Sunrise brand promise reaches and inspires customers across all touchpoints, fostering loyalty and strengthening its identity as a credible premium brand.

Star Power: Collaboration with Marco Odermatt and Roger Federer
Sunrise signed the Swiss World Cup alpine ski-racer and Olympic gold medallist Marco Odermatt as a partner in 2023. 20-time grand-slam champion and former world no.1 Swiss tennis player Roger Federer is also a long-time Sunrise partner. Odermatt and Federer are important highlights of the Sunrise marketing campaigns and this unique duo of winners was most prominently featured together in two commercial campaigns in May and September 2024. Both campaigns display a humorous approach to digital overload and were shown in cinemas, on TV and online. Furthermore, several events were held in 2024 at which clients and employees had the chance to meet either Marco Odermatt or Roger Federer in person.

Sunrise and Swiss Ski
are driving the future of Swiss snow sports. In 2022, Sunrise became the main partner of Swiss Ski with the ambition to contribute to the future success of Swiss snow sports across all disciplines and performance levels and thereby to strengthen Switzerland's position as the leading winter-sports nation. A second element is digitalisation. Sunrise aims to elevate the overall experience for fans and the community to a new level through innovative services in areas such as a fan-engagement app, ticketing, streaming and gaming, thus strengthening its identity as a credible premium brand.

Products and Services

Residential Customers

Consumer Main Brand

The Sunrise Consumer Main Brand offers residential customers mobile, broadband, TV and fixed-line telephony services, which customers can bundle together in various combinations for a fixed monthly fee.

Sunrise

Mobile services

Mobile services include prepaid and postpaid voice, SMS and data services, and international calling and roaming. Sunrise offers multi-SIM subscriptions for families or individuals with multiple mobile devices and, among other things, mobile-device insurance. While mobile subscribers always have access to the Sunrise 5G network, they can select from a range of available mobile connectivity speeds at different price points.

Broadband, TV, fixed-line telephony and other services

Sunrise provides broadband, TV and fixed-line telephony services as service packages with varying service combinations at fixed monthly fees directly to residential customers and, under the UPC brand, to housing associations and other landlords who subscribe for services to be provided to the tenants of a residential complex as part of their utility bills if they so choose.

Broadband services are available at several competitive speeds, and Sunrise rents or sells Internet service equipment, including modems and routers, to its customers.

As part of its TV services, Sunrise provides its subscribers with a comprehensive television content offering focused on family and general entertainment. In particular, for a fixed monthly fee, Sunrise offers its TV subscribers (and subscribers to other TV service providers) access to MySports, which is a sports channel that has exclusive rights to Swiss National League ice-hockey games, including rights to broadcast live games and highlights on TV and online, as well as rights to broadcast North American National Hockey League games.

In 2024, Sunrise launched the "The TV Shop" within the Sunrise TV interface, to combine top content from partners like Netflix, Disney+ and many more flexibly and conveniently on the TV screen at home. Through this compelling and unique experience, Sunrise provides seamless content through key commercial partnerships with "over-the-top" (OTT) providers.

Sunrise also has a 20% stake in a joint venture with CH Media, a Swiss media house that provides Sunrise TV customers with oneplus, a streaming service offering a wide range of content, including Swiss originals, previews of shows on commercial TV channel 3+ and domestic and international feature films. Sunrise provides TV services through TV set-top boxes which it rents to its customers and through the Sunrise TV app for smart TVs, computers and mobile devices.

Sunrise continues to offer fixed-line telephony products that can be bundled with other services.

Sunrise plans to launch several value-added and adjacent services to support the premium positioning of the Sunrise brand and enhance the share of wallet of the Sunrise brand subscriber base. Such services will be bundled with devices, cybersecurity options and Device as a Service ('**DaaS**') offerings for multiple device categories beyond smartphones.

Devices

Sunrise sells third-party mobile phones, tablets and other hardware and accessories. Customers have the option to purchase smartphones or tablets for cash or under financing plans which allow for monthly instalment payments. In August 2023, Sunrise launched its DaaS offering, which allows residential customers to buy, and business customers to rent, their mobile devices for a monthly rental fee, to upgrade their devices to a newer model at any time during the ownership or rental period as the case may be, and to insure their devices against theft and damage.

With the Flex Premium Bundle, launched in 2024, Sunrise combined individual DaaS elements into an all-in-one package. The package makes a smartphone combined with advantageous subscription conditions even more affordable. It offers a substantial price advantage and allows customers either to exchange existing devices for a new one at any time or to have their device repaired whenever they want to give it a longer lifespan and boost sustainability by embracing circularity. Furthermore, it rewards customer loyalty by removing any difference in eligibility between new and existing customers, allowing even customers enrolled into a binding contract to purchase the Flex Premium Bundle without paying penalties on the previous contract offering.

Speed upgrade / 2.5 Gig upgrade
Sunrise has been advancing the expansion of Internet speed in the hybrid fibre-coaxial ('**HFC**') network and provides high-speed Internet (at 1 Gbit/s and above) to almost all Swiss households (including 5G fixed wireless access). Around 60% of Swiss dwellings have access to Sunrise high-speed Internet with speeds of up to 2.5 Gbit/s.

The performance boost significantly improves the Internet experience for home-office workers, streamers and gamers, and offers faster downloads for more devices simultaneously. With the upgrade, both towns and rural areas benefit from fast and reliable Internet.

All Sunrise customers connected via the HFC network and who were limited to 1 Gbit/s prior to the upgrade received the speed upgrade at no additional cost for their Internet subscriptions.

Sunrise Young Portfolio
Sunrise offers a portfolio created for the youth segment. Young offers unlimited surfing on one of the largest and most reliable 5G networks in Switzerland without a minimum contract period. Subscriptions cater more specifically for the core needs of the young target group and offer them fast Internet. Customers have access to Sunrise Moments, receive a 50% discount on their SBB Half Fare Travelcard subscription and get the «surf protect» option at no extra cost.

Identity Protect and Device Protect
A palette of cybersecurity options is offered to ensure comprehensive protection. In collaboration with F-Secure, Sunrise has launched Identity Protect and Device Protect. Identity Protect safeguards personal, sensitive data such as passwords, credit-card numbers or user details online. Device Protect offers a secure environment for surfing, banking and shopping online with an antivirus programme and parental controls.

Sunrise Pay
Sunrise Pay is a convenient, simple and secure payment method offered by Sunrise to make purchases in thousands of apps, for games, films, music files, services and online subscriptions by paying via the phone bill or by deducting payment from the prepaid balance at no extra cost. It can be selected as a payment method either through the personal device settings, in the case of app stores, or on partner pages. Purchases made using Sunrise Pay can only be authenticated via mobile phone or tablet over the Sunrise mobile network, creating a secure digital experience.

Customer service and support to residential customers
The dedicated Sunrise customer-service group manages the customer life cycle, including sales, retention, billing inquiries and technical support. In the residential-customers segment, Sunrise provides sales, administration and dealer support for all of its services through dedicated call centres in nine countries, which offer support in German, French, Italian and English and are powered by an integrated system providing knowledge management and process guidance to customer-service representatives. Approximately 85% of customer service activities are outsourced to third-party providers, whose call centres are located in various countries in Europe and North Africa. All Sunrise customer-service representatives receive training in Sunrise processes and standards and have access to periodic coaching and cross-product training.

Sunrise relies on surveys to gather feedback on each customer interaction. To improve customer experience further, it invests in enhancing its digital service capabilities, such as customer service via chat, automated chat service and interactive voice responses.

Independent tests prove that Sunrise offers the highest quality of advice in hotline customer services. According to 2024 Connect Hotline Test, Sunrise earned the highest ratings across all categories, with three "Outstanding" and two "Very Good" distinctions, placing it among the top three hotlines in the D-A-CH region out of 20 providers tested, and offers the best all-in mobile solution in the voice category for staying nationally and globally connected.

Consumer Flanker Brands

yallo

LEBARA

swype

yallo
yallo is a lean digital-first brand, operating online and in several other channels such as Telesales or own retail stores. The typical yallo customer is a "smart shopper" seeking a well-priced, digital-innovative supplier. yallo focuses on delivering high-performance, no-frills products with an emphasis on an excellent digital user experience. The brand offers

a comprehensive range of telecom services, including Internet, TV and mobile, underpinned by simple customer journeys. Additionally, it is the only smart-shopper brand in Switzerland to be leveraging three outstanding networks: 5G, HFC, and fibre.

The yallo full telco proposition provides room for continued growth and the opportunity to promote customer loyalty based on its converged offerings. Sunrise plans to drive a further increase in the market share of its flagship flanker brand yallo, with continuing focus on compelling price-value offerings.

Lebara

Lebara offers mobile services to price-conscious customers and specialises in targeting the ethnic market. It also is accessible through a wide network of indirect sales partners throughout Switzerland. After focusing historically on prepaid, the majority of customer additions here are now mobile postpaid. Various options for calling abroad or for travelling are also available.

swype

swype is an innovation brand that is particularly popular with the young, cost-conscious and digitally savvy generation. It is based on an app with a disruptive user experience, e.g., a straightforward, fully digital onboarding process via eSIM. swype offers the same price consistently every day for everyone. Tariffs can be customised with extra options for international calls and roaming. The eSIM makes the fully digital onboarding process especially straightforward. Thanks to maximum transparency and cost control, swype provides complete peace of mind. It is "mobile, just better".

Mobile virtual network operators (MVNO)

With a total of seven MVNO partners and one branded reseller, Sunrise stands as the leading MVNO provider in Switzerland. These partners often target specific or additional market segments that the main or flanker brands do not fully reach. MVNO and branded reseller partnerships with companies like TalkTalk, Digital Republic, Digitec Galaxus, Quickline, FL1, netplus, EW-Buchs and Aldi Suisse enable Sunrise to cover all market opportunities in the Swiss consumer segment. This "co-opetition" approach is what allows Sunrise to expand its reach and effectively cater to these additional market segments.

Sales channels

Sunrise relies on its website, mobile applications, call centres, sales representatives, over 100 retail locations and third-party distributors and partners to generate sales and sales leads. For the flanker brands, digital sales channels are responsible for the majority of its sales volume.

Sunrise has partnerships with several nationwide retail chains, including Mobilezone (the largest independent telecommunications retailer in Switzerland), and with regional partners and dealers who sell Sunrise products and services.

For advertising, a variety of channels are used; nationwide marketing campaigns with a strong focus on outdoor advertising in Switzerland's largest cities are included as well as regional marketing activities and campaigns.

Marketing to existing customers is designed to increase customer satisfaction and loyalty and leverage up-selling and cross-selling potential. Digital marketing campaigns are supported by analytics tools to enhance the marketing experience and allow for micro-segmentation and targeted campaigns.

Business Customers and Wholesale

Based on its best-in-class, future-fit networks, Sunrise empowers business customers with 360° communications and integrated ICT solutions from a single source, thereby advancing their digitalisation. Additionally, Sunrise provides wholesale services to MVNOs and branded resellers, which offer data services, roaming and voice services through the Sunrise mobile network. See more in the chapter Mobile virtual network operators (MVNO).

The Sunrise business-customer and wholesale segment, comprising telecommunications and portfolio services, represented approximately 28% of Sunrise revenues in 2024.

Portfolio

The evolving Sunrise business service portfolio combines comprehensive telecommunications services, as well as security, professional services and ICT, consulting and engineering solutions, underpinned by an ecosystem of strategic partners, including AWS, Cisco, Microsoft and Google. Its range of services meets the specific needs of its customers with a portfolio of standardised products for small-sized businesses as well as customised, scalable and secure offers for medium and large enterprises.

Mobile

In mobile, businesses may choose to take advantage of a number of subscription options, including plans for calls within the organization only, data packages shared across all employees, unlimited voice and data in European or worldwide destinations, as well as DaaS for mobile devices such as smartphones, tablets and smartwatches.

For business customers who experience poor mobile reception on their premises, Sunrise provides easy to install, standardised indoor coverage solutions or can develop on-premises networks to distribute mobile capacity in the building and improve connectivity.

Broadband and multi-site connectivity

In broadband, business customers can, among other things, choose their desired level of bandwidth, receive dedicated Internet access and receive minimum-service guarantees from Sunrise related to broadband speed and network availability and access to network-redundancy options. Business customers may also take advantage of a wide range of standardised and fully customised options to enable them to create virtual private networks to exchange information privately and securely within Switzerland and internationally.

Mobile Private Networks

Mobile Private Networks ('**MPN**') are private 5G network environments that allow companies and organizations to use private 5G resources exclusively for their applications and therefore ensure network quality and availability regardless of the public network's load. In 2023, Sunrise launched the MPN Campus solution as the first telecommunications company in Switzerland to do so. In 2024, the launch of a slicing solution followed.

Mobile IoT

As the volume of interconnected hardware continues to rise, efficient IoT management is becoming increasingly important. Sunrise services are designed to facilitate communication between machinery and hardware – without direct human intervention. Sunrise helps enterprises use their machines and construction vehicles more efficiently. A variety of features are integrated into the IoT management platform, allowing companies to view all hardware-related connection information in real time. This facilitates the optimization of business processes and increases efficiency.

Modern Workplace

Sunrise offers a wide range of scalable solutions for efficient communication and collaboration. It supports company-internal flexibility and productivity and simplifies employees' day-to-day lives. Unified communication offers all the features of traditional voice solutions plus messaging and presence technology, online meetings, telephony and video conferencing. With Modern Workplace, customers benefit from services ranging from attractive mobile subscriptions right through to comprehensive managed-workplace solutions, that offer fully managed digital workplaces.

Cybersecurity services

Sunrise offers its business customers a comprehensive portfolio of security solutions to protect themselves against increasing cyber risks. For smaller companies, this is the Business Ready option, which allows them to secure their existing mobile devices with Lookout Business or CISCO Umbrella security products. Sunrise Business provides SD-WAN, SASE/SSE solutions and is a Cisco Gold Partner for networks, security, collaboration and data centres. Meanwhile, larger customers can benefit from Managed Detection and Response (MDR), which Sunrise offers together with its partner Accenture and enables the ongoing monitoring of IT infrastructures and networks using automated and AI-based analysis tools. The security portfolio also includes solutions such as SCION, SASE, DNS Security and DDoS Protection.

Cloud services

Business Direct Cloud Access connects business customers securely and efficiently with cloud service providers and enables them to use business-critical and latency-sensitive applications reliably from the cloud. Additionally, Sunrise launched its new cloud portfolio, which offers SMEs standardised, managed cloud solutions. These currently include Cloud Foundations, which allows customers to get started in the cloud with ease. Further offerings are in the pipeline.

Sales and Support channels

Within business-customer services, small businesses purchase Sunrise services through Sunrise retail locations, websites or call centres, similarly to residential customers. Sunrise additionally targets enterprises with a dedicated business sales force, including salespeople with expertise in specialised IT and cybersecurity solutions. Sunrise also partners with regional and specialised third-party IT and cybersecurity service providers who promote Sunrise services to their business clients.

All business customers can take advantage of a dedicated 24/7 business-customer support call centre and a digital portal which allows them to self-manage their accounts and subscriptions. Business customers can also sign up for enhanced, tailored support services, including a dedicated service manager working on the customer's premises. Enterprise relationships are managed by account consultants who support business customers, and, for particularly large clients, account managers dedicated to the particular client relationship. Sunrise also maintains a team dedicated exclusively to wholesale services whose duties relate to sales and pre- and post-sales activities, as well as other tasks such as technical issues, troubleshooting and fraud prevention.

References

ANYbotics AG
Sunrise Business supports ANYbotics AG with IoT SIM solutions, enabling its inspection robots to collect and transmit asset-condition data such as photos and videos to servers worldwide. With integrated roaming management, the solution ensures cost-efficient and reliable data usage, allowing customers to adjust their plans or manage usage limits flexibly. This tailored service guarantees seamless global operation for ANYbotics AG's cutting-edge robotics systems.

Ente Ospedaliero Cantonale
The Ente Ospedaliero Cantonale (EOC) decided to implement an MPN 5G solution with the integration of the fixed telephony and alarm infrastructure of the multi-site cantonal hospital, including the sip-trunk connection of all hospitals and the activation of service smartphones for healthcare personnel.

EUROVISION SERVICES SA
Sunrise is proud to count EUROVISION SERVICES among its esteemed business clients, supporting them with an optical link between two key locations.

Limeco
The regional wastewater-treatment and incineration plant Limeco situated in Limmattal between Zurich and Baden is driving automation. The long-term goal is to reduce night-shift staffing and to operate all processes at night and weekends with reduced or no staff. The MPN Campus solution that Limeco chose to implement with Sunrise Business acts as a reliable and secure communication foundation towards achieving this goal step by step.

Migros
Sunrise Business is equipping a total of over 2,000 Migros company locations, which are connected to more than 2,500 of the retailer's branches, with a fully managed SD-WAN solution (software-defined wide area network). In order to deliver the best possible connectivity for Migros, the company locations benefit from the extensive Sunrise fibre-optic and broadband network.

REHAB Basel – Klinik für Neurorehabilitation und Paraplegiologie
Sunrise equips REHAB's staff with over 400 mobile phones for optimal internal communication. To ensure excellent mobile-network functionality inside the building, Sunrise is also building an indoor coverage solution. Furthermore, all of REHAB's landline telephony will be provided by Sunrise Business Voice Direct.

Ringier AG
In 2024, Ringier AG decided to switch all business mobile subscriptions to Sunrise, and as a result, Ringier employees also benefit from the Sunrise Benefit Program with exclusive offers for their private mobile, landline, TV and Internet subscriptions.

Swiss Post
Sunrise Business renewed its existing long-term contract with Swiss Post. It therefore continues to provide to Swiss Post Group companies and subsidiaries the fixed-network and mobile solutions that the company needs to offer its own services.

MIGROS | DIE POST | evam ETABLISSEMENT VAUDOIS D'ACCUEIL DES MIGRANTS

EUROVISION SERVICES | Limeco Das Regiowerk fürs Limmattal | volenergy empowering tomorrow

ANYbotics | Interiman Group | Ringier

Pour vous - chez vous Überall für alle CMS-SMZ Valais Wallis | REHAB | eoc | FCB

Network

According to 2024 Connect Hotline Test, Sunrise continued its long-term strategy of providing a reliable network with its top ten world-leading position on speed and wide coverage and, in doing so, globally acclaimed, exceptional quality. After achieving great success in the internationally recognised quality-benchmark test conducted by connect, Sunrise is now the only telecommunications provider to achieve the top overall rating of "Outstanding" for its mobile network for the ninth time in a row. In fixed-line broadband services, Sunrise earned the "Outstanding" rating for the third consecutive year. This is further confirmation of the success of the company's strong focus on quality.

Broadband infrastructure

Sunrise operates an HFC network comprising more than 25,000 km of fibre-optic and approximately 40,000 km of coaxial cable. As of 2023, it is the largest network offering 2.5 Gbit/s or higher speeds in Switzerland and is the largest HFC network in Switzerland by size. Sunrise therefore relies on a hybrid network-infrastructure strategy, leveraging its fully-owned access and last-mile HFC-network capabilities whenever possible and relying on supplemental network-access agreements with power companies, local communities and Swisscom where necessary, enabling it to provide broadband services to over 60% of dwellings.

Thanks to this unique set-up, we believe Sunrise is the only Swiss telecommunications company capable of supporting broadband services across all available fixed infrastructure technologies (DSL, HFC, fibre and FWA) to ensure that broadband services at the fastest download speed are available at each geographical location. As of December 31, 2024, about 54% of the Sunrise broadband residential subscribers (across both Sunrise and yallo) are connected through HFC technology; 21% through fibre, which offers a maximum download speed of 10 Gbit/s; 21% are connected through DSL technology, which offers a maximum download speed of 300 megabits per second (Mbit/s); and around 4% through FWA technology[2], which offers a maximum download speed of 1 Gbit/s.

Mobile infrastructure

The Sunrise mobile network is operated using approximately 4,600 antenna sites as of December 31, 2024, which are connected to Sunrise infrastructure. Sunrise currently relies on both 4G and 5G mobile equipment to support its 5G connectivity. More than 86% of Sunrise outdoor antenna sites currently include 5G equipment, with a plan to add 5G equipment to all outdoor antenna sites by the end of 2026. Sunrise is also in the process of rolling out 5G SA infrastructure, which will implement end-to-end 5G equipment unreliant on 4G infrastructure. 5G SA is the next step in the evolution of mobile networking, enabling faster download speeds, supporting ultra-high concentrations of Internet-connected devices in a single location and improved functionality for enterprises (such as the deployment of virtual private cellular networks) and potentially offering a reliable and flexible alternative to broadband-based Wi-Fi connectivity.

Of the approximately 4,600 antenna sites in operation approximately 56% are accessed on the basis of a long-term master services agreement with Swiss Towers, which is controlled by Cellnex. The remaining antenna sites that are not covered by the master services agreement with Swiss Towers are leased under separate operating-lease agreements with other third parties. Sunrise accesses certain additional antenna sites under an antenna-sharing agreement with Salt, which gives Sunrise access to certain of Salt's antennas in exchange for providing Salt with access to the same number of Sunrise antennas.

The Sunrise mobile services are enabled by a substantial spectrum holding of 295 MHz in aggregate, composed of 70 MHz held in the low band (700 – 900 MHz frequency), 125 MHz in the mid-band (1400 – 2600 MHz frequency) and 100 MHz in the high band (3,500 MHz frequency). Approximately 46% of this spectrum holding runs until 2034, while the remainder expires in 2028.

4G and 5G coverage

The Sunrise outdoor 4G and 5G connectivity covers almost all of Switzerland (geographically and by population). Sunrise supplies 4G to more than 99% of Swiss residents with 4G mobile high-speed Internet, covering 97% of the country's territory. Sunrise plans to migrate all voice traffic from 3G to 4G and switch off 3G connectivity by 2025 to make the spectrum currently used by 3G available to support improved indoor 4G and 5G coverage. As of December 31, 2024, more than 86% of mobile voice traffic was carried over 4G. Sunrise also aims eventually to migrate all 4G data traffic to 5G to enable higher data speeds, lower latency and new use cases for mobile connectivity. As of December 31, 2024, more than 33% of data traffic was already carried over 5G.

[2] FWA definition has changed since the Sunrise Capital Markets Day on September 9, 2024 and now includes Mobile Broadband Offers previously categorised as Mobile Postpaid. This change increases the FWA share by 2.7pp as of the end of 2024.

Sunrise 5G network outdoor coverage

Outstanding Connect Test

Investment in the network

Sunrise has continued to invest in the quality, availability and security of its network and has remained committed to its strategy of expanding 5G technology and driving network quality to a new record in industrial standards. By the end of 2024, Sunrise reached a level of 78% in 5G area coverage, while at the same time expanding its 5G population coverage to a level above 98%. Key drivers for this strategy continued to be the sustained rapid growth in data traffic and the demand for mobile and landline broadband services. Furthermore, Sunrise is implementing IoT capabilities continuously.

The success of this clear quality-driven strategy is paying off, not only in the continued growth of the residential customer base but also very visibly in the successful acquisition of well-known top brands such as Migros, Swiss Post and many more.

Outstanding network

Sunrise has once again demonstrated its excellence in network performance, achieving top accolades in the renowned connect tests. In fixed-line broadband services, Sunrise was recognised for delivering the fastest download speeds and most reliable Internet connections in Switzerland, earning the coveted "Outstanding" rating for the third consecutive year, with a score of 973 out of 1,000 points. Sunrise also remained unbeaten for the stability of its Internet connections, sharing victory in this category with the test winner. The excellent Internet service that Sunrise provides means it has retained its place among the premier providers in Switzerland.

The Sunrise mobile network continued its streak of excellence, with Sunrise being the only provider to receive the highest rating of "Outstanding" in the connect mobile network test for the ninth time in a row. Sunrise offers the best mobile telephony in Switzerland, delivering the fastest call connections, the best call quality and the fewest interruptions. It continues to provide the largest 5G network in Switzerland, with reliability in both mobile calls and data connections remaining unmatched.

With an impressive 973 out of 1,000 points in the connect mobile network test, Sunrise achieved its best score ever, narrowed the gap to Swisscom and widened the gap to Salt. Sunrise ranks among the top ten best-performing mobile networks worldwide, reaffirming its global leading position in telecom innovation.

Protection against non-ionising radiation

Sunrise is well aware that in public discourse electromagnetic radiation from mobile-phone antennas has been repeatedly associated with possible health impairments.

Switzerland applies a precautionary principle through the Ordinance on Protection against Non-Ionising Radiation (ONIR). It introduced exposure limits for base stations that are ten times stricter than the EU guidelines. Sunrise adheres strictly to the Swiss limits in its aim of expanding its 5G network to all regions, in order to protect people's health and the environment.

Given that the demand for extended 5G networks is rising (for example in cantons and municipalities looking to benefit from technological advances), Sunrise maintains close, constructive dialogue with the relevant authorities.

5G applications

In collaboration with its strategic partner Huawei, Sunrise operates a unique 5G Joint Innovation Hub, which enables collaboration in research and the development of 5G applications for both the private and business sectors. The Joint Innovation Hub is helping to build a Swiss 5G ecosystem, with Sunrise and Huawei using the Sunrise head office in Opfikon to introduce live 5G application scenarios that have already been launched or are about to be commercialised.

Regulatory Environment

The Swiss telecommunications industry benefits from a regulatory environment which, together with complex topography, high network construction costs and a concentrated market structure, imposes high entry barriers for new entrants. Swiss regulations, for example, impose requirements for minimum network coverage in spectrum allocations and provide long-term spectrum availability to existing industry players. However, the Swiss telecommunications industry is not as extensively regulated as the European Union, with only limited roaming regulation and no retail roaming price caps, for instance.

Telecommunications-services provider activities in Switzerland are subject to statutory regulation and supervision by various Swiss authorities, in particular ComCom and OFCOM, a specialised agency with expertise in telecommunications.

ComCom is the independent licencing and market regulatory authority and awards the universal service licence (which is, and to date has always been, held by the incumbent Swisscom) and licences for the provision of mobile telephone and other radio services. OFCOM supports ComCom, the Swiss Parliament and the Swiss Federal Council in their affairs and regulatory decisions. ComCom delegated to OFCOM the authority to issue guidelines and enforce ComCom's decisions and has delegated some of its other responsibilities, such as certain allocations of broadcast frequencies, to OFCOM.

The primary regulations applicable to the Swiss telecommunications industry are set out in the Telecommunications Act and associated regulations. A number of other laws and regulations, which are enforced by other authorities including the Competition Commission, the general competition authority in Switzerland, are also applicable.

Network access

The Regulated Access Regime in Switzerland is limited to the incumbent Swisscom's legacy copper infrastructure and does not cover access to HFC, fibre and mobile infrastructure (the '**Unregulated Infrastructure**'). The Regulated Access Regime follows an ex-post regulation approach, making it necessary for operators first to negotiate the conditions of access with each other and only request an intervention by the regulator if such negotiations fail.

Market participants must contract privately for access to Unregulated Infrastructure, and the provision of such access, as well as access prices, are at the discretion of the network owner. However, the Competition Commission may nonetheless examine access to Unregulated Infrastructure under Swiss competition law.

Telecommunications installations

In Switzerland, a permit by the cantonal and municipal authorities is generally required to construct telecommunications installations primarily comprising active and passive antenna infrastructure. Additionally, regulations regarding nature and landscape protection, protection from radio emissions, protection from certain levels of non-ionising radiation, and the provisions of the Swiss Ordinance on Telecommunication Installations regulating technical compliance apply. The federal authorities have also issued guidelines regarding the construction of antennas, which set forth principles for the responsible authorities when deciding whether or not to issue an antenna-construction permit.

In general, extensive permit procedures must be followed to construct an antenna, which oblige the permit applicant to meet the requirements set out in the building-permit procedure and comply with other regulatory requirements, such as those related to environmental protection and the emission and installation limits specified in the rules governing non-ionising radiation.

Response to power shortages and outages

In response to a power shortage caused, among other factors, by the phase-out of nuclear energy and the war in Ukraine, in November 2023, the Swiss Federal Council submitted a revision of the Telecommunications Services Ordinance for consultation, which, if implemented, will require MNOs to supplement their networks with batteries at their own expense by 2030 (for emergency call services) and by 2033 (for other services) in order to enable operation during potential cyclical power cuts and longer regional outages. The consultation with industry stakeholders, who generally oppose the proposal, ended in March 2024. Sunrise is monitoring the development of this proposed revision.

In addition, the Swiss Federal Council proposed energy-saving measures for large industrial energy consumers to stabilise the electricity grid in the event of an imminent electricity shortage. Sunrise, as a provider of mobile-telephony services which are considered critical infrastructure, is subject to a specific industry solution, rather than the general rationing regime.

Licences to use radio frequencies

In order to provide mobile telecommunications services in Switzerland, an operator must obtain, among other things, a licence from ComCom for the use of the radio spectrum, subject only to very limited exceptions for certain spectrum frequencies. Neither the number of licences nor the available spectrum bandwidth is predetermined by ComCom in advance of an auction or other proceedings to allocate spectrum. Spectrum-sharing among providers requires the approval of ComCom. No MNO has requested such an approval to date. Sunrise currently holds 295 MHz of spectrum to support its mobile operations.

ComCom has instructed OFCOM to initiate preparations for the allocation of any new, and reallocation of existing, frequencies in 2029 via a process that will likely commence in 2026, with an auction potentially held in 2027. The cost to renew the Sunrise spectrum is unknown at this time, but spectrum-allocation costs could be significant regardless of the allocation method used. Generally, allocation of spectrum by auction requires greater expense than an allocation performed in line with a renewal procedure.

In March 2024, ComCom completed the first public consultation on the next allocation procedure for (i) the frequency-usage rights of the existing 800, 900, 1800, 2100 and 2600 MHz frequency bands, which are currently allocated to Swisscom, Sunrise and Salt and expire on December 31, 2028, and (ii) currently unallocated frequencies in the 6 GHz, 26 GHz and 40 GHz frequency bands. The results of the consultation indicate industry interest in additional frequencies, particularly in the 6 GHz band, with limited or inconsistent interest in frequencies in the 26 GHz and 40 GHz bands. Industry stakeholders support a renewal procedure. ComCom has communicated that frequency bands will be allocated by means of an auction if the demand for new and existing frequencies exceeds the available frequencies. This is most likely to occur if there is a new entrant attempting to obtain a spectrum allocation, which Sunrise believes is unlikely due to high industry barriers to entry arising from the regulatory environment, complex topography, high network construction costs and a concentrated market structure.

Site-sharing regulation

The Telecommunications Act regulates site sharing among telecommunications service providers. OFCOM may, upon application, require telecommunications services providers, if they have sufficient capacity, to share access to their telecommunications and other installations with other such providers for appropriate compensation, in order to address technical issues, planning needs or protection of the countryside, national heritage, the environment, nature or animals. For similar reasons, OFCOM may also require providers of telecommunications services to co-install and jointly use telecommunications and other installations.

Security regulation

The Telecommunications Services Ordinance establishes certain requirements for the security of the networks and services of mobile-telephony licence holders, such as Sunrise. If such service providers offer their customers CPE, such as modems, set-top boxes and routers, and have technical control over such CPE, the CPE must be replaced if it poses a security risk that cannot otherwise be remedied.

In addition, in December 2023, the Swiss Federal Department of the Environment, Transport, Energy and Communications was tasked with presenting draft amendments to the Telecommunications Act that would implement measures to reduce geopolitical risks associated with the development of 5G infrastructure and otherwise strengthen the security of telecommunications and digital infrastructure, including by prohibiting high-risk vendors from providing equipment or network services to Swiss telecommunications providers. Such amendments, if implemented, could entitle the regulator to require Sunrise to cease contracting with Huawei or using Huawei equipment in its network, if the regulator determines that Huawei is a high-risk vendor. Sunrise is monitoring this legislative process.

Television and radio

The transmission of TV and radio programmes is considered a telecommunications service and, as such, it is subject to the regulations set out in the Telecommunications Act and the Swiss Federal Radio and Television Act (Bundesgesetz über Radio und Fernsehen of 2006, as amended; the '**Radio and Television Act**'). The Radio and Television Act requires broadcasters of programme services to obtain a licence, subject to certain, limited exceptions. Sunrise is a registered broadcaster of the MySports pay-TV platform.

As a provider of TV and radio services, Sunrise is subject to rules governing advertising content and regulations regarding certain content which must be carried. Sunrise is also subject to recently implemented regulations which require service providers that show films in Switzerland as part of their programme services or offer films via video on demand or subscription services to, among other things, have certain registration, quota and film funding obligations, and to invest 4% of their gross revenues annually in independent Swiss film production or pay a corresponding tax.

Data privacy

The Federal Data Protection Act is generally aligned with the standards of the GDPR enacted by the European Union and the European Economic Area in 2016. The Federal Data Protection Act is a uniform framework laying down principles for legitimate data processing and entails strict requirements for data protection, in particular data-processing principles, data-security requirements, rules for international data transfers, data mapping, processor (service provider) obligations and data-subject rights.

Risk Management

Sunrise operates an Enterprise Risk Management process that is designed to support the business in successfully delivering its objectives, targets and commitments to all stakeholder groups through enhanced understanding and effective management of risk.

The primary objective is to reduce the impact of significant risks and/or the likelihood of their occurrence both for Sunrise and the wider stakeholder groups with whom Sunrise interacts directly or indirectly through its partners.

The risk-management framework provides executive leadership with visibility into the key risks to support effective decision making and resource allocation.

The risk-management process

The risk-management process facilitates the identification, assessment, mitigation, monitoring and reporting of risks from internal and external sources as well as emerging narratives with the potential to impact the business. The risk-management process is ongoing throughout the year and encompasses all business units.
Business units are responsible for the identification, assessment and mitigation of risks. The Risk Management team, a second-line function, supports management with their responsibilities, driving consistency of risk assessment and reporting, and challenging risk owners with regard to the adequacy of risk mitigations.

Each risk is documented in a risk register capturing relevant details including the owner, assessment rationale, existing mitigations and relevant planned mitigations.

Executive Committee members review all relevant risks in their remit as well as the top risks for the business, including the implementation status of any key mitigation plans.

At least annually, a consolidated risk report is prepared for management which details the top risks for Sunrise. Each top risk is assigned to an Executive Committee owner.

Principal risk areas

The key risks that Sunrise is exposed to and focuses on are discussed as follows.

Market dynamics and customer experience

Sunrise operates in competitive environments experiencing high promotional intensity and price competition driven by established network operators as well as a growing number of service providers that do not own network infrastructure.

Technological innovation, the proliferation of IP-based services and changes to consumer behaviour continue to challenge traditional revenue lines as well as presenting opportunities.

Sunrise actively monitors market changes, exploring ways to shape and respond to these through tailored offerings and always putting customer needs first.

Sunrise strives to provide top-quality customer service, offering new products and tailored bundles coupled with stable user experiences, personable interactions and loyalty experiences that cannot be found elsewhere.

Security and information protection

The sophistication and volume of cyber attacks has been increasing globally. Sunrise systems, or those of its business partners, may be targeted by cyber criminals seeking to exploit vulnerabilities in systems or human interfaces resulting in a range of potential impacts including service disruption, fraud perpetration and misuse of information.

The company operates a robust information-security framework that meets all applicable regulatory obligations and is designed to identify threats early, allowing appropriate preventative measures to be taken and swift mitigation of incidents. This is also required of all relevant business partners. During 2024 Sunrise again achieved ISO 27001 certification.

The security framework is further strengthened by the Sunrise Cyber Defence Center (CDC). The Cyber Defence team consists of the Security Operations Center (SOC) team, which is responsible for monitoring security events and responding to incidents, and the Security Engineering team, which is responsible for managing and mitigating threats and vulnerabilities.

As the opportunities presented by new technologies and transformation programmes are assessed, Sunrise seeks to ensure the security, operational and moral consequences are fully understood and appropriate control mechanisms are implemented by design.

Service performance and resilience

IT and network infrastructure forms the backbone to service provision for our customers. This infrastructure, whether owned or accessed via a third party, may be vulnerable to disruption or damage from a multitude of events including acute or chronic environmental causes, malicious acts, power outages, security breaches, operational issues, vendor failures or errors. The impacts from disruption can be wide ranging, encompassing harm to the brand and reputation, additional expenditures and even regulatory action. In addition, inability to renew expiring spectrum allocation or technical site leases on favourable terms, or at all, could result in additional costs or service-performance impacts.

Critical systems and infrastructure are subject to ongoing assessment to ensure redundancy, resilience and load balancing are appropriately addressed. This mindset also extends to vendor selection and set-up. In addition to the ISO 27001 certification, during 2024, Sunrise also achieved ISO 22301 certification of the Business Continuity Management System and operates a mature crisis-management system.

Laws and regulations

The telecoms industry is subject to ever-increasing demands which are currently shaping a more restrictive regulatory framework impacting network evolution, service provision, increased network investment costs, increasing costs of compliance and revenue generation. At a local level, consumer concern over non-ionising radiation continues to weigh on decisions over the construction and operation of antennas.

Sunrise continues to lobby decision makers and engage with other operators to educate about the implications of proposed regulation which may conflict with the consumer demands for increased network coverage and speed and high data consumption. A mature compliance-management system is in place to manage existing compliance requirements.

Geopolitical context

The ever-evolving context within which Sunrise operates poses risks that may be amplified by political unrest and geopolitical conflicts. In turn, these may be further intensified by ensuing nation-state sanctions and/or regulatory actions, investor- and customer-driven reactions or opportunism by malicious actors.

Principal among these are disruption to global supply chains, heightened volatility of financial markets, increasing longer-term inflation and attacks against critical infrastructure (physical or cyber).

Sunrise monitors developments in these areas closely to assess whether further action is required to minimize exposure in the future, for example, by dual sourcing, hedging and security strategies.

Financial

Sunrise is exposed to a range of financial risks including market, credit and liquidity. See Note 22 of the Notes to the consolidated financial statements for more information.

Financial Review

Comparability of future results

The following financial review, which should be read in conjunction with the Sunrise Holding Group consolidated financial statements included in this annual report, reflects the results of the Sunrise Holding Group for the years ended December 31, 2024, 2023 and 2022. During 2022, 2023 and up until November 8, 2024, Sunrise was a wholly-owned subsidiary of Liberty Global. On November 8, 2024, the spin-off of Sunrise from Liberty Global was completed. Sunrise entered into a number of agreements with Liberty Global that govern the relationship between Sunrise and Liberty Global after the spin-off, and incurred certain costs related to the spin-off. As a result, the historical results of Sunrise operations and the period-to-period comparisons of results presented herein and certain financial data included elsewhere in this annual report may not be indicative of future results.

Factors affecting Sunrise performance

Sunrise believes that the key factors affecting its historical and future business and financial performance include:

Sunrise-UPC transaction. The combination of the Sunrise legacy mobile franchise with UPC Switzerland's broadband network, in the Sunrise-UPC transaction that closed in November 2020, created the country's leading converged telecommunications challenger to the incumbent Swisscom, with opportunities for both revenue growth and cost synergies. Capturing these opportunities required the combined company to invest in integrating operations, and also came with some expected execution challenges, primarily related to preserving ARPUs and elevated customer churn experienced while migrating legacy UPC customers from the higher-priced legacy UPC platform to the Sunrise brand. In addition, the application of acquisition accounting in connection with the Sunrise-UPC transaction had a non-cash effect on post-transaction reported expenses as a result of the elimination of certain legacy Sunrise capitalized contract costs and associated future amortization charges. Commission fees directly attributable to those contracts are capitalized and recognised as expenses over the estimated contract duration, which means that the associated capitalized commission fees are amortized generally over the same period as the recognition of the related revenues. Eliminating the legacy Sunrise capitalized contract costs had the effect of temporarily improving operating margins following the Sunrise-UPC transaction, as Sunrise recognised revenue from the relevant legacy contracts during those periods without the corresponding contract-cost amortization. This effect was most pronounced in 2021, decreased over time as new contract costs were capitalized and, as of January 1, 2024, no longer has an impact.

Competition. The Swiss telecommunications market is served by three primary players, Swisscom, Sunrise and Salt, with Swisscom historically holding the largest market share across all services. In each of the periods presented, however, Sunrise has increased its market share in postpaid mobile and broadband services at Swisscom's expense. Close competition among the three players has resulted in industry pricing pressure leading to decreased industry ARPUs, with each of the three competitors, including Sunrise, introducing flanker brands to provide services at lower prices and engaging in price-based promotions and price-matching offers to win customers. The introduction of a converged service offering under the yallo brand in 2022, which targets the smart-shopper segment, in addition to the mobile-only yallo offering and the converged offering under the Sunrise main brand, has benefited the results of Sunrise for the years ended December 31, 2024, 2023 and 2022. As of December 31, 2024, Sunrise maintains market share of 26% in mobile services (Swisscom: 56%, Salt: 18%), 28% in broadband (Swisscom: 48%, Salt: 5%) and 31% in TV (Swisscom: 40%, Salt: 5%) based on revenue.

Subscriber base and ARPU in residential services. Sunrise revenues in the residential segment are dependent on its ability to maintain and expand its subscriber base. In addition, Sunrise revenues in this segment are dependent on its ability to balance its service prices with the size of its subscriber base to optimize ARPU, calculated as the average monthly revenue per fixed customer relationship or mobile subscriber, as applicable. Revenues for each of the periods presented were affected by decreases in the subscriber base resulting from expected integration challenges associated with migrating legacy UPC customers in the residential segment to the Sunrise brand following the Sunrise-UPC transaction, as well as lower ARPU resulting from migration of such UPC customers from the higher-priced UPC platform to the Sunrise brand. Sunrise believes that such challenges have now been substantially resolved, which it believes should enable Sunrise to stabilise and grow the Sunrise brand revenues in the residential segment in the near to medium term. Sunrise has been implementing strategies designed to reduce subscriber volume loss and price sensitivity, including premium positioning of the Sunrise brand, promotion of converged subscriptions and introduction of value-added services.

Service portfolio and pricing in business services. Compared to its market share in residential services, Sunrise believes that it is currently under-represented in business-customer services, where Swisscom is by far the dominant competitor. Growth in business- and wholesale-services segment revenues in the periods presented reflected, in part, the success of efforts by Sunrise to capture additional market share in Swiss business services, supported by its robust telecommunications services offerings enhanced by its FMC strategy enabled by the Sunrise-UPC transaction and its evolving portfolio of value-added services (such as security, ICT, consulting and engineering solutions) underpinned by an ecosystem of strategic partners. Such revenue growth also reflects growth in revenues from existing business customers, primarily as a result of the expansion of the businesses of Sunrise customers necessitating additional services, including, primarily, additional mobile-service subscriptions, but also as a result of efforts by Sunrise to cross-sell additional services to existing customers. In the business-services segment, the size of the Sunrise customer base is generally less impacted by its service prices than in the residential segment because Sunrise generally offers its portfolio of services to business customers in customised service packages at negotiated prices, benefiting from volume, usage and bundling discounts. Although certain of the Sunrise business customers may be sensitive to mobile-service price fluctuations, particularly in larger enterprises, the number of mobile-service subscriptions generally fluctuates based on the size of the business customer's employee base, rather than changes to the Sunrise service prices. Accordingly, in business services, in addition to the ability to maintain and expand its customer base and cross-sell additional services, Sunrise revenues depend on its ability to price its services effectively. Going forward, Sunrise is further focused on leveraging synergies with residential subscribers to acquire small business customers (10 or fewer employees), growing market share among small-medium business customers (11 to 250 employees), including by leveraging residential sales channels, and further increasing its share of wallet of existing enterprise business customers (250 employees and up).

Investments in network quality. Sunrise revenues are dependent on its reputation among customers for high mobile and fixed network quality and reliability. While Sunrise does not develop its own network-infrastructure technologies or otherwise conduct meaningful research and development activities, Sunrise contracts with infrastructure-technology providers to purchase and install upgrades and additions to its network infrastructure in order to maintain and enhance the quality and reliability of its telecommunications services. Sunrise undertook capital expenditures in the periods presented to roll out 5G active mobile infrastructure, consisting of network equipment that was sourced and installed primarily by Huawei and embedded in passive tower infrastructure across its mobile network. Such expenditures are expected to taper in the near and medium term as these initiatives progress towards completion. During the periods presented, the capital expenditure profile of Sunrise has also benefited, and is expected to continue to benefit, from its hybrid network infrastructure, which utilises a mix of owned infrastructure, shared antenna sites and supplemental network-access agreements with subscriber-based charges to increase network coverage and enhance service offerings, thereby substantially reducing capital expenditures necessary to support growth.

Cost management. Sunrise supports its profitability by managing its cost profile. Capital expenditures in the years ended December 31, 2024, 2023, and 2022 were increased due to costs-to-capture synergies following the Sunrise-UPC transaction, including a related IT transformation and roll out of CPE. Such expenditures are expected to taper in the near and medium term, as these initiatives progress and are completed. Beginning in 2021, Sunrise has also been pursuing automation and IT-simplification initiatives to reduce the cost of certain of its operational processes, in addition to various other operating-expense efficiency initiatives, such as a leaner organizational design implemented at the end of 2023. Such initiatives have benefited Sunrise operating expenditures in the periods presented and are expected to benefit operating expenses in the future.

Interest and currency exchange rates. In the periods presented, Sunrise after-tax losses and free cash flows benefited from relatively low interest expense after hedges resulting from a low interest-rate environment prevailing at the time the debt was incurred. While substantially all of Sunrise debt is denominated in EUR or USD and the majority of it bears interest at variable rates, substantially all debt has been swapped into CHF and interest rates had been fixed through hedging arrangements at the time the debt was incurred. As of December 31, 2024, Sunrise had outstanding third-party indebtedness of CHF 4.7 billion, at a weighted-average cost of capital of 3.0% after interest-rate hedges. Sunrise indebtedness outstanding as of December 31, 2024 matures between 2028 and 2031. On February 4, 2025, Sunrise announced the issuance by Sunrise Financing Partnership of a new USD 1,300 million Term Loan B due in 2032. The new loan is structured as a sustainability-linked loan, directly linked to Sunrise sustainability-related company goals and strategy. Proceeds from the new loan will be used to refinance the existing USD Term Loan B maturing in 2029 and partially refinance the existing EUR Term Loan B due in 2029 including associated fees. Debt stack is economically hedged against interest-rate and currency changes until 2029 with the weighted-average cost of debt reduced from 3.0% as of October 2024 to 2.8% following the transaction. Sunrise will continue to access loan and bond markets opportunistically to term-out debt and optimize pricing.

Inflationary environment. In 2022, 2023 and 2024, the Sunrise expense profile was adversely affected by the global inflationary environment, which, particularly in 2022 and 2023, resulted from global supply-chain issues, the effects of COVID-19 and geopolitical conflicts and tensions. Sunrise primarily experienced inflation in energy costs, which are a significant expense associated with operating the Sunrise fixed and mobile networks, as well as in costs of products and services provided by vendors outside Switzerland, including, among others, IT and call-centre service providers and mobile-device and CPE suppliers. In 2022, 2023 and 2024, such inflation in costs partially offset the benefits of Sunrise-UPC transaction synergies and operating-cost reductions which Sunrise experienced in the same periods. Sunrise believes that inflationary pressures will subside in future periods and the adverse effect of inflation on its cost profile will be reduced.

Financial review

The following financial review, which should be read in conjunction with the Sunrise Holding Group consolidated financial statements included in this annual report, is intended to assist in providing an understanding of the results of operations and financial condition and is organized as follows:

- Summary financial information and operating data: This section includes summary financial information and operating data of Sunrise for the years ended December 31, 2024, 2023 and 2022.
- Results of operations: This section provides an analysis of actual results of operations for the years ended December 31, 2024, 2023 and 2022.
- Liquidity and capital resources: This section provides an analysis of corporate and subsidiary liquidity and the consolidated statements of cash flows.
- Quantitative and qualitative disclosures about market risk: This section provides discussion and analysis of the market risks that Sunrise faces.

Certain uppercase terms used below have been defined in the Notes to the consolidated financial statements.

Summary financial information and operating data

The tables below set out summary financial information and operating data of the Sunrise Holding Group for the indicated periods.

Sunrise results have been prepared in accordance with IFRS. The following information should be read in conjunction with the Sunrise Holding Group consolidated financial statements included in this annual report. Sunrise historical results are not necessarily indicative of expected future results.

Sunrise Statements of Income or Loss Data:

	Year ended December 31,		
in CHF millions	2024	2023	2022
Revenue	3,018.0	3,035.2	3,035.2
Direct costs	(830.1)	(834.6)	(819.6)
Personnel expenses	(407.0)	(416.7)	(438.3)
Other operating income and capitalized labor	68.1	105.7	61.7
Other operating expenses	(695.5)	(758.8)	(750.2)
Operating income before depreciation and amortization	**1,153.5**	**1,130.8**	**1,088.8**
Depreciation of RoU assets	(129.7)	(128.0)	(145.4)
Depreciation and amortization	(917.9)	(992.1)	(1,028.8)
Operating income (loss)	**105.9**	**10.7**	**(85.4)**
Financial income	255.4	573.8	455.9
Financial expenses	(742.7)	(958.8)	(342.1)
Share of gains (losses) of equity method investments	1.3	(0.3)	2.2
Income (loss) before taxes	**(380.1)**	**(374.6)**	**30.6**
Income tax benefit	16.7	59.9	50.7
Net income (loss)	**(363.4)**	**(314.7)**	**81.3**

Sunrise Cash Flow Data:

in CHF millions	Year ended December 31, 2024	2023	2022
Net cash provided by operating activities	1,279.0	1,201.5	1,252.7
Net cash used in investing activities	(377.0)	(432.8)	(168.2)
Net cash used in financing activities	(556.1)	(767.9)	(1,088.8)
Effect of exchange rate changes on cash	1.0	1.7	1.1
Net increase (decrease) in cash and cash equivalents	**346.9**	**2.5**	**(3.2)**

Sunrise Summary Financial Data:

in CHF millions, except percentages	Year ended December 31, 2024	2023	2022
Revenue	3,018.0	3,035.2	3,035.2
Net income (loss)	**(363.4)**	**(314.7)**	**81.3**
Net income (loss) margin	(12.0)%	(10.4)%	2.7%
Adjusted EBITDAaL[1]	**1,023.0**	**1,043.6**	**1,057.8**
Adjusted EBITDAaL margin	33.9%	34.4%	34.9%
Net cash provided by operating activities	1,279.0	1,201.5	1,252.7
Adjusted Free Cash Flow[2]	**362.4**	**352.5**	**299.5**

[1]Adjusted EBITDAaL is the primary measure used by the Sunrise CODM to evaluate operating performance and is also a key factor that is used by the internal decision makers within Sunrise to (i) determine how to allocate resources and (ii) evaluate the effectiveness of Sunrise management for the purposes of annual and other incentive-compensation plans. The Sunrise internal decision makers believe Adjusted EBITDAaL is a meaningful measure because it represents a transparent view of recurring operating performance that is unaffected by the capital structure of the Sunrise Holding Group and allows management to (a) readily view operating trends, (b) perform analytical comparisons and benchmarking between segments and (c) identify strategies to improve operating performance. Adjusted EBITDAaL is defined as Adjusted EBITDA after lease-related expenses. Adjusted EBITDA is defined as income (loss) before income-tax benefit (expense), share of losses (gains) of affiliates, financial income, financial expenses, depreciation and amortization, share-based compensation expense, and impairment, restructuring and other operating items. Other operating items include (1) provisions and provision releases related to significant litigation, (2) certain related-party charges and (3) gains and losses on the disposition of long-lived assets. Consolidated Adjusted EBITDA and Adjusted EBITDAaL are non-IFRS measures, which readers should view as a supplement to, and not a substitute for, IFRS measures of profitability included in the Sunrise Holding Group consolidated financial statements included in this annual report. Further, the Sunrise definition of Adjusted EBITDAaL and Adjusted EBITDA may differ from the way other companies define and apply their definitions of such terms. The following table provides a reconciliation of net income (loss) to Adjusted EBITDA and Adjusted EBITDAaL:

in CHF millions	Year ended December 31, 2024	2023	2022
Net income (loss)	(363.4)	(314.7)	81.3
Income tax expense (benefit)	(16.7)	(59.9)	(50.7)
Share of losses (gains) of affiliates	(1.3)	0.3	(2.2)
Financial income	(255.4)	(573.8)	(455.9)
Financial expenses	742.7	958.8	342.1
Operating income (loss)	**105.9**	**10.7**	**(85.4)**
Depreciation and amortization	917.9	992.1	1,028.8
Depreciation of RoU assets	129.7	128.0	145.4
Share-based compensation expense	19.1	22.5	30.7
Impairment, restructuring and other operating items	49.8	86.2	149.0
Adjusted EBITDA	**1,222.4**	**1,239.5**	**1,268.5**
Lease-related expenses	(199.4)	(195.9)	(210.7)
Adjusted EBITDAaL	**1,023.0**	**1,043.6**	**1,057.8**

[2]Adjusted Free Cash Flow is defined as net cash provided by operating activities plus (i) operating-related vendor-financed additions (which represents an increase in the period to actual cash available as a result of extending vendor payment terms beyond normal payment terms, which are typically 90 days or less, through non-cash financing activities) and (ii) cash receipts in the period from interest-related derivatives, less (a) cash payments in the period for interest, (b) cash payments in the period for capital expenditures, (c) principal payments on amounts financed by vendors and intermediaries (which represents a decrease in the period to actual cash available as a result of paying amounts to vendors and intermediaries where vendor payments were previously extended beyond the normal payment terms) and (d) principal payments on lease liabilities (which represents a decrease in the period to actual cash available), each as reported in the consolidated statements of cash flows. Sunrise believes its presentation of Adjusted Free Cash Flow, which is a non-IFRS measure, provides useful information to investors because this measure can be used to gauge its ability to (1) service debt and (2) fund new investment opportunities after consideration of all actual cash payments related to its working-capital activities and expenses that are capital in nature, whether paid inside normal vendor payment terms or paid later outside normal vendor payment terms (in which case Sunrise typically pays in less than 365 days). Adjusted Free Cash Flow should not be understood to represent the ability to fund discretionary amounts, as Sunrise has various mandatory and contractual obligations, including debt repayments, that are not deducted to arrive at these amounts. Investors should view Adjusted Free Cash Flow as a supplement to, and not a substitute for, IFRS measures of liquidity included in the Sunrise consolidated statements of cash flows. Further, the Sunrise definition of Adjusted Free Cash Flow may differ from the way other companies define and apply their definition of Adjusted Free Cash Flow. The following table provides a reconciliation of net cash provided by operating activities to Adjusted Free Cash Flow:

in CHF millions	Year ended December 31, 2024	2023	2022
Net cash provided by operating activities	1,279.0	1,201.5	1,252.7
Interest paid	(420.2)	(422.5)	(329.3)
Interest-related derivative receipts	172.7	174.5	42.2
Vendor financing additions[i]	363.4	271.2	148.2
Capital expenditures	(541.1)	(468.0)	(417.4)
Principal payments on vendor financing	(377.0)	(296.6)	(284.5)
Payment of lease liabilities	(114.4)	(107.6)	(112.4)
Adjusted Free Cash Flow	**362.4**	**352.5**	**299.5**

[i]For the purposes of the consolidated statements of cash flows, vendor financing additions represent operating-related expenses financed by an intermediary that are treated as constructive operating cash outflows and constructive financing cash inflows when the intermediary settles the

liability with the vendor. When Sunrise pays the financing intermediary, it records financing cash outflows in its consolidated statements of cash flows. For the purposes of its Adjusted Free Cash Flow definition, Sunrise (a) adds in the constructive financing cash inflow when the intermediary settles the liability with the vendor, as its actual net cash available at that time is not affected and (b) subsequently deducts the related financing cash outflow when Sunrise actually pays the financing intermediary, reflecting the actual reduction to its cash available to service debt or fund new investment opportunities.

Sunrise Summary ARPU Data:

	Year ended December 31,		
in CHF	2024	2023	2022
Residential customers:			
Fixed Services			
ARPU per Fixed Customer Relationship[1]	**59.08**	**61.78**	**63.31**
Mobile Services			
ARPU per Mobile Subscriber[2]	**29.90**	**31.21**	**32.28**

[1]Average Revenue Per Unit ('**ARPU**') is the average subscription revenue per average fixed customer relationship or mobile subscriber, as applicable. ARPU per fixed customer relationship is calculated by dividing the average subscription revenue from residential fixed services by the average of the opening and ending balances of fixed customer relationships for the period.

[2]ARPU per mobile subscriber is calculated by dividing the average mobile subscription revenue (including interconnect revenue but excluding handset sales and late fees) by the average of the opening and ending balances of mobile subscribers in service for the period.

Sunrise Summary Operating Data:

	As of December 31,		
	2024	2023	2022
Residential customers:			
Fixed Services			
Fixed Customer Relationships[1]	1,385,296	1,401,508	1,412,276
Select Fixed RGUs[2]:			
Broadband Internet[3]	1,180,330	1,169,539	1,178,628
Enhanced TV[4]	898,294	914,664	940,549
Mobile Services			
Mobile RGUs[5]	2,347,669	2,298,181	2,256,483
Postpaid Mobile RGUs	2,065,416	1,974,009	1,866,952
Prepaid Mobile RGUs	282,253	324,172	389,531
Fixed-mobile Convergence[6]	57.1%	55.7%	55.1%
Business customers and wholesale:			
Fixed Services[7]			
Fixed Customer Relationships[1]	128,295	110,275	99,745
Select Fixed RGUs[2]:			
Broadband Internet[3]	141,120	120,998	108,966
Enhanced TV[4]	97,438	79,606	68,739
Mobile Services[8]			
Mobile RGUs[5]	784,702	722,618	691,187
Postpaid Mobile RGUs	740,461	673,206	635,299
Prepaid Mobile RGUs	44,241	49,412	55,888
Fixed-mobile Convergence[6]	78.9%	85%	85.7%

[1]Fixed customer relationships represent the number of customers who receive at least one of the Sunrise broadband Internet, TV or fixed-line telephony services, without regard to which or to how many services they subscribe. Fixed customer relationships generally are counted on a unique premises basis. Accordingly, if an individual receives Sunrise services in two premises (e.g., a primary home and a vacation home), that individual generally will count as two fixed customer relationships. Sunrise fixed customer relationships include customers who receive basic cable services ('**BCS**') which are services delivered without the use of encryption-enabling, integrated or virtual technology as well as customers who receive fixed telephony services over Sunrise networks, or that Sunrise services through a partner network.

[2]A fixed RGU is, separately, an Internet subscriber or an enhanced TV subscriber. A home, residential multiple-dwelling unit or commercial unit may contain one or more RGUs. For example, if a residential customer subscribes to the Sunrise broadband Internet service or enhanced TV service, the customer will constitute two RGUs. RGUs generally are counted on a unique premises basis such that a given premise does not count as more than one RGU for any given service. However, if an individual receives one of the services in two premises (e.g., a primary home and a vacation home), that individual will count as two RGUs for that service. Each bundled Internet or enhanced TV service is counted as a separate RGU regardless of the nature of any bundling discount or promotion. Non-paying subscribers are counted as subscribers during their free promotional service period. Some of these subscribers may choose to disconnect after their free service period. Services offered without charge on a long-term basis (e.g., certain preferred subscribers) generally are not counted as RGUs. Free services provided to Sunrise employees generally are counted as RGUs.

[3]Internet Subscribers are homes, residential multiple-dwelling units or commercial units that receive fixed broadband Internet services over Sunrise fixed or mobile networks or that Sunrise services through a partner network.

[4]Enhanced TV subscribers are homes, residential multiple-dwelling units or commercial units that receive Sunrise enhanced TV services, which are TV services delivered through encryption-enabling, integrated or virtual technology over the Sunrise broadband network or through a partner network. Enhanced TV subscribers exclude subscribers that receive BCS, as described above.

[5]A Mobile RGU is a mobile subscriber, which represents an active SIM card in service. A subscriber who has a data and voice plan for a mobile handset and a data plan for a laptop would be counted as two mobile subscribers. Sunrise has both prepaid and postpaid mobile subscribers. Prepaid subscribers are excluded from the mobile-subscriber count after a period of inactivity of 90 days, based on industry standards in Switzerland.

[6]Fixed-mobile convergence penetration represents the number of customers who subscribe to both a fixed broadband Internet service and a pre- or postpaid mobile-telephony service, divided by the total number of customers who subscribe to fixed broadband Internet service.

[7]Business-customer and wholesale fixed relationships and fixed RGUs include customers who receive fixed services that are the same or similar to mass-marketed products offered to residential customers. This includes customers who receive discounted services pursuant to a programme Sunrise has in place with their employer, SOHO customers and SMEs (generally defined as businesses with 99 or fewer employees) and does not include services provided to large enterprises (generally defined as businesses with 100 or more employees) or wholesale services.

[8]Business-customer and wholesale mobile RGUs represent the number of active SIM cards in service that are provided to business and wholesale customers, including customers who receive discounted services pursuant to a programme Sunrise has in place with their employer, SOHO, SME and enterprise customers, as well as to customers who subscribe for mobile services delivered over Sunrise networks through a branded reseller with whom Sunrise contracts, and excluding customers who subscribe for mobile services delivered over Sunrise networks through an MVNO with whom Sunrise contracts, as well as other wholesale customers.

Additional general notes to table

While Sunrise takes appropriate steps to ensure that subscriber statistics are presented on a consistent and accurate basis at any given balance-sheet date, the variability in (i) the nature and pricing of products and services, (ii) the distribution platform, (iii) billing systems, (iv) bad-debt collection efforts and (v) other factors add complexity to the subscriber-counting process. Sunrise periodically reviews the subscriber-counting policies and underlying systems to improve the accuracy and consistency of the data reported on a prospective basis. Accordingly, Sunrise may from time to time make appropriate adjustments to the subscriber statistics based on those reviews.

Results of operations

The discussion presented in this section provides an analysis of revenue and expenses of the Sunrise Holding Group for the years ended December 31, 2024, 2023 and 2022 as further described in Notes 6, 7 and 8 of the Notes to the consolidated financial statements.

Revenue

Sunrise derives revenue primarily from communications services provided to residential and business customers, including mobile, broadband Internet, TV and fixed-line telephony services, and from infrastructure and support functions.

Residential customers revenue

Residential fixed subscription revenue includes amounts received from subscribers for ongoing services and the recognition of deferred installation revenue over the associated contract period. Residential fixed non-subscription and hardware revenue includes, among other items, channel carriage fees, late fees and revenue from the sale of equipment.

Residential subscription revenue from subscribers who purchase bundled services at a discounted rate is generally allocated proportionally to each service based on the standalone price for each individual service. As a result, changes in the standalone pricing of fixed and mobile products or the composition of bundles can contribute to changes in product revenue categories from period to period.

Residential mobile subscription revenue includes amounts received from subscribers for ongoing services. Residential mobile non-subscription and hardware revenue includes, among other items, revenue from sales of mobile handsets and other devices.

Business customers and wholesale revenue

Business-customer and wholesale subscription revenue represents revenue from (i) services provided to SOHO subscribers and (ii) mobile, connectivity and information and communication technology ('**ICT**') services provided to medium and large enterprises. Business-customer and wholesale non-subscription and hardware revenue includes revenue from business broadband Internet, TV, fixed-line telephony, data and ICT services, such as carrier and roaming services, offered to medium and large enterprises and fixed-line and mobile services on a wholesale basis, offered to other operators.

Infrastructure and support functions revenue

Infrastructure and support function revenue primarily includes BTS revenue related to mobile towers built by Sunrise and sold to Swiss Towers.

2024 compared to 2023

Revenue by major category and reportable segment for the indicated periods is set out below:

	Year ended December 31,		Increase (decrease)	
in CHF millions, except percentages	2024	2023	CHF	%
Residential customers:				
Fixed revenue:				
Subscription	987.8	1,043.1	(55.3)	(5.3)
Non-subscription and hardware	14.0	18.7	(4.7)	(24.9)
Mobile revenue:				
Subscription	833.5	852.8	(19.3)	(2.3)
Non-subscription and hardware	207.6	199.4	8.2	4.1
Other	130.2	133.1	(2.9)	(2.2)
Total residential customers revenue	**2,173.1**	**2,247.1**	**(74.0)**	**(3.3)**
Business customers and wholesale:				
Fixed revenue:				
Subscription	293.4	273.4	20.0	7.3
Non-subscription and hardware	189.6	164.0	25.6	15.6
Mobile revenue:			0.0	
Subscription	266.2	254.7	11.5	4.5
Non-subscription and hardware	77.7	81.5	(3.8)	(4.7)
Other	3.4	3.0	0.4	13.3
Total business customers and wholesale revenue	**830.3**	**776.6**	**53.7**	**6.9**
Infrastructure and support functions:				
Other	14.6	11.5	3.1	27.3
Total revenue	**3,018.0**	**3,035.2**	**(17.2)**	**(0.6)**

Residential customers. The details of the decrease in Sunrise residential-customer revenue during 2024, as compared to 2023, are set out below:

in CHF millions	Subscription revenue	Non-subscription and hardware revenue	Total
Decrease in residential fixed subscription revenue due to change in:			
Average number of fixed customer relationships[1]	(9.6)	–	(9.6)
ARPU	(45.7)	–	(45.7)
Decrease in residential fixed non-subscription and hardware revenue	–	(4.7)	(4.7)
Total decrease in residential fixed revenue	**(55.3)**	**(4.7)**	**(60.0)**
Increase (decrease) in residential mobile subscriptions revenue due to change in:			
Average number of mobile subscribers[2]	16.4	–	16.4
ARPU	(35.7)	–	(35.7)
Increase in residential mobile non-subscription and hardware revenue	–	8.2	8.2
Total increase (decrease) in residential mobile revenue	**(19.3)**	**8.2**	**(11.1)**
Decrease in other residential revenue	**–**	**(2.9)**	**(2.9)**
Total	**(74.6)**	**0.6**	**(74.0)**

[1]Average number of fixed customer relationships is calculated as the average of the opening and ending balances of fixed customer relationships in the period.
[2]Average number of mobile subscribers is calculated as the average of the opening and ending balances of mobile subscribers in the period.

Residential customers. Total residential-customers revenue decreased CHF 74.0 million or 3.3% during 2024, as compared to 2023, primarily due to the net effect of (i) a decrease in fixed subscription revenue due to lower ARPU, mainly driven by higher discounts and migrating legacy UPC customers from the higher-priced legacy UPC platform to the Sunrise brand, which also led to a decrease in the average number of customers and lower variable usage in fixed-line telephony, partially offset by growth in flanker brands (mainly yallo), (ii) a decrease in fixed non-subscription and hardware revenue attributable to lower equipment sales driven by lower hardware-bundling activity and the related revenue-recognition impact, (iii) a decrease in mobile subscription revenue attributable to lower ARPU, mainly driven by higher discounts due to pricing pressure in the market, multi-SIM discounts and flanker brands' share in the base, as well as lower roaming-related revenue partially offset by an increase in the average number of RGUs mainly from growth in flanker brands (mainly yallo), (iv) an increase in mobile non-subscription and hardware revenue, mainly driven by higher handset sales due to higher market demand and new handset options and (v) a decrease in other revenue, mainly due to lower fee-related revenue.

Business customers and wholesale. Total business-customers and wholesale revenue increased CHF 53.7 million or 6.9% during 2024, as compared to 2023, primarily due to the net effect of(i) an increase in fixed subscription revenue due to a higher number of business customers, (ii) an increase in fixed non-subscription and hardware revenue due to higher revenue from wholesale services driven by higher voice hubbing activity, (iii) higher mobile subscription revenue due to an increase in the average number of mobile subscribers and an increase in wholesale services driven by higher MVNO-related revenues, (iv) a decrease in mobile non-subscription and hardware revenue due to lower handset sales volumes, mainly due to lower market demand and (v) an increase in other revenue, mainly due to higher fee-related revenue.

Infrastructure and support functions. Total infrastructure and support-functions revenue increased CHF 3.1 million or 27.3% during 2024, as compared to 2023, primarily due to higher BTS revenue.

2023 compared to 2022

Revenue by major category and reportable segment for the indicated periods is set out below:

	Year ended December 31,		Increase (decrease)	
in CHF millions	2023	2022	CHF	%
Residential customers:				
Fixed revenue:				
Subscription	1,043.1	1,079.6	(36.5)	(3.4)
Non-subscription and hardware	18.7	8.7	10.0	114.9
Mobile revenue:				
Subscription	852.8	854.8	(2.0)	(0.2)
Non-subscription and hardware	199.4	198.7	0.7	0.4
Other	**133.1**	**133.7**	**(0.6)**	**(0.4)**
Total residential customers revenue	**2,247.1**	**2,275.5**	**(28.4)**	**(1.2)**
Business customers and wholesale:				
Fixed revenue:				
Subscription	273.4	270.0	3.4	1.3
Non-subscription and hardware	164.0	160.6	3.4	2.1
Mobile revenue:				
Subscription	254.7	240.6	14.1	5.9
Non-subscription and hardware	81.5	80.2	1.3	1.6
Other	**3.0**	**0.9**	**2.1**	**233.3**
Total business customers and wholesale revenue	**776.6**	**752.3**	**24.3**	**3.2**
Infrastructure and support functions:				
Fixed revenue:				
Subscription	0.0	0.7	(0.7)	(100.0)
Other	11.5	6.7	4.8	71.6
Total infrastructure and support functions revenue	**11.5**	**7.4**	**4.1**	**55.4**
Total revenue	**3,035.2**	**3,035.2**	**0.0**	**0.0**

Residential customers. The details of the decrease in Sunrise residential-customers revenue during 2023, as compared to 2022, are set out below:

in CHF millions	Subscription revenue	Non-subscription and hardware revenue	Total
Decrease in residential fixed subscription revenue due to change in:			
Average number of fixed customer relationships[1]	(10.5)	–	(10.5)
ARPU	(26.0)	–	(26.0)
Increase in residential fixed non-subscription and hardware revenue	–	10.0	10.0
Total increase (decrease) in residential fixed revenue	**(36.5)**	**10.0**	**(26.5)**
Increase (decrease) in residential mobile subscription revenue due to change in:			
Average number of mobile subscribers[2]	26.4	–	26.4
ARPU	(28.4)	–	(28.4)
Increase in residential mobile non-subscription and hardware revenue	–	0.7	0.7
Total increase (decrease) in residential mobile revenue	**(2.0)**	**0.7**	**(1.3)**
Decrease in other residential revenue	–	(0.6)	(0.6)
Total	**(38.5)**	**10.1**	**(28.4)**

[1]Average number of fixed customer relationships is calculated as the average of the opening and ending balances of fixed customer relationships in the period.
[2]Average number of mobile subscribers is calculated as the average of the opening and ending balances of mobile subscribers in the period.

Residential customers. Total residential-customers revenue decreased CHF 28.4 million or 1.2% during 2023, as compared to 2022, including an increase of CHF 9.2 million attributable to the impact of acquisitions, primarily due to the net effect of (i) a decrease in fixed subscription revenue due to lower ARPU, mainly driven by higher discounts, migrating legacy UPC customers from the higher-priced legacy UPC platform to the Sunrise brand, which led to a decrease in the average number of customers, and lower variable usage in fixed-line telephony, (ii) an increase in fixed non-subscription and hardware revenue attributable to higher equipment sales driven by higher hardware-bundling activity and the related revenue-recognition impact and (iii) a decrease in mobile revenue attributable to lower ARPU, mainly driven by higher discounts due to pricing pressure in the market and lower usage, partially offset by an increase in the average number of mobile subscribers, primarily driven by growth in flanker brands (mainly yallo).

Business customers and wholesale. Total business-customers and wholesale revenue increased CHF 24.3 million or 3.2% during 2023, as compared to 2022, primarily due to (i) an increase in mobile subscription revenue due to an increase in the average number of business mobile subscribers and (ii) higher fixed revenue due to an increase in the average number of business customers and higher installation revenue.

Infrastructure and support functions. Total infrastructure and support-functions revenue increased CHF 4.1 million or 55.4% during 2023, as compared to 2022, mainly due to higher BTS revenue.

Profit Reconciliation

Direct costs

Direct costs include programming and copyright costs, interconnect and access costs, costs of mobile handsets and other devices and other costs of sales related to Sunrise operations. Programming and copyright costs represent a significant portion of operating costs and are subject to rises in future periods due to various factors, including (i) higher costs associated with the expansion of digital video content, including rights associated with ancillary product offerings and rights that provide for the broadcast of live sporting events, and (ii) rate increases.

Personnel expenses

Personnel expenses include salary and payroll costs, commissions, incentive-compensation costs, deferred labor and contingent labor.

Other operating income and capitalized labor

This line item includes capitalized internal labor and other income primarily related to legal settlements.

Other operating expenses

Other expenses include marketing and other sales costs, network operations, customer-service costs, business-service costs, impairment and restructuring, share-based compensation and other general expenses.

2024 compared to 2023

in CHF millions, except percentages	Year ended December 31, 2024	2023	Increase (decrease) CHF	%
Revenue	3,018.0	3,035.2	(17.2)	(0.6)
Direct costs	(830.1)	(834.6)	(4.5)	(0.5)
Personnel expenses	(407.0)	(416.7)	(9.7)	(2.3)
Other operating income and capitalized labor	68.1	105.7	(37.6)	(35.6)
Other operating expenses	(695.5)	(758.8)	(63.3)	(8.3)
Operating income before depreciation and amortization	**1,153.5**	**1,130.8**	**22.7**	**2.0**
Depreciation of RoU assets	(129.7)	(128.0)	1.7	1.3
Depreciation and amortization	(917.9)	(992.1)	(74.2)	(7.5)
Operating income	**105.9**	**10.7**	**95.2**	**889.7**
Financial income	255.4	573.8	(318.4)	(55.5)
Financial expenses	(742.7)	(958.8)	(216.1)	(22.5)
Share of gains (losses) of affiliates, net	1.3	(0.3)	1.6	533.3
Loss before taxes	**(380.1)**	**(374.6)**	**5.5**	**1.5**
Income tax benefit (expense)	16.7	59.9	(43.2)	(72.1)
Net loss	**(363.4)**	**(314.7)**	**48.7**	**15.5**

Direct costs

in CHF millions, except percentages	Year ended December 31, 2024	2023	Increase (decrease) CHF	%
Residential customers	515.2	537.6	(22.4)	(4.2)
Business customers and wholesale	299.5	271.0	28.5	10.5
Infrastructure and support functions	15.4	26.0	(10.6)	(40.8)
Total	**830.1**	**834.6**	**(4.5)**	**(0.5)**

Residential customers. Total residential-customers direct costs decreased CHF 22.4 million or 4.2% during 2024, as compared to 2023, primarily due to (i) a decrease in interconnect and network-related costs and (ii) lower hardware costs from fixed equipment sales driven by lower hardware-bundling activity.

Business customers and wholesale. Total business-customers and wholesale direct costs increased CHF 28.5 million or 10.5% during 2024, as compared to 2023, primarily due to (i) higher voice hubbing costs in line with higher voice hubbing revenue and (ii) overall higher direct costs related to growth in the business-customers and wholesale segment.

Infrastructure and support functions. Total infrastructure and support-functions direct costs decreased CHF 10.6 million or 40.8% during 2024, as compared to 2023, primarily due to other non-recurring items offset in indirect costs in 2023.

Personnel expenses

in CHF millions, except percentages	Year ended December 31, 2024	2023	Increase (decrease) CHF	%
Residential customers	143.6	157.2	(13.7)	(8.7)
Business customers and wholesale	78.8	79.7	(0.8)	(1.0)
Infrastructure and support functions	184.6	179.8	4.9	2.7
Total	**407.0**	**416.7**	**(9.7)**	**(2.3)**

Residential customers. Total residential-customers personnel expenses decreased CHF 13.7 million or 8.7% during 2024, as compared to 2023, primarily due to lower payroll expenses as a result of lower residential-customer staffing levels.

Business customers and wholesale. Total business-customers and wholesale personnel expenses decreased CHF 0.8 million or 1.0% during 2024, as compared to 2023.

Infrastructure and support functions. Total infrastructure and support-functions personnel expenses increased CHF 4.9 million or 2.7% during 2024, as compared to 2023, primarily due to (i) higher pension expenses from a curtailment gain in 2023 due to a restructuring event, partially offset by (ii) lower payroll expenses as a result of lower infrastructure & support staffing levels and (iii) lower incentive-compensation costs driven by share-based compensation.

Other operating income and capitalized labor

	Year ended December 31,		Increase (decrease)	
in CHF millions, except percentages	2024	2023	CHF	%
Residential customers	7.5	9.1	(1.6)	(17.6)
Business customers and wholesale	6.0	7.3	(1.3)	(17.8)
Infrastructure and support functions	54.6	89.3	(34.7)	(38.8)
Total	**68.1**	**105.7**	**(37.6)**	**(35.6)**

Residential customers. Total residential-customers other operating income and capitalized labor decreased CHF 1.6 million or 17.6% during 2024, as compared to 2023, primarily due to a decrease in capitalizable labor activities.

Business customers and wholesale. Total business-customers and wholesale other operating income and capitalized labor decreased CHF 1.3 million or 17.8% during 2024, as compared to 2023, primarily due to a decrease in capitalizable labor activities.

Infrastructure and support functions. Total infrastructure and support-functions other operating income and capitalized labor decreased CHF 34.7 million or 38.8% during 2024, as compared to 2023, primarily due to (i) an abandoned lease income in 2023 related to a former office building, (ii) income from legal contingencies in 2023 and (iii) a decrease in capitalizable labor activities in 2024.

Other operating expenses

	Year ended December 31,		Increase (decrease)	
in CHF millions, except percentages	2024	2023	CHF	%
Residential customers	265.4	269.4	(4.0)	(1.5)
Business customers and wholesale	43.0	43.0	–	–
Infrastructure and support functions	387.1	446.4	(59.3)	(13.3)
Total	**695.5**	**758.8**	**(63.3)**	**(8.3)**

Residential customers. Total residential-customers other operating expenses decreased CHF 4.0 million or 1.5% during 2024, as compared to 2023, primarily due to the net effect of (i) lower marketing costs, (ii) a decrease in contact-centre costs due to lower call volumes, (iii) the phase-out of costs-to-capture synergies related to the customer-migration projects from the Sunrise-UPC transaction, (iv) an increase in expenses for cloud-related projects and (v) an increase due to shop expansions.

Business customers and wholesale. Total business-customers and wholesale other operating expenses remained unchanged during 2024, as compared to 2023, due to offsetting effects primarily from (i) lower sales costs driven by commissions and (ii) an increase in expenses for cloud-related projects.

Infrastructure and support functions. Total infrastructure and support-functions other operating expenses decreased CHF 59.3 million or 13.3% during 2024, as compared to 2023, primarily due to the net effect of (i) lower restructuring spend, (ii) a decrease in related-party charges from LG, (iii) a decrease in expenses for contracting services, (iv) a decrease in expenses for cloud-related projects, (v) higher energy costs, (vi) an increase in software- and hardware-related spend and (vii) an increase in bad-debt expense.

Depreciation and amortization. Total depreciation and amortization, including depreciation and amortization of RoU assets, decreased CHF 72.5 million or 6.5% during 2024, as compared to 2023, primarily due to the net effect of (i) a decrease associated with certain assets becoming fully depreciated and (ii) an increase associated with PP&E and intangible asset additions related to the expansion and upgrade of networks and other capital initiatives.

Operating income. Operating income increased CHF 95.2 million or 889.7% during 2024, as compared to 2023, driven by the aforementioned changes in revenue and expenses.

Financial income. Financial income decreased CHF 318.4 million or 55.5% during 2024, as compared to 2023, primarily due to a decrease in foreign-currency transaction gains, partly offset by an increase in realised and unrealised gains on derivative instruments.

Financial expenses. Financial expenses decreased CHF 216.1 million or 22.5% during 2024, as compared to 2023, primarily due to a decrease in realised and unrealised losses on derivative instruments, partly offset by foreign-currency transaction losses.

Income tax benefit (expense). Sunrise recognised income tax benefits of CHF 16.7 million and CHF 59.9 million during 2024 and 2023, respectively. The decrease in income tax benefit is primarily due to the tax-audit settlement reached.

Net loss. Net loss increased CHF 48.7 million or 15.5% during 2024, as compared to 2023, due to the aforementioned changes in the above items.

Adjusted EBITDAaL. Adjusted EBITDAaL is the primary measure used by the Sunrise CODM to evaluate segment operating performance. Consolidated Adjusted EBITDAaL is reconciled to net income (loss) (the most directly comparable IFRS financial measure) within the Summary financial information and operating data section. Consolidated Adjusted EBITDAaL is a non-IFRS measure, which readers should view as a supplement to, and not a substitute for, IFRS measures of performance included in the consolidated statements of income or loss. The following table sets out the Adjusted EBITDAaL of the reportable segments of Sunrise, as well as total Consolidated Adjusted EBITDAaL:

in CHF millions, except percentages	Year ended December 31, 2024	2023	Increase (decrease) CHF	%
Residential customers	1,204.4	1,241.0	(36.6)	(2.9)
Business customers and wholesale	401.5	379.0	22.5	5.9
Infrastructure and support functions	(582.9)	(576.4)	(6.5)	(1.1)
Total	**1,023.0**	**1,043.6**	**(20.6)**	**(2.0)**

Adjusted EBITDAaL margin. The following table sets out the Adjusted EBITDAaL margins (Adjusted EBITDAaL divided by revenue) of each of the reportable segments:

	Year ended December 31, 2024	2023
Residential customers	55.4%	55.2%
Business customers and wholesale	48.4%	48.8%
Infrastructure and support functions	N.M.	N.M.

N.M. – not meaningful

Residential customers. Total residential-customers Adjusted EBITDAaL decreased CHF 36.6 million or 2.9% during 2024, as compared to 2023, primarily due to the net effect of (i) the aforementioned decrease in revenue of CHF 74.0 million or 3.3%, (ii) the aforementioned decrease in direct costs of CHF 22.4 million or 4.2%, (iii) a decrease in indirect costs of CHF 16.0 million or 3.8%, primarily driven by the aforementioned decrease in personnel expenses (excluding expenses for share-based compensation, restructuring and other) and (iv) an increase in lease-related expenses of CHF 1.0 million or 2.0%. The Adjusted EBITDAaL margin increased by 0.2% during 2024, as compared to 2023, due to a lower relative decrease in Adjusted EBITDAaL as compared to revenue.

Business customers and wholesale. Total business-customers and wholesale Adjusted EBITDAaL increased CHF 22.5 million or 5.9% during 2024, as compared to 2023, primarily due to the net effect of (i) the aforementioned increase in revenue of CHF 53.7 million or 6.9%, (ii) the aforementioned increase in direct costs of CHF 28.5 million or 10.5%, (iii) an increase in indirect costs of CHF 0.4 million or 0.3%, primarily driven by the aforementioned decrease in other operating income and capitalized labor (excluding expenses for share-based compensation, restructuring and other) and (iv) an increase in lease-related expenses of CHF 2.3 million or 20.0%. The Adjusted EBITDAaL margin decreased by 0.4% during 2024, as compared to 2023, due to a higher relative increase in Adjusted EBITDAaL as compared to revenue.

Infrastructure and support functions. Total infrastructure and support-functions Adjusted EBITDAaL decreased CHF 6.5 million or 1.1% during

2024, as compared to 2023, primarily due to the net effect of (i) the aforementioned increase in revenue of CHF 3.1 million or 27.3%, (ii) the aforementioned decrease in direct costs of CHF 10.6 million or 40.8%, and (iii) an increase in indirect costs of CHF 20.0 million or 4.7%, primarily driven by the aforementioned increase in personnel expenses, the aforementioned decrease in other operating income and capitalized labor and the increase in other operating expenses (excluding, in each case, expenses for share-based compensation, restructuring and other).

2023 compared to 2022

	Year ended December 31,		Increase (decrease)	
in CHF millions, except percentages	2023	2022	CHF	%
Revenue	3,035.2	3,035.2	–	–
Direct costs	(834.6)	(819.6)	15.0	1.8
Personnel expenses	(416.7)	(438.3)	(21.6)	(4.9)
Other operating income and capitalized labor	105.7	61.7	44.0	71.3
Other operating expenses	(758.8)	(750.2)	8.6	1.1
Operating income before depreciation and amortization	**1,130.8**	**1,088.8**	**42.0**	**3.9**
Depreciation of RoU assets	(128.0)	(145.4)	(17.4)	(12.0)
Depreciation and amortization	(992.1)	(1,028.8)	(36.7)	(3.6)
Operating income	**10.7**	**(85.4)**	**96.1**	**112.5**
Financial income	573.8	455.9	117.9	25.9
Financial expenses	(958.8)	(342.1)	616.7	180.3
Share of gains (losses) of affiliates, net	(0.3)	2.2	(2.5)	(113.6)
Loss before taxes	**(374.6)**	**30.6**	**(405.2)**	**(1,324.2)**
Income tax benefit (expense)	59.9	50.7	9.2	18.1
Net loss	**(314.7)**	**81.3**	**(396.0)**	**(487.1)**

Direct costs

	Year ended December 31,		Increase (decrease)	
in CHF millions, except percentages	2023	2022	CHF	%
Residential customers	537.6	538.4	(0.8)	(0.1)
Business customers and wholesale	271.0	267.7	3.3	1.2
Infrastructure and support functions	26.0	13.5	12.5	92.6
Total	**834.6**	**819.6**	**15.0**	**1.8**

Residential customers. Total residential-customers direct costs decreased CHF 0.8 million or 0.1% during 2023, as compared to 2022, including a decrease of CHF 17.2 million attributable to the impact of the EBLT partner-network acquisition and the resulting elimination of previously incurred direct costs. Excluding this impact, the increase in direct costs is primarily due to the net effect of (i) higher costs related to certain bundled product offerings, mainly driven by higher hardware-bundling activity, and (ii) lower TV programming spend.

Business customers and wholesale. Total business-customers and wholesale direct costs increased CHF 3.3 million or 1.2% during 2023, as compared to 2022, primarily due to higher installation costs.

Infrastructure and support functions. Total infrastructure and support-functions direct costs increased CHF 12.5 million or 92.6% during 2023, as compared to 2022, primarily due to (i) higher BTS-related costs, (ii) inflation and (iii) other non-recurring items offset in indirect costs.

Personnel expenses

in CHF millions, except percentages	Year ended December 31, 2023	2022	Increase (decrease) CHF	%
Residential customers	157.2	157.9	(0.7)	(0.4)
Business customers and wholesale	79.7	78.7	1.0	1.2
Infrastructure and support functions	179.8	201.7	(21.9)	(10.9)
Total	**416.7**	**438.3**	**(21.6)**	**(4.9)**

Residential customers. Total residential-customers personnel expenses decreased CHF 0.7 million or 0.4% during 2023, as compared to 2022, including an increase of CHF 2.5 million attributable to the impact of acquisitions (representing higher contract-cost amortization in 2023 due to acquisition accounting in the Sunrise-UPC transaction). Excluding this impact, the decrease in personnel expenses is primarily attributable to lower payroll expenses due to lower residential-customer staffing levels.

Business customers and wholesale. Total business-customers and wholesale personnel expenses increased CHF 1.0 million or 1.2% during 2023, as compared to 2022, including an increase of CHF 1.6 million attributable to the impact of acquisitions (representing higher contract-cost amortization in 2023 due to acquisition accounting in the Sunrise-UPC transaction). Excluding this impact, the decrease in personnel expenses is primarily attributable to lower payroll expenses due to lower business-customer and wholesale staffing levels.

Infrastructure and support functions. Total infrastructure and support-functions personnel expenses decreased CHF 21.9 million or 10.9% during 2023, as compared to 2022, primarily due to (i) lower pension costs driven by the merger of the Sunrise and UPC pension plans in 2022 and (ii) a decrease in incentive-compensation costs driven by lower share-based compensation expense.

Other operating income and capitalized labor

in CHF millions, except percentages	Year ended December 31, 2023	2022	Increase (decrease) CHF	%
Residential customers	9.1	8.5	0.6	7.1
Business customers and wholesale	7.3	7.4	(0.1)	(1.4)
Infrastructure and support functions	89.3	45.8	43.5	95.0
Total	**105.7**	**61.7**	**44.0**	**71.3**

Residential customers. Total residential-customers other operating income and capitalized labor increased CHF 0.6 million or 7.1% during 2023, as compared to 2022, primarily due to an increase in capitalizable labor activities.

Business customers and wholesale. Total business-customers and wholesale other operating income and capitalized labor decreased CHF 0.1 million or 1.4% during 2023, as compared to 2022, primarily due to a decrease in capitalizable labor activities.

Infrastructure and support functions. Total infrastructure and support-functions other operating income and capitalized labor increased CHF 43.5 million or 95.0% during 2023, as compared to 2022, primarily due to (i) CHF 20.0 million of abandoned-lease income in 2023 related to a former office building, (ii) CHF 17.2 million of income in 2023 related to an advance payment by Swisscom for an undisputed amount of overpayments by Sunrise for use of Swisscom's copper network between 2013 and 2016 and (iii) an increase in capitalizable labor activities.

Other operating expenses

in CHF millions, except percentages	Year ended December 31, 2023	2022	Increase (decrease) CHF	%
Residential customers	269.4	268.4	1.0	0.4
Business customers and wholesale	43.0	40.4	2.6	6.4
Infrastructure and support functions	446.4	441.4	5.0	1.1
Total	**758.8**	**750.2**	**8.6**	**1.1**

Residential customers. Total residential-customers other operating expenses increased CHF 1.0 million or 0.4% during 2023, as compared to 2022, including an increase of CHF 7.3 million attributable to the impact of acquisitions (representing higher contract-cost amortization in 2023 due to acquisition accounting in the Sunrise-UPC transaction and, to a lesser extent, the EBLT partner-network acquisition). Excluding this impact, the decrease in other operating expenses is primarily due to lower marketing costs due to the phase-out of costs-to-capture synergies related to the rebranding after the Sunrise-UPC transaction, partially offset by higher consultancy and outsourcing spend.

Business customers and wholesale. Total business-customers and wholesale other operating expenses increased CHF 2.6 million or 6.4% during 2023, as compared to 2022, primarily due to higher consultancy and outsourcing spend.

Infrastructure and support functions. Total infrastructure and support-functions other operating expenses increased CHF 5.0 million or 1.1% during 2023, as compared to 2022, including an increase of CHF 4.5 million attributable to the impact of the EBLT partner-network acquisition. Excluding this impact, the increase in other operating expenses is primarily due to higher energy costs.

Depreciation and amortization. Total depreciation and amortization, including depreciation and amortization of RoU assets, decreased CHF 54.1 million or 4.6% during 2023, as compared to 2022, primarily due to the net effect of (i) a decrease associated with certain assets becoming fully depreciated and (ii) an increase associated with PP&E and intangible asset additions related to the installation of CPE, the expansion and upgrade of networks and other capital initiatives.

Operating income (loss). Operating income (loss) increased CHF 96.1 million or 112.5% during 2023, as compared to 2022, driven by the aforementioned changes in revenue and expenses.

Financial income. Financial income increased CHF 117.9 million or 25.9% during 2023, as compared to 2022, primarily due to the net effect of (i) an increase in foreign-currency transaction gains related to non-CHF-denominated third-party debt driven by the positive impact of changes in foreign-currency exchange rates and (ii) a decrease in realised and unrealised gains on derivative instruments, mainly driven by changes in foreign-currency exchange rates.

Financial expenses. Financial expenses increased CHF 616.7 million or 180.3% during 2023, as compared to 2022, primarily due to higher realised and unrealised losses on derivative instruments, mainly driven by changes in foreign-currency exchange rates.

Income tax benefit. Sunrise recognised income tax benefits of CHF 59.9 million and CHF 50.7 million during 2023 and 2022, respectively. The income tax benefit during 2023 differs from the expected income tax benefit of CHF 68.4 million (based on the Swiss domestic income tax rate of 18.4%), primarily due to the impact of non-deductible items. The income tax benefit during 2022 differs from the expected income tax expense of CHF 6.1 million (based on the Swiss domestic income tax rate of 18.4%), primarily due to changes in the recognition of deferred tax assets, partially offset by the effect of income taxed at differing tax rates.

Net income (loss). Net income (loss) decreased CHF 396.0 million or 487.1% during 2023, as compared to 2022, due to the aforementioned changes in the above items.

Adjusted EBITDAaL. Adjusted EBITDAaL is the primary measure used by the Sunrise CODM to evaluate segment operating performance. Consolidated Adjusted EBITDAaL is reconciled to net income (loss) (the most directly comparable IFRS financial measure) within the section Summary financial information and operating data. Consolidated Adjusted EBITDAaL is a non-IFRS measure, which readers should view as a supplement to, and not a substitute for, IFRS measures of performance included in the consolidated statements of operations. The following table sets out the Adjusted EBITDAaL of the reportable segments of Sunrise, as well as total Consolidated Adjusted EBITDAaL:

	Year ended December 31,		**Increase (decrease)**	
in CHF millions, except percentages	2023	2022	CHF	%
Residential customers	1,241.0	1,279.4	(38.4)	(3.0)
Business customers and wholesale	379.0	362.5	16.5	4.6
Infrastructure and support functions	(576.4)	(584.1)	7.7	1.3
Total	**1,043.6**	**1,057.8**	**(14.2)**	**(1.3)**

Adjusted EBITDAaL margin. The following table sets out the Adjusted EBITDAaL margins (Adjusted EBITDAaL divided by revenue) of each of the reportable segments:

	Year ended December 31,	
	2023	2022
Residential customers	55.2%	56.2%
Business customers and wholesale	48.8%	48.2%
Infrastructure and support functions	N.M.	N.M.

N.M. – not meaningful

Residential customers. Total residential-customers Adjusted EBITDAaL decreased CHF 38.4 million or 3.0% during 2023, as compared to 2022, primarily due to the net effect of (i) the aforementioned decrease in revenue of CHF 28.4 million or 1.2%, (ii) flat direct costs, (iii) flat indirect costs and (iv) an increase in lease-related expenses of CHF 11.1 million or 28.0%, primarily driven by additional leased lines. The Adjusted EBITDAaL margin decreased by 1.0% during 2023, as compared to 2022, due to a higher relative decrease in Adjusted EBITDAaL compared to revenue.

Business customers and wholesale. Total business-customers and wholesale Adjusted EBITDAaL increased CHF 16.5 million or 4.6% during 2023, as compared to 2022, primarily due to the net effect of (i) the aforementioned increase in revenue of CHF 24.3 million or 3.2%, (ii) the aforementioned increase in direct costs of CHF 3.3 million or 1.2% and (iii) an increase in indirect costs of CHF 3.7 million or 3.3%, primarily driven by the aforementioned increase in other operating expenses (excluding expenses for share-based compensation, restructuring and other). The Adjusted EBITDAaL margin increased by 0.6% during 2023, as compared to 2022, due to a higher relative increase in Adjusted EBITDAaL compared to revenue.

Infrastructure and support functions. Total infrastructure and support-functions Adjusted EBITDAaL increased CHF 7.7 million or 1.3% during 2023, as compared to 2022, primarily due to the net effect of (i) the aforementioned increase in revenue of CHF 4.1 million or 55.4%, (ii) the aforementioned increase in direct costs of CHF 12.5 million or 92.6%, (iii) an increase in indirect costs of CHF 10.6 million or 2.5%, reflecting the net effect of the aforementioned decrease in personnel expenses, the aforementioned increase in other operating income and capitalized labor and the aforementioned increase in other operating expenses (excluding, in each case, expenses for share-based compensation, restructuring and other) and (iv) a decrease in lease-related expenses of CHF 26.7 million or 16.6%, primarily due to the consolidation of the headquarters after the Sunrise-UPC transaction.

Liquidity and capital resources

Sources and uses of cash

Cash and cash equivalents

At December 31, 2024, the Sunrise Holding Group had cash and cash equivalents of CHF 351.7 million, most of which were held by its subsidiaries. The terms of the instruments governing the indebtedness of certain of these subsidiaries may restrict the ability of Sunrise to access the liquidity of these subsidiaries. In addition, its ability to access the liquidity of its subsidiaries may be limited by tax, legal considerations and other factors.

Corporate liquidity of Sunrise

As Sunrise typically does not hold significant amounts of cash and cash equivalents at the corporate level, its primary source of corporate liquidity consists of, subject to the restrictions noted above, proceeds in the form of distributions or loans from its subsidiaries. From time to time, Sunrise may also supplement its sources of corporate liquidity with net proceeds received in connection with the issuance of debt instruments. No assurance can be given that any external funding will be available on favourable terms, or at all.

The corporate liquidity requirements of Sunrise include (i) corporate general and administrative expenses, (ii) interest payments on the Sunrise Holding Senior Notes and (iii) dividends and other returns of capital. From time to time, Sunrise may also require cash in connection with (i) the repayment of third-party debt (including the repurchase or exchange of outstanding debt securities in the open market or privately-negotiated transactions) and, until the spin-off, related-party debt, (ii) the satisfaction of contingent liabilities, (iii) acquisitions, (iv) other investment opportunities or (v) income tax payments.

Liquidity of consolidated operating entities

In addition to cash and cash equivalents, the primary source of liquidity of our consolidated operating entities is cash provided by operations and any borrowing availability under the Sunrise Holding Bank Facility. The liquidity of the consolidated operating entities of Sunrise is generally used to fund (i) PP&E and intangible asset additions, (ii) debt-service requirements, (iii) payments required by derivative instruments and (iv) payments associated with defined-benefit plans, as well as to settle certain commitments that are not included in the December 31, 2024, consolidated statement of financial position. In this regard, Sunrise has significant commitments related to certain operating costs associated with networks, purchase obligations associated with CPE, certain service-related commitments, programming-studio output and sports-rights contracts. These obligations are expected to represent a significant liquidity requirement of our consolidated operating entities, a significant portion of which is due over the next 12 to 24 months.

From time to time, the consolidated operating entities of Sunrise may also require liquidity in connection with (i) acquisitions and other investment opportunities, (ii) loans and capital distributions to their intermediate holding companies or (iii) the satisfaction of contingent liabilities. No assurance can be given that any external funding will be available to its consolidated operating entities on favourable terms, or at all.

For additional information regarding our consolidated cash flows, see the commentary in the Consolidated statements of cash flows section below.

Capitalization

At December 31, 2024, the outstanding principal amount of our consolidated third-party debt, together with the present value of lease obligations, aggregated CHF 5.9 billion, including CHF 0.6 billion that is classified as current in the consolidated statement of financial position. In respect of the refinancing announced February 4, 2025, Sunrise has an extended maturity runway with no short-term maturities (77% of debt becoming due after 2029 and 27% of debt now becoming due in 2032).

As of December 31, 2024, the Sunrise Holding Group was in compliance with its debt covenants. In addition, Sunrise does not anticipate any instances of non-compliance with respect to any debt covenants that would have a material adverse impact on its liquidity during the next 12 months.

Notwithstanding its negative working-capital position at December 31, 2024, Sunrise believes it has sufficient resources to repay or refinance the current portion of its debt and lease obligations and to fund foreseeable liquidity requirements during the next 12 months. However, as maturing debt grows in later years, Sunrise anticipates it will seek to refinance or otherwise extend its debt maturities. No assurance can be given that Sunrise will be able to complete these refinancing transactions or otherwise extend its debt maturities. In this regard, it is not possible to predict how political and economic conditions, sovereign-debt concerns or any adverse regulatory developments could impact the credit markets Sunrise accesses and, accordingly, its future liquidity and financial position. The ability of the Sunrise Holding Group to access debt financing on favourable terms, or at all, could be adversely impacted by (i) the financial failure of any of its counterparties, which could reduce amounts available under committed credit facilities and adversely impact its ability to access cash deposited with any failed financial institution and (ii) tightening of the credit markets. In addition, sustained or increased competition, particularly in combination with adverse economic or regulatory developments, could have an unfavourable impact on our cash flows and liquidity. For additional information regarding our debt and lease obligations, see Notes 21 and 12, respectively, of the Notes to the consolidated financial statements.

Consolidated statements of cash flows

2024 compared to 2023

Summary. The consolidated statements of cash flows for 2024 and 2023 are summarised as follows:

	Year ended December 31,		
in CHF millions	2024	2023	Change
Net cash provided by operating activities	1,279.0	1,201.5	77.5
Net cash used in investing activities	(377.0)	(432.8)	55.8
Net cash used in financing activities	(556.1)	(767.9)	211.8
Effect of exchange rate changes on cash	1.0	1.7	(0.7)
Net increase (decrease) in cash and cash equivalents	**346.9**	**2.5**	**344.4**

Operating activities. The increase in net cash provided by operating activities is primarily attributable to the net effect of (i) an increase in cash provided by working-capital items and (ii) an increase in cash provided due to higher net cash receipts related to foreign currency derivative instruments.

Investing activities. The decrease in net cash used by investing activities is primarily attributable to the net effect of (i) a decrease in cash used of CHF 91.4 million due to higher net advances from related parties, (ii) a decrease in cash used of CHF 85.1 million associated with lower net cash paid for acquisitions related to the acquisition of the EBLT partner network in 2023 and (iii) an increase in cash used of CHF 73.1 million due to higher capital expenditures, primarily due to the timing of payments for capital-related accrued liabilities and increased spend related to assets acquired under vendor financing partially offset by lower PP&E and intangible asset additions mainly from the phase-out of costs-to-capture synergies related to the Sunrise-UPC transaction.

The capital expenditures Sunrise reports in its consolidated statements of cash flows do not include amounts that are financed under capital-related vendor financing. Instead, these amounts are reflected as non-cash additions to PP&E when the underlying assets are delivered and as repayments of debt when the principal is repaid. A reconciliation of consolidated PP&E and intangible asset additions to the capital expenditures reported in the consolidated statements of cash flows is set out below:

	Year ended December 31,	
in CHF millions	2024	2023
PP&E and intangible asset additions	509.9	537.7
Assets acquired under vendor financing	(52.1)	(77.6)
Changes in current liabilities related to capital expenditures (including related-party amounts)	83.3	7.9
Capital expenditures	**541.1**	**468.0**

The decrease in PP&E and intangible asset additions during 2024, as compared to 2023, is primarily attributable to the net effect of (i) a decrease from the phase-out of costs-to-capture synergies related to the Sunrise-UPC transaction, (ii) an increase in baseline expenditures, including network improvements and expenditures for property, facilities and information-technology systems, and (iii) an increase in expenditures for new-build and upgrade projects. During 2024 and 2023, PP&E and intangible asset additions represented 16.9% and 17.7% of revenue, respectively.

Financing activities. The decrease in net cash used by financing activities is primarily attributable to the net effect of (i) a decrease in cash used of CHF 1,106.2 million due to higher capital contributions from a parent, (ii) an increase in cash used of CHF 1,064.7 million due to higher net repayments of third-party debt, (iii) a decrease in cash used of CHF 226.1 million due to lower net repayments of related-party debt and (iv) an increase in cash used of CHF 63.0 million due to higher net payments associated with principal related derivative instruments.

2023 compared to 2022

Summary. The consolidated statements of cash flows for 2023 and 2022 are summarised as follows:

in CHF millions	Year ended December 31, 2023	2022	Change
Net cash provided by operating activities	1,201.5	1,252.7	(51.2)
Net cash used in investing activities	(432.8)	(168.2)	(264.6)
Net cash used in financing activities	(767.9)	(1,088.8)	320.9
Effect of exchange rate changes on cash	1.7	1.1	0.6
Net increase (decrease) in cash and cash equivalents	**2.5**	**(3.2)**	**5.7**

Operating activities. The increase in net cash provided by operating activities is primarily attributable to (i) an increase in cash provided due to higher net cash receipts related to derivative instruments and (ii) an increase in cash provided by working-capital items driven by the positive impact of the timing of cash payments and receipts of operating assets and liabilities, which more than offset the negative impact of CHF 110.3 million of proceeds related to the sale of certain handset receivables in 2022.

Investing activities. The increase in net cash used by investing activities is primarily attributable to the net effect of (i) an increase in cash used of CHF 180.8 million due to lower net advances from related parties, (ii) an increase in cash used of CHF 85.1 million associated with higher net cash paid for acquisitions associated with the acquisition of the EBLT partner network, (iii) an increase in cash used of CHF 50.6 million due to higher capital expenditures due to the timing of payments for capital-related accrued liabilities and (iv) a decrease in cash used of CHF 35.8 million associated with lower cash paid for equity-accounted investees related to the acquisition of CH Media TV AG in 2022.

The capital expenditures Sunrise reports in its consolidated statements of cash flows do not include amounts that are financed under capital-related vendor financing. Instead, these amounts are reflected as non-cash additions to PP&E when the underlying assets are delivered and as repayments of debt when the principal is repaid. A reconciliation of consolidated PP&E and intangible asset additions to the capital expenditures reported in the consolidated statements of cash flows is set out below:

in CHF millions	Year ended December 31, 2023	2022
PP&E and intangible asset additions	537.7	698.6
Assets acquired under vendor financing	(77.6)	(117.5)
Changes in current liabilities related to capital expenditures (including related-party amounts)	7.9	(163.7)
Capital expenditures	**468.0**	**417.4**

The decrease in PP&E and intangible asset additions during 2023, as compared to 2022, is primarily attributable to the net effect of (i) a decrease related to the acquisition of broadcasting rights for the Swiss Ice Hockey Federation in 2022, (ii) a decrease in expenditures to support new customer products and operational-efficiency initiatives, (iii) a decrease in expenditures for new-build and upgrade projects and (iv) an increase in expenditures for the purchase and installation of CPE. In 2023 and 2022, PP&E and intangible asset additions represented 17.7% and 23.0% of revenue, respectively.

Financing activities. The decrease in net cash used by financing activities is primarily attributable to the net effect of (i) an increase in cash used of CHF 955.8 million due to lower capital contributions from a parent, (ii) a decrease in cash used of CHF 899.4 million due to lower net repayments of third-party debt, (iii) a decrease in cash used of CHF 196.2 million due to lower net repayments of related-party debt, (iv) a decrease in cash used of CHF 132.3 million due to higher net cash receipts associated with interest related derivative instruments, (v) a decrease in cash used of CHF 110.9 million due to lower net repayments of vendor financing and (vi) an increase in cash used of CHF 93.2 million due to higher payments of interest driven by higher weighted-average interest rates and a higher average outstanding-debt balance.

Quantitative and qualitative disclosures about market risk

Sunrise is exposed to market risk in the normal course of business operations due to its ongoing investing and financing activities. Market risk refers to the risk of loss arising from adverse changes in foreign-currency exchange rates and interest rates. The risk of loss can be assessed from the perspective of adverse changes in fair values, cash flows and future profits. Sunrise has established policies, procedures and processes governing the management of market risks and the use of derivative instruments to manage exposure to such risks.

Cash

Sunrise invests its cash in highly liquid instruments that meet high credit-quality standards. At December 31, 2024, substantially all of the consolidated cash balance of the Sunrise Holding Group was denominated in Swiss francs.

Foreign-currency risk

Refer to Note 22 of the Notes to the consolidated financial statements.

Interest-rate risk

Refer to Note 22 of the Notes to the consolidated financial statements.

Projected cash flows associated with derivative instruments

The following table provides information regarding the projected cash flows associated with derivative instruments. The Swiss-franc equivalents presented below are based on interest-rate projections and exchange rates as of December 31, 2024. These amounts are presented for illustrative purposes only and will likely differ from the actual cash payments or receipts required in future periods. For additional information regarding derivative instruments, including counterparty credit risk, see Note 22 of the Notes to the consolidated financial statements.

	Payments (receipts) due during:						
in CHF millions	2025	2026	2027	2028	2029	2030	**Total**
Projected derivative cash payments (receipts), net:							
Interest-related[1]	(32.0)	(99.0)	(98.0)	(94.0)	(40.0)	–	(363.0)
Principal-related[2]	45.0	69.0	–	12.0	113.0	–	240.0
Other[3]	(3.0)	–	–	–	–	–	(3.0)
Total	**11.0**	**(30.0)**	**(98.0)**	**(82.0)**	**73.0**	**–**	**(126.0)**

[1]Includes (i) the cash flows of interest-rate cap, floor and swap contracts and (ii) the interest-related cash flows of cross-currency and interest-rate swap contracts.
[2]Includes the principal-related cash flows of cross-currency swap contracts.
[3]Includes amounts related to foreign-currency forward contracts.

FINANCIAL STATEMENTS

The Sunrise work culture is characterized by creativity, courage and team spirit.

The Sunrise Holding Group
Consolidated Statements of Income or Loss

in CHF millions	Note	Year ended December 31, 2024	2023	2022
Revenue	6	3,018.0	3,035.2	3,035.2
Direct costs		(830.1)	(834.6)	(819.6)
Personnel expenses	8 and 10	(407.0)	(416.7)	(438.3)
Other operating income and capitalized labor	7 and 24	68.1	105.7	61.7
Other operating expenses	7 and 24	(695.5)	(758.8)	(750.2)
Depreciation of right-of-use ('**RoU**') assets	12	(129.7)	(128.0)	(145.4)
Depreciation and amortization	13 and 14	(917.9)	(992.1)	(1,028.8)
Operating income (loss)		**105.9**	**10.7**	**(85.4)**
Financial income	20	255.4	573.8	455.9
Financial expenses	20	(742.7)	(958.8)	(342.1)
Share of gains (losses) of equity method investments	23	1.3	(0.3)	2.2
Income (loss) before taxes		**(380.1)**	**(374.6)**	**30.6**
Income tax benefit (expense)	18	16.7	59.9	50.7
Net income (loss)		**(363.4)**	**(314.7)**	**81.3**
Attributable to:				
Parent entity		(367.3)	(318.6)	77.8
Non-controlling interest		3.9	3.9	3.5

The accompanying notes are an integral part of these consolidated financial statements.

The Sunrise Holding Group
Consolidated Statements of Comprehensive Income or Loss

	Year ended December 31,		
in CHF millions	2024	2023	2022
Net income (loss)	(363.4)	(314.7)	81.3
Other comprehensive income (loss), net of taxes:			
Items that are or may be reclassified to the statement of income or loss:			
Foreign currency translation adjustments	2.2	(91.6)	(51.9)
Items that will not be reclassified to the statement of income or loss:			
Pension-relation adjustments	(7.7)	(23.0)	9.3
Other comprehensive income (loss), net of taxes	**(5.5)**	**(114.6)**	**(42.6)**
Attributable to:			
Parent entity	(5.5)	(114.4)	(44.0)
Non-controlling interest	–	(0.2)	1.4
Total comprehensive income (loss), net of taxes	**(368.9)**	**(429.3)**	**38.7**
Attributable to:			
Parent entity	(372.8)	(433.0)	33.8
Non-controlling interest	3.9	3.7	4.9

The accompanying notes are an integral part of these consolidated financial statements.

The Sunrise Holding Group
Consolidated Statements of Financial Position

in CHF millions	Note	2024	December 31, 2023	2022	January 1, 2022
ASSETS					
Current assets:					
Cash and cash equivalents		351.7	4.8	2.3	5.5
Trade receivables	22	353.0	390.9	389.8	423.5
Current financial assets	22	162.5	237.0	220.2	158.1
Tax receivables		–	2.4	7.3	1.0
Other current assets	11	273.3	376.0	350.9	346.3
Total current assets		**1,140.5**	**1,011.1**	**970.5**	**934.4**
Non-current assets:					
Property, plant and equipment	13	2,338.5	2,295.7	2,297.1	2,361.5
Goodwill	15	6,012.7	6,012.7	6,006.3	6,006.3
Intangible assets	14	1,084.4	1,529.9	1,899.1	2,140.9
RoU assets	12	1,262.5	1,294.2	1,370.8	1,178.3
Financial assets	22	5.1	239.6	475.3	108.1
Investments	23	48.4	55.6	55.9	20.7
Deferred tax assets	18	23.6	–	–	–
Other non-current assets	11	160.4	116.4	77.9	109.1
Total non-current assets		**10,935.6**	**11,544.1**	**12,182.4**	**11,924.9**
Total assets		**12,076.1**	**12,555.2**	**13,152.9**	**12,859.3**
LIABILITIES AND EQUITY					
Liabilities					
Current liabilities:					
Accounts payable		316.0	281.4	233.6	244.5
Lease liabilities	12	164.1	170.4	173.2	144.4
Financial liabilities	22	586.7	550.2	533.8	493.3
Provisions	16	4.7	52.8	10.4	21.2
Tax liabilities		17.9	15.9	7.1	4.0
Other current liabilities	11	496.3	582.8	553.2	529.9
Total current liabilities		**1,585.7**	**1,653.5**	**1,511.3**	**1,437.3**
Non-current liabilities:					
Lease liabilities	12	1,055.2	1,087.3	1,174.7	975.7
Financial liabilities	22	4,747.9	5,921.9	6,002.5	7,010.7
Provisions	16	64.0	64.1	61.4	51.4
Defined benefit obligations	10	8.4	8.4	0.9	17.0
Deferred tax liabilities	18	165.8	206.7	294.7	351.0
Other non-current liabilities	11	48.2	89.8	112.3	10.8
Total non-current liabilities		**6,089.5**	**7,378.2**	**7,646.5**	**8,416.6**
Total liabilities		**7,675.2**	**9,031.7**	**9,157.8**	**9,853.9**
Equity					
Ordinary share capital	19	–	–	–	–
Reserves	19	4,374.8	3,501.3	3,975.8	2,987.2
Equity attributable to parent entity		**4,374.8**	**3,501.3**	**3,975.8**	**2,987.2**
Non-controlling interests	19	26.1	22.2	19.3	18.2
Total equity		**4,400.9**	**3,523.5**	**3,995.1**	**3,005.4**
Total liabilities and equity		**12,076.1**	**12,555.2**	**13,152.9**	**12,859.3**

The accompanying notes are an integral part of these consolidated financial statements.

The Sunrise Holding Group
Consolidated Statements of Changes in Equity

in CHF millions	Ordinary share capital	Other reserves	Currency translation reserve	Actuarial gains/(losses) from defined benefit plans, net of taxes	Equity attributable to parent entity	Non-controlling interests	Total equity
Balance at January 1, 2022	**–**	**3,061.8**	**(98.6)**	**24.0**	**2,987.2**	**18.2**	**3,005.4**
Net income	–	77.8	–	–	77.8	3.5	**81.3**
Other comprehensive income (loss), net of taxes	–	–	(51.9)	7.9	(44.0)	1.4	**(42.6)**
Total comprehensive income	**–**	**77.8**	**(51.9)**	**7.9**	**33.8**	**4.9**	**38.7**
Share-based compensation	–	30.3	–	–	30.3	–	**30.3**
Capital contributions (distributions)	–	924.5	–	–	924.5	(3.8)	**920.7**
Balance at December 31, 2022	**–**	**4,094.4**	**(150.5)**	**31.9**	**3,975.8**	**19.3**	**3,995.1**
Net loss	–	(318.6)	–	–	**(318.6)**	3.9	**(314.7)**
Other comprehensive income (loss), net of taxes	–	–	(91.6)	(22.8)	**(114.4)**	(0.2)	**(114.6)**
Total comprehensive income	**–**	**(318.6)**	**(91.6)**	**(22.8)**	**(433.0)**	**3.7**	**(429.3)**
Share-based compensation	–	21.9	–	–	**21.9**	–	**21.9**
Capital contributions (distributions)	–	(63.4)	–	–	**(63.4)**	(0.8)	**(64.2)**
Balance at December 31, 2023	**–**	**3,734.3**	**(242.1)**	**9.1**	**3,501.3**	**22.2**	**3,523.5**
Net loss	–	(367.3)	–	–	**(367.3)**	3.9	**(363.4)**
Other comprehensive income (loss), net of taxes	–	–	2.2	(7.7)	**(5.5)**	–	**(5.5)**
Total comprehensive income	**–**	**(367.3)**	**2.2**	**(7.7)**	**(372.8)**	**3.9**	**(368.9)**
Share-based compensation	–	15.1	–	–	**15.1**	–	**15.1**
Capital contributions (distributions)	–	1,231.2	–	–	**1,231.2**	–	**1,231.2**
Balance at December 31, 2024	**–**	**4,613.3**	**(239.9)**	**1.4**	**4,374.8**	**26.1**	**4,400.9**

The accompanying notes are an integral part of these consolidated financial statements.

The Sunrise Holding Group
Consolidated Statements of Cash Flows

in CHF millions	Note	Year ended December 31, 2024	2023	2022
Cash flows from operating activities:				
Net income (loss)		(363.4)	(314.7)	81.3
Income tax expense (benefit)	18	(16.7)	(59.9)	(50.7)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Share-based compensation expense		19.1	22.5	30.7
Depreciation of RoU assets	12	129.7	128.0	145.4
Depreciation of PP&E and amortization of intangibles	13 and 14	917.9	992.1	1,028.8
Restructuring and other operating items		49.8	86.2	149.1
Financial income	20	(255.4)	(573.8)	(455.9)
Financial expenses	20	742.7	958.8	342.1
Dividends received		3.0	3.1	2.8
Interest received	20	1.6	0.9	0.6
Tax refunds		–	4.0	1.1
Taxes paid		(1.1)	–	(10.4)
Changes in operating assets and liabilities and other		51.8	(45.7)	(12.2)
Net cash provided by operating activities		**1,279.0**	**1,201.5**	**1,252.7**
Cash flows from investing activities:				
Capital expenditures	13 and 14	(541.1)	(468.0)	(417.4)
Cash paid in connection with acquisitions, net of cash acquired	25	–	(85.1)	–
Acquisition of equity-accounted investees	23	(0.6)	–	(35.8)
Net repayments from related parties		214.4	123.0	303.8
Cash received for other investing activities		–	0.1	36.2
Cash paid for other investing activities		(49.7)	(2.8)	(55.0)
Net cash used in investing activities		**(377.0)**	**(432.8)**	**(168.2)**
Cash flows from financing activities:				
Interest paid		(420.2)	(422.5)	(329.3)
Vendor financing additions	22	363.4	271.2	148.2
Repayments of debt	22	(1,064.7)	–	(899.4)
Principal payments on vendor financing	22	(377.0)	(296.6)	(284.5)
Payment of lease liabilities	12	(114.4)	(107.6)	(112.4)
Payment of financing costs and debt premiums	22	–	0.1	(26.3)
Net cash received (paid) for interest related derivative instruments	23	172.7	174.5	42.2
Net cash received (paid) for principal related derivative instruments	22	(120.4)	(57.4)	(47.1)
Capital contribution from parent		1,106.2	–	955.8
Related-party payments		(101.7)	(327.8)	(524.0)
Cash paid for other financing activities		–	(1.8)	(12.0)
Net cash used in financing activities		**(556.1)**	**(767.9)**	**(1,088.8)**
Net increase (decrease) in cash and cash equivalents:		**345.9**	**0.8**	**(4.3)**
Cash and cash equivalents at the beginning of year		4.8	2.3	5.5
Effect of exchange rate changes on cash		1.0	1.7	1.1
Cash and cash equivalents at the end of year		**351.7**	**4.8**	**2.3**

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) GENERAL INFORMATION

Sunrise HoldCo IV B.V. (**Sunrise HoldCo IV**) is an indirect wholly-owned subsidiary of Sunrise Communications AG, a public company incorporated, domiciled and registered in Switzerland.

The accompanying consolidated financial statements for the years ended December 31, 2024, 2023 and 2022 comprise the historical financial information of Sunrise HoldCo IV and its subsidiaries (collectively, "the **Sunrise Holding Group**" or "**Sunrise**"). In these notes, the terms "Sunrise", "we", "our", "our company" and "us" refer to the Sunrise Holding Group.

Sunrise's principal operating company, Sunrise GmbH, is a full-range telecommunications provider in Switzerland, offering mobile voice and data, landline services (retail and wholesale voice, business and integration services), video and landline Internet including Internet Protocol Television (IPTV) services to both residential and business customers as well as to other operators. Sunrise has its own national backbone landline and IP network as well as its own mobile network based on 4G and 5G technologies. In connection with the services it provides, Sunrise also resells handsets manufactured by third-party suppliers.

In connection with the spin-off from Liberty Global Ltd. (hereinafter, "**LG**"), a series of reorganization steps were completed, including the formation of Sunrise Communications AG, whose shares are now listed at the SIX Swiss Exchange.

LG shareholders approved the 100% spin-off of Sunrise through the distribution of Sunrise Communications AG shares on October 25, 2024 and the spin-off was completed on November 8, 2024.

These consolidated financial statements have been approved and authorized by management for issuance on March 17, 2025.

(2) BASIS OF PREPARATION AND SCOPE OF CONSOLIDATION

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ('**IFRS**') as issued by the International Accounting Standards Board ('**IASB**') and are referred to hereinafter as consolidated financial statements. They present the activities, assets and liabilities of Sunrise, as included in the scope of consolidation, and contain the financial information of the legal entities of the Sunrise Holding Group.

As Sunrise has not previously prepared consolidated financial statements on this level, these consolidated financial statements are the first IFRS financial statements of the Sunrise Holding Group. Therefore, IFRS 1 (First-time Adoption of International Financial Reporting Standards) has been applied. IFRS 1 sets out the procedures that an entity must follow when it adopts IFRS for the first time as the basis for preparing its general-purpose financial statements. Sunrise's historical consolidated financial statements have been derived from the consolidated financial statements and accounting records of LG. Furthermore, Sunrise has applied the exemption under IFRS 1.D13(a) to deem the cumulative foreign exchange differences to be zero at January 1, 2022 (the date of transition). Since the Sunrise Holding Group did not previously prepare financial statements, and accordingly does not have any previous Generally Accepted Accounting Principles (GAAP), the reconciliations as per IFRS 1 are not required to be presented.

As a result of applying IFRS 1, the consolidated financial statements include the opening consolidated statement of financial position as of January 1, 2022. Also included are the consolidated statements of financial position as of December 31, 2024, 2023 and 2022, the related consolidated statements of income or loss, comprehensive income or loss, changes in equity and cash flows for the three years ended December 31, 2024, 2023 and 2022, together with the related note disclosures.

The Sunrise Holding Group forms a separate group of legal entities in all years presented. All intercompany transactions and balances within the Sunrise Holding Group have been eliminated. Any respective material events occurring after December 31, 2024 are disclosed in Note 27.

These consolidated financial statements present the assets, liabilities, revenues, expenses and cash flows attributable to the Sunrise Holding Group. The consolidated financial statements have been prepared under the historical cost convention, unless otherwise indicated. The fair value of financial assets and liabilities is presented in Note 22. The consolidated financial statements have been prepared under the assumption of going concern. The presentation currency of these consolidated financial statements is the Swiss franc ('**CHF**'). Due to rounding, numbers presented throughout this annual report may not add up precisely to the totals provided. All ratios and variances are calculated using the precise underlying amount rather than the presented rounded amount.

The preparation of these consolidated financial statements require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the fiscal period. These estimates are based on management's best knowledge of current events and actions that Sunrise may undertake in the future. Please refer to Note 4 for further details.

See Note 24 for additional disclosures regarding transactions with related parties.

(3) MATERIAL ACCOUNTING POLICIES

Foreign currency translation

These consolidated financial statements are presented in CHF, which is the reporting currency of Sunrise. The functional currency is the currency applied in the primary economic environment. Transactions in currencies other than the functional currency are translated at the transaction-date exchange rates or the average rate. Foreign exchange gains and losses arising from differences between transaction date and settlement date rates are recognized as financial income or expenses in the consolidated statements of income or loss.

The following table summarizes the principal exchange rates used by Sunrise (shown against CHF):

	December 31,		
	2024	2023	2022
Spot rates:			
Euro	1.0645	1.0770	1.0128
US Dollar	1.1016	1.1916	1.0847

	Year ended December 31,		
	2024	2023	2022
Average rates:			
Euro	1.0502	1.0295	0.9948
US Dollar	1.1362	1.1135	1.0478

Revenue from contracts with customers

Revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration (net of VAT) to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognized when the customer obtains control of the promised goods or services. Significant sources of revenue are explained in Note 6.

Sunrise groups multi-component contracts (e.g., mobile subscription with subsidized mobile hardware) into portfolios and allocates the total transaction price to each separate performance obligation (including undelivered elements) in proportion to the stand-alone selling prices. Revenue is recognized when the customer obtains control of the separate components.

In the consolidated statements of financial position, timing differences in the recognition of revenue between separate performance obligations lead to the recognition of a contract asset, i.e., a legally not yet entitled right to consideration from a contract with a customer. Incremental costs to obtain a contract with a customer, such as incremental sales commissions, are generally recognized as assets and amortized over the applicable period benefited, which generally is the contract life. If, however, the amortization period is less than one year, Sunrise expenses such costs in the period incurred. In contrast, activation fees lead to the recognition of a contract liability, i.e., the obligation to transfer goods or services to a customer for which the entity has received consideration from the customer. Contract assets and liabilities are determined at the contract level and not at the performance obligation level. Accrued income and deferred discounts are classified as part of contract assets.

Revenue is recognized gross when Sunrise acts as a principal in a transaction. For content-based services and handsets sold via third party retailers, where Sunrise acts as an agent, revenue is recognized net of direct costs.

Direct costs

Direct costs are related to acquiring, producing or gaining access to the product, content or service that is sold to the customer. These include, but are not limited to, costs for hardware, access, copyrights, programming, roaming, interconnection, new build and built-to-suit.

Property, plant and equipment

Property, plant and equipment ('**PP&E**') are measured at cost less accumulated depreciation and write-downs for impairment.

Costs comprise purchase price and costs directly attributable to the acquisition until the date on which the asset is ready for use, as well as the estimated costs of dismantling and restoring the site. The costs of self-constructed assets include directly attributable payroll costs, materials, parts purchased, and services rendered by sub-suppliers during the construction period. Costs also include estimated asset retirement costs on a discounted basis if the related obligation meets the conditions for recognition as a provision.

The depreciation base is measured at cost less residual value and any write-downs. Depreciation is provided on a straight-line basis over the estimated useful life of the assets as follows:

Asset category	Useful lives
Support equipment and buildings	3 to 33 years
Distribution systems	3 to 30 years
Customer premises equipment ('**CPE**')	4 to 5 years

The depreciation expense of PP&E is included in depreciation and amortization expense in the consolidated statements of income or loss.

PP&E that have been disposed of or scrapped are eliminated from accumulated costs and accumulated depreciation. Gains and losses arising from the sale of PP&E are measured as the difference between the sales price less selling expenses and the carrying value at the time of sale. The resulting gain or loss is recognized in the consolidated statements of income or loss in other operating income or other operating expenses, respectively.

Software that is an integral part of a tangible asset (e.g., telephone exchange installations) is presented together with the related tangible assets.

If indications exist that the value of an asset may be impaired, the recoverable amount of the asset is determined. If the recoverable amount of the asset, which is the higher of the fair value less costs to sell and the value in use, is less than its carrying amount, the carrying amount is reduced to the recoverable amount.

Intangible assets

Intangible assets comprise software, licenses and rights, brands and other intangible assets required to operate the business, and software developed or customized by Sunrise. Intangible assets are measured at cost less accumulated amortization and impairment losses and are amortized on a straight-line basis over their estimated useful lives. Broadcasting rights and spectrum licenses are generally multi-year contracts, for which an asset is recognized in the amount of the contract consideration with a corresponding liability for any unpaid portion of the total contract costs at contract inception. The rights are amortized on a straight-line basis over the contract term.

Asset category	Useful lives
Software	3 to 5 years
Licenses and rights	5 to 26 years
Brands and customer relationships	6 to 10 years
Other intangible assets	2 to 25 years

The amortization expense of intangible assets is included in depreciation and amortization expense in the consolidated statements of income or loss.

Development projects, including costs of computer software purchased or developed for internal use, are recognized as intangible assets if the costs can be calculated reliably and if they are expected to generate future economic benefits. Costs of development projects include wages and external charges. Development projects that do not meet the criteria for recognition in the consolidated statements of financial position are expensed as incurred.

Non-derivative financial instruments

Cash and cash equivalents, current trade and other receivables, current related-party receivables and payables, certain other current assets, accounts payable and certain accrued liabilities represent financial instruments that are initially recognized at fair value and subsequently carried at amortized cost. Due to their relatively short maturities, the carrying values of these financial instruments approximate their respective fair values. Loans and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such loans and other receivables are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Leases

Sunrise leases mainly consist of rental of distribution systems, support equipment, buildings and land. Sunrise recognizes a RoU asset and a lease liability at the lease commencement date. The RoU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. Furthermore, the RoU asset is adjusted for an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. The RoU assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the useful life of the RoU asset or the end of the lease term. The useful lives per asset class are as follows:

Asset category	Useful lives
Support equipment, buildings and land	3 to 33 years
Distribution systems	3 to 30 years

In addition, RoU assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The RoU assets and the lease liabilities are presented separately in the consolidated financial statements. Lease liabilities are initially measured at the present value of the future lease payments, discounted using the interest rate implicitly specified in the lease or Sunrise's incremental borrowing rate as the discount rate.

Sunrise applies the short-term lease recognition exemption to leases of less than 12 months. Lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Inventories

Inventories are measured at the lower of cost and net realizable value. The costs of merchandise include purchase price and delivery costs. The costs of work in progress comprise direct costs of merchandise, direct labor, other direct costs and related production overheads. Related costs for items sold are presented within direct costs in the consolidated statements of income or loss.

Trade receivables and other receivables

Receivables are measured at amortized cost net of an allowance for uncollectible amounts. The allowance for trade receivables and contract assets is always measured at an amount equal to lifetime expected credit loss ('**ECL**'). When determining whether the credit risk of a financial asset has increased significantly, Sunrise considers both quantitative and qualitative information and analysis based on its historical experience, internal credit assessment and forward-looking information. Allowances for anticipated uncollectible amounts are based on individual assessments of major receivables and historically experienced losses on uniform groups of other receivables. This allowance is equal to the difference between the carrying amount and the present value of the amounts expected to be recovered. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired. The loss is recognized in the consolidated statements of income or loss within other operating expenses.

When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other operating expenses in the consolidated statements of income or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand and deposits held at call with banks with a maturity of less than three months at inception. Bank overdrafts are included in current liabilities.

Provisions

An asset retirement obligation ('**ARO**') is recognized when Sunrise has a legal or constructive obligation to remove the asset and restore the site where the asset was used at the end of the lease term (e.g., in connection with the future dismantling of mobile stations and restoration of property owned by third parties). Sunrise has estimated and capitalized the net present value of the obligations and increased the carrying amount of the asset by the respective amount. The estimated cash flows are discounted using a risk-adjusted interest rate, which is derived from Swiss government bonds along with a company-specific risk spread based on issued corporate bonds, and recognized as a provision. Subsequently, the unwinding of the discount is expensed in financial expenses. The capitalized amount is amortized over the expected lease period, including the potential extension option if it is expected to be exercised. Provisions are measured at management's best estimate of the amount at which the liability is expected to be settled. If the timing of the settlement has a significant impact on the measurement of the liability, such liability is discounted.

Pensions

Sunrise's pension plans comprise defined benefit plans established under Swiss pension legislation. Obligations are determined by independent qualified actuaries using the projected unit credit method assuming that each year of service gives rise to an additional unit of benefit entitlement and each unit is measured separately to build up the final obligations. Sunrise recognizes a gain or loss on curtailment when a commitment is made to significantly reduce the number of employees, generally as a result of a restructuring or disposal/ discontinuation of part of the business or the outsourcing of business activities. Gains or losses on curtailment or, settlement of pension benefits are recognized in the consolidated statements of income or loss when the curtailment or settlement occurs.

Differences between projected and realized changes in pension assets and pension obligations are referred to as actuarial gains and losses and are recognized in the consolidated statements of other comprehensive income when such gains and losses occur.

In the case of changes in benefits relating to employees' previous service periods, a change in the estimated present value of the pension obligations will be immediately recognized. The present value of the pension obligation is measured using a discount rate based on the interest rate on high-quality corporate bonds where the currency and terms of the corporate bonds are consistent with the currency and estimated terms of the defined benefit obligation.

Amendments to IFRS Accounting Standards and Interpretations, whose application is not yet mandatory

The following IFRS Accounting Standards and Interpretations published up to the end of 2024 are mandatory from the 2025 financial year onwards.

Standard	Name	Effective from
Amendments to IAS 21	Lack of exchangeability	January 1, 2025
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	January 1, 2026
Amendments to IFRS 1, 7, 9, 10 and IAS 7	Annual Improvements to IFRS Accounting Standards	January 1, 2026
Amendments to IFRS 9	Contracts Referencing Nature-dependent Electricity	January 1, 2026
IFRS 18	Presentation and disclosure in financial statements	January 1, 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027

Sunrise will review its financial reporting for the impact of those new and amended standards which take effect on or after January 1, 2025 and which Sunrise did not choose to adopt earlier than required. At present, Sunrise anticipates no material impact on the consolidated financial statements, except for IFRS 18 issued by the IASB on April 9, 2024. IFRS 18 will replace IAS 1, although many existing principles in IAS 1 are retained. The key concepts introduced in IFRS 18 relate to the structure of the statement of profit or loss, required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to both the primary financial statements and notes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but may change what an entity reports as its "operating profit or loss". Sunrise is currently evaluating the potential impact of IFRS 18 on its consolidated financial statements.

(4) USE OF JUDGMENTS AND ESTIMATES

The following specific estimates and judgments are considered important when portraying Sunrise's financial position:

- Useful life of intangible assets and PP&E, as shown in Note 3, is assigned based on periodic studies of the actual useful life and intended use of those assets. Such studies are completed or updated whenever new events occur with the potential to impact the way the useful life of the asset is determined, such as events or circumstances that indicate that the carrying value of the asset may not be recoverable and should therefore be tested for impairment. Any change in the estimated useful life of these assets is recognized in the financial statements as soon as any such change is determined. For details, see Notes 13 and 14.

- Goodwill and intangible assets comprise a significant portion of the Sunrise's total assets. The impairment test for intangible assets is a complex process that requires significant management judgment in determining various assumptions, such as cash flow projections, discount rate and terminal growth rates. The sensitivity of the estimated measurement to these assumptions, consolidated or individually, can be significant. Furthermore, the use of different estimates or assumptions when determining the fair value of such assets may result in different values and could result in impairment charges. For details, see Notes 14 and 15.

- RoU assets and lease liabilities amount to a significant portion of the Sunrise's consolidated statements of financial position (see Note 12). The valuation is based on several judgments, starting with the assessment of whether a contract contains a lease. Other material judgments made by Sunrise include assumptions concerning the lease terms and the probability that an extension option will be exercised.

- Net periodic pension cost for defined benefit plans is estimated based on certain actuarial assumptions, the most significant of which relate to discount rate and future salary increases. As shown in Note 10, the assumed discount rate reflects changes in market conditions. Sunrise believes these assumptions illustrate current market conditions.

- Estimates of deferred taxes and significant items giving rise to deferred assets and liabilities are shown in Note 18. These reflect the assessment of future taxes to be paid on items in the financial statements, giving consideration to both the timing and probability of these estimates. In addition, such estimates reflect expectations about the amount of future taxable income and, where applicable, tax planning strategies. Actual income taxes and income for the period may vary from these estimates as a result of changes in expectations about future taxable income, future changes in income tax law or the final review of tax returns by tax authorities.

- Provisions for AROs are made for costs incurred in connection with the future dismantling of mobile stations and restoration of property owned by third parties. These provisions are primarily based on estimates of future costs for dismantling and restoration, long-term inflation and discount rate expectations, as well as the timing of the dismantling. See Note 16.

(5) SEGMENT REPORTING

For management purposes, Sunrise is organized into business units which reflect the different customer groups to which Sunrise provides its telecommunications products and services and has the following three operating segments, which are its reportable segments:

- Residential customers
- Business customers & Wholesale
- Infrastructure & Support functions

The Board of Directors of Sunrise Communications AG assumes the role of the Chief Operating Decision Maker ('**CODM**') and monitors the operating results of the segments Residential customers, Business customers & Wholesale and Infrastructure & Support functions separately for the purpose of making decisions about resource allocation and performance assessment.

Each of these segments engages in its particular business activity which is described below:

- Residential customers: provides fixed-line and mobile services to residential end customers as well as sales of handsets. Sunrise focuses on selling its products in the Swiss telecommunications market by marketing bundled offers in fixed/Internet, mobile and IPTV.
- Business customers & Wholesale: provides a full range of products and services, from fixed-line and mobile communications to Internet and data services as well as integration services to different business areas: small office and home office, small and medium-size managed enterprises and large corporate clients. The wholesale product portfolio covers voice, data, Internet and infrastructure services such as carrier and roaming services, which are marketed to business customers.
- Infrastructure & Support functions: activities comprise support units such as network, IT and operations (customer care) as well as staff functions like finance, human resources and strategy.

Performance is measured based on Adjusted EBITDAaL as included in the internal financial reports reviewed by the CODM. This is considered an adequate measure of the operating performance of the segments reported to the CODM for the purposes of resource allocation and performance assessment. Assets and liabilities are not allocated to operating segments in the management reports reviewed by the CODM, as the review focuses on adjusted EBITDAaL. Sunrise's finance income, finance expenses and income tax expenses are reviewed on a total level, and therefore not allocated to operating segments.

As Sunrise mainly operates in Switzerland, no geographical information is further presented.

Segment information

CHF in millions	Residential customers	Business customers & Wholesale	Infrastructure & Support functions	Total
	Year ended December 31, 2024			
Total revenue	**2,173.1**	**830.3**	**14.6**	**3,018.0**
Direct costs	(515.2)	(299.5)	(15.4)	(830.1)
Indirect costs[1]	(401.5)	(115.8)	(448.2)	(965.5)
Lease expense[2]	(52.0)	(13.5)	(133.9)	(199.4)
Adj. EBITDA after lease expense (EBITDAaL)	**1,204.4**	**401.5**	**(582.9)**	**1,023.0**
Depreciation and amortization of PP&E and intangible assets				(917.9)
Share-based compensation, restructuring & other				(69.0)
Finance income/(expense)[3]				(416.2)
Income tax benefit				16.7
Net income (loss)				**(363.4)**

CHF in millions	Residential customers	Business customers & Wholesale	Infrastructure & Support functions	Total
	Year ended December 31, 2023			
Total revenue	**2,247.1**	**776.6**	**11.5**	**3,035.2**
Direct costs	(537.6)	(271.0)	(26.0)	(834.6)
Indirect costs[1]	(417.5)	(115.4)	(428.2)	(961.1)
Lease expense[2]	(51.0)	(11.2)	(133.7)	(195.9)
Adj. EBITDA after lease expense (EBITDAaL)	**1,241.0**	**379.0**	**(576.4)**	**1,043.6**
Depreciation and amortization of PP&E and intangible assets				(992.1)
Share-based compensation, restructuring & other				(108.6)
Finance income/(expense)[3]				(317.5)
Income tax benefit				59.9
Net income (loss)				**(314.7)**

CHF in millions	Residential customers	Business customers & Wholesale	Infrastructure & Support functions	Total
	Year ended December 31, 2022			
Total revenue	**2,275.5**	**752.3**	**7.4**	**3,035.2**
Direct costs	(538.4)	(267.7)	(13.5)	(819.6)
Indirect costs[4]	(417.8)	(111.7)	(417.6)	(947.1)
Lease expense[5]	(39.9)	(10.4)	(160.4)	(210.7)
Adj. EBITDA after lease expense (EBITDAaL)	**1,279.4**	**362.5**	**(584.1)**	**1,057.8**
Depreciation and amortization of PP&E and intangible assets				(1,028.8)
Share-based compensation, restructuring & other				(179.7)
Finance income/(expense)[6]				181.3
Income tax benefit				50.7
Net income (loss)				**81.3**

[1] Excludes expenses for share-based compensation, restructuring and other.
[2] Contains depreciation and interest expenses for leases arrangements under IFRS 16. Excludes expenses for short-term leases, which are reported in line "indirect cost".
[3] Excludes interest expenses for leases, which are included in line "lease expense".
[4] Excludes expenses for share-based compensation, restructuring and other.
[5] Contains depreciation and interest expenses for lease arrangements under IFRS 16. Excludes expenses for short-term leases, which are reported in line "indirect cost".
[6] Excludes interest expenses for leases, which are included in line "lease expense".

(6) REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue by major category and reportable segment is set forth below:

	Year ended December 31, 2024			
CHF in millions	Residential customers	Business customers & Wholesale	Infrastructure & Support functions	Total
Fixed	**1,001.8**	**483.0**	**–**	**1,484.8**
Subscription	987.8	293.4	–	1,281.2
Non-subscription and hardware	14.0	189.6	–	203.6
Mobile	**1,041.1**	**343.9**	**–**	**1,385.0**
Subscription	833.5	266.2	–	1,099.7
Non-subscription and hardware	207.6	77.7	–	285.3
Other	**130.2**	**3.4**	**14.6**	**148.2**
Total	**2,173.1**	**830.3**	**14.6**	**3,018.0**

	Year ended December 31, 2023			
CHF in millions	Residential customers	Business customers & Wholesale	Infrastructure & Support functions	Total
Fixed	**1,061.7**	**437.4**	**–**	**1,499.1**
Subscription	1,043.1	273.4	–	1,316.5
Non-subscription and hardware	18.6	164.0	–	182.6
Mobile	**1,052.3**	**336.2**	**–**	**1,388.5**
Subscription	852.9	254.7	–	1,107.6
Non-subscription and hardware	199.4	81.5	–	280.9
Other	**133.2**	**2.9**	**11.5**	**147.6**
Total	**2,247.2**	**776.5**	**11.5**	**3,035.2**

	Year ended December 31, 2022			
CHF in millions	Residential customers	Business customers & Wholesale	Infrastructure & Support functions	Total
Fixed	**1,088.3**	**430.6**	**0.7**	**1,519.6**
Subscription	1,079.6	270.0	0.7	1,350.3
Non-subscription and hardware	8.7	160.6	–	169.3
Mobile	**1,053.5**	**320.8**	**–**	**1,374.3**
Subscription	854.8	240.6	–	1,095.4
Non-subscription and hardware	198.7	80.2	–	278.9
Other	**133.7**	**0.9**	**6.7**	**141.3**
Total	**2,275.5**	**752.3**	**7.4**	**3,035.2**

Subscription revenue

Sunrise recognizes service revenue from mobile and fixed services over the contractual period. Installation or activation fees related to the services provided are deferred as contract liabilities and recognized over the contractual period. Revenue from the sale of prepaid services is deferred and recognized at the time of use. Discounts that can be allocated to service revenues are evenly distributed over the minimum contract binding period.

Mobile subscriptions have no contract term beyond a P60D notice period, whereas residential services require a minimum contract duration of P12M. For contracts combined with a promotion, the typical minimum contract term is P24M. For B2B service contracts, the contract term is typically between one to five years.

Non-subscription and hardware

Non-subscription revenues include mainly revenue from hardware sales, which are recognized at point-in-time upon delivery. Revenue from carrier and roaming services offered to medium and large enterprises and fixed-line and mobile services on a wholesale basis to other operators are recognized over the contractual period.

Other

Revenue from sales of Built-to-Suit ('**BTS**') network sites is recognized at point-in-time when the sites are available for use and legal ownership is transferred.

Net collectible fees earned from early termination of contracts are recognized when collected. Other revenue further includes revenue from subleases and is recognized over time.

Contract assets

Contract assets primarily relate to Sunrise's rights to consideration for hardware sold within a bundle arrangement but not yet billed.

The following table provides information about contract assets and contract liabilities from contracts with customers.

		December 31,		January 1,
CHF in millions	2024	2023	2022	2022
Contract assets	27.8	31.7	22.5	19.5

The following table includes revenue from contracts with an original duration of more than one year which is expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

	Year ended December 31,		
CHF in millions	2025	2026	2027
Telecommunications services (mobile and fixed)	56.9	15.0	7.1

Sunrise makes use of the practical expedients in IFRS 15, according to which unsatisfied performance obligations under contracts with an expected original term of no more than one year and revenues recognized in accordance with the billed amounts are exempt from the disclosure requirement.

Contract liabilities

Contract liabilities primarily relate to deferred revenue including broadband cable services and subscription fees, as well as activation fees for which revenue is recognized over the term of the service contract.

		December 31,		January 1,
CHF in millions	2024	2023	2022	2022
Contract liabilities to residential customers	46.0	43.1	55.3	64.1
Contract liabilities to business customers	28.0	36.3	19.2	26.6
Contract liabilities to other telecommunications services	0.8	0.4	0.5	1.2
Total	**74.8**	**79.8**	**75.0**	**91.9**
Thereof current portion of contract liabilities	71.3	66.7	69.9	86.3
Thereof non-current portion of contract liabilities	3.5	13.1	5.1	5.6

Contract costs

According to IFRS 15, commission fees directly attributable to a contract are capitalized and recognized as expenses over the estimated contract duration. This means that capitalized commission fees are amortized when the related revenues are recognized. The capitalized costs are amortized in other operating expenses or personnel expenses, depending on whether the costs are paid to external retailers or own employees.

CHF in millions	2024	2023	2022
Balance as of January 1	69.3	62.5	55.8
Additional capitalised contract cost	88.1	71.6	62.8
Amortized contract cost	(77.0)	(64.8)	(56.1)
Balance as of December 31	**80.4**	**69.3**	**62.5**

(7) OTHER OPERATING INCOME AND EXPENSES

	Year ended December 31,		
CHF in millions	2024	2023	2022
Marketing & Commissions	(188.8)	(195.2)	(195.9)
Network related costs	(170.6)	(167.4)	(207.6)
Professional Services	(105.7)	(130.2)	(130.1)
Facility & Energy	(66.5)	(55.1)	(51.0)
IT expenses	(57.6)	(49.4)	(50.9)
Administration	(33.8)	(39.4)	(43.0)
Call centre services	(34.7)	(39.2)	(39.6)
Allowance for receivables	(35.3)	(16.9)	(27.6)
Other	(2.5)	(66.1)	(4.4)
Total other operating expenses	**(695.5)**	**(758.8)**	**(750.2)**
Capitalized labor as non-current assets	63.0	68.3	60.1
Other income	5.1	37.4	1.5
Total other operating income and capitalized labor	**68.1**	**105.7**	**61.7**

Other operating expenses

In 2024, expenditures for professional services experienced a reduction amounting to CHF 24.5 million in comparison to the preceding year. This decline was primarily attributable to a CHF 14.4 million decrease in intercompany-related as well as a CHF 13.0 million reduction in contracting services. Conversely, facility and energy expenses increased by CHF 11.4 million relative to the prior year, predominantly driven by elevated electricity costs. Furthermore, the allowance for receivables saw an increase of CHF 18.4 million compared to the previous year, largely influenced by one-time items.

In 2023, the category "Other" included a CHF 29.1 million ice-hockey distribution-rights penalty issued by the Competition Commission as well as CHF 28.5 million expenses related to restructuring.
The categories disclosed for other operating expenses do not include expenses that were included in other financial statement line items (such as personnel expenses or depreciation).

Other operating income and capitalized labor

In 2023, Sunrise recognized CHF 17.2 million income related to disputed overcharges by Swisscom, and CHF 20.0 million abandoned lease income related to the former Wallisellen office building.

(8) PERSONNEL EXPENSES

	Year ended December 31,		
CHF in millions	2024	2023	2022
Wages, salaries and social security charges	363.9	384.2	380.8
Pension expenses	24.0	10.0	26.8
Share-based compensation	19.1	22.5	30.7
Total	**407.0**	**416.7**	**438.3**

(9) KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel comprise the members of the Executive Leadership Team. Their compensation is as follows:

Remuneration of the Executive Leadership Team

	Year ended December 31,		
CHF in millions	2024	2023	2022
Wages, salaries and social security charges	8.4	6.2	8.0
Pension costs	0.8	0.8	1.2
Share-based compensation	6.6	6.9	9.1
Termination benefits	0.7	2.5	0.7
Total	**16.5**	**16.4**	**19.0**

(10) EMPLOYEE BENEFIT OBLIGATIONS

Sunrise provides retirement benefits to its employees as required by Swiss law by means of a pension fund that is a separate legal entity. The Sunrise Pension Fund is a separate, semi-autonomous foundation governed by the Occupational Pensions and Foundations Office of the Canton of Zurich. Disability and death risks are reinsured by Zurich Insurance. The fixed assets of the Sunrise Pension Fund are managed by Credit Suisse Asset Management in Zurich in accordance with organizational guidelines and investment regulations. The Board of Trustees consists of an equal number of employer and employee representatives and is responsible for managing the Foundation in accordance with Swiss law. Per the Occupational Pensions Act, a temporary funding shortfall is permitted. The Board of Trustees must take appropriate measures to resolve the shortfall within a reasonable timeframe. If those measures do not lead to the desired results, the Pension Fund may temporarily charge remedial contributions to employers, insured persons, and pensioners. The employer contribution must at least equal the aggregate contributions levied from the insured persons.

The pension fund operates a pension plan for all staff, which qualifies as a defined benefit plan under IAS 19. Future pension benefits are based primarily on years of credited service and on contributions made by the employee and employer over the service period, which vary according to age as a percentage of insured salary. The rate of annual interest credited to employee accounts on the balance representing the minimum amount required under pension law is defined by the Swiss government. In addition, the conversion factor used to convert the accumulated capital upon retirement into an annual pension is also defined by the Swiss government. In the case of overfunding, it may be possible to a limited extent to reduce the level of contributions from both employer and employee. Distribution of excess funds from the pension fund to Sunrise is not possible. These defined benefit plans expose Sunrise to actuarial risks, such as currency risk, interest rate risk and market (investment) risk. A curtailment gain of CHF 13.5 million has been recorded in 2023 (2022: CHF nil), due to a restructuring event in the respective year. In 2024, no curtailment gain has been recorded.

Pension (income) costs resulting from defined benefit plans

	Year ended December 31,		
CHF in millions	2024	2023	2022
Current service costs excluding interest costs	19.5	16.9	20.7
Net interest costs on defined benefit obligation and service costs	0.4	0.3	0.1
Past service income	(2.1)	(13.5)	(0.3)
Administration costs	1.7	0.6	0.9
Termination benefits	0.2	0.2	0.2
Total	**19.7**	**4.5**	**21.6**

Assets and obligations

CHF in millions	December 31, 2024	2023	2022
Fair value of plan assets	851.4	793.7	784.3
Defined benefit obligation	(859.8)	(802.1)	(748.8)
Asset ceiling	–	–	(36.4)
Total	**(8.4)**	**(8.4)**	**(0.9)**

Movement in other comprehensive income

CHF in millions	December 31, 2024	2023	2022
Actuarial (gain) / loss due to			
demographic assumptions	–	(0.1)	(0.6)
financial assumptions	15.5	81.0	(163.9)
experience adjustments	39.9	5.6	11.8
Actuarial (gain) / loss during period	55.4	86.5	(152.6)
Return on defined benefit plan assets (greater)/less than net interest recognised	(48.4)	(18.8)	108.4
Impact of changes in asset ceiling	–	(37.3)	33.2
Remeasurement effects recognized in OCI	**7.0**	**30.4**	**(11.0)**

Movement in defined benefit obligations

CHF in millions	**2024**	**2023**	**2022**
Balance as of January 1	**802.1**	**748.8**	**938.2**
Included in the consolidated statements of income or loss			
Current service costs	19.5	16.9	20.7
Past service income	(2.1)	(13.5)	(0.3)
Interest costs on defined benefit obligation	10.5	16.4	2.3
Administration costs and termination benefits	1.9	0.8	1.1
Settlements	–	(6.2)	–
Included in consolidated statements of other comprehensive income			
Actuarial (gain) / loss arising from:			
Demographic assumptions	–	(0.1)	(0.6)
Financial assumptions	15.5	81.0	(163.9)
Experience adjustment	39.9	5.6	11.8
Other			
Employee contributions	20.1	20.4	20.4
Benefits paid / transferred	(47.5)	(68.0)	(80.9)
Total defined benefit obligations as of December 31	**859.9**	**802.1**	**748.8**

Movement in fair value of plan assets

CHF in millions	2024	2023	2022
Balance as of January 1	**793.7**	**784.3**	**924.4**
Included in the consolidated statements of income or loss			
Interest income	10.1	16.8	2.2
Settlements	–	(6.2)	–
Included in consolidated statements of other comprehensive income			
Return on plan assets excluding interest income	48.4	18.8	(108.4)
Other			
Employer contributions	26.6	27.5	26.7
Employee contributions	20.1	20.5	20.3
Benefits paid	(47.5)	(68.0)	(80.9)
Total fair value of plan assets as of December 31	**851.4**	**793.7**	**784.3**

Asset allocation of plan assets

	December 31,						
	2024			**2023**			**2022**
	CHF in millions	Quoted	Unquoted	CHF in millions	Quoted	Unquoted	CHF in millions
Cash and cash equivalents	12.1	–%	1.4%	8.8	–%	1.1%	9.4
Equity securities	301.6	35.4%	–%	267.2	33.7%	–%	258.7
Debt securities	305.8	35.9%	–%	299.5	37.7%	–%	331.7
Real estate	168.5	1.5%	18.3%	159.4	2.8%	17.2%	150.6
Other	63.4	–%	7.4%	58.8	–%	7.4%	33.9
Total	**851.4**	**72.8%**	**27.2%**	**793.7**	**74.3%**	**25.7%**	**784.3**

Plan assets do not include any property used by Sunrise companies.Periodically, an asset-liability matching study is performed by the pension fund's asset manager, in which the consequences of the strategic investment policies are analysed (the latest study was conducted in 2022). The strategic investment policy of the pension fund can be summarized as follows: a strategic asset mix comprising 21% to 47% equity securities, 20% to 56% bonds, 12% to 38% real estate, –% to 4% cash in banks and –% to 7% other investments.

Principal actuarial assumptions

	December 31,		
	2024	2023	2022
Discount rate	0.95%	1.35%	2.20%
Interest crediting rate	1.25%	2.30%	2.40%
Future salary increases	1.60%	1.70%	1.45%
Mortality rates	BVG/LPP 2020	BVG/LPP 2020	BVG/LPP 2020

As of December 31, 2024, the weighted average duration of the defined benefit obligation was 12.6 years (2023: 11.9 years, 2022: 11.6 years). For 2025, Sunrise's projected contributions to its pension funds total CHF 22.5 million. Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

As of the census date, September 30, 2024, 2,799 (September 30, 2023: 2,882) active participants and 411 (September 30, 2023: 409) participants receiving benefits were enrolled in the pension scheme.

Sensitivity analysis

	2024	
CHF in millions	Increase to	Decrease to
Discount rate (0.5% movement)	809.9	916.2
Future salary increases (1.0% movement)	871.7	849.9

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown. Sunrise offers a defined contribution plan for employees having an annual salary in excess of CHF 136,080 with an external provider. In 2024, the expenses for the defined contribution plan amount to CHF 6.6 million (2023: CHF 6.6 million, 2022: CHF 6.4 million).

(11) OTHER OPERATING ASSETS AND LIABILITIES

The details of Sunrise's other current and non-current assets as well as other current and non-current liabilities are set forth below:

	December 31,		
CHF in millions	2024	2023	2022
Other assets - current:			
Third party receivables	63.4	120.0	116.9
Prepayments	60.8	128.7	101.0
Contract assets	14.6	17.3	17.7
Contract costs	61.1	53.6	50.5
Inventories	58.5	50.1	57.0
Other	14.9	6.3	7.8
Total	**273.3**	**376.0**	**350.9**
Other assets - non-current:			
Trade receivables	34.3	44.0	27.5
Prepayments	82.1	31.7	28.8
Contract assets	13.2	14.4	4.8
Contract costs	19.2	15.8	12.0
Other	11.6	10.5	4.8
Total	**160.4**	**116.4**	**77.9**
Other liabilities - current:			
Accrued other liabilities	260.3	335.0	301.8
Accrued capital expenditures	63.5	66.9	91.6
Accrued payroll and employee benefits	68.3	83.0	63.0
Deferred revenue	71.3	66.7	69.9
Other	32.9	31.2	26.9
Total	**496.3**	**582.8**	**553.2**
Other liabilities - non-current:			
Other	48.2	89.8	112.3
Total	**48.2**	**89.8**	**112.3**

Write-downs of inventories to the net realizable value totalled CHF 0.7 million in 2024 (2023: CHF 8.9 million, 2022: CHF 1.8 million). The value of inventories recognized as an expense in direct costs and other operating expenses totalled CHF 226.1 million (2023: CHF 217.8 million, 2022: CHF 221.8 million). No inventories were expected to be sold after more than one year.

(12) LEASING

Sunrise leased assets include telecommunications installations like mobile sites and transmission equipment such as leased lines, shops and offices as well as vehicles. Information about leases for which Sunrise is a lessee is presented below.

RoU assets

	December 31,		
CHF in millions	2024	2023	2022
Distribution systems	1,091.4	1,166.2	1,216.5
Support equipment, buildings and land	171.1	128.0	154.3
Total RoU assets	**1,262.5**	**1,294.2**	**1,370.8**

At December 31, 2024 the weighted average discount rate was 5.5% (2023: 5.0%, 2022: 5.8%). During 2024, Sunrise recorded additions in RoU assets associated with leases of CHF 126.3 million (2023: CHF 56.2 million, 2022: CHF 343.9 million).

Lease expenses

	Year ended December 31,		
CHF in millions	2024	2023	2022
Depreciation and amortization			
Distribution systems	101.4	99.3	96.3
Support equipment, buildings and land	28.3	28.7	49.1
Total depreciation and amortization	**129.7**	**128.0**	**145.4**
Interest expense	69.8	67.9	65.3
Short-term lease expense[7]	2.4	3.2	3.2
Total lease expense	**201.9**	**199.1**	**213.9**

Lease liabilities

Maturities of our lease liabilities are presented below:

	Year ended December 31,		
CHF in millions	2024	2023	2022
Within 1 year	164.1	170.4	173.2
Between 1 and 2 years	152.0	153.9	163.4
Between 2 and 3 years	148.8	145.5	156.4
Between 3 and 4 years	141.3	141.9	148.6
Between 4 and 5 years	135.2	135.0	146.0
After 5 years	925.7	1,002.2	1,141.8
Total payments	**1,667.1**	**1,748.9**	**1,929.4**
Less: present value discount	(447.8)	(491.2)	(581.5)
Present value of lease payments	**1,219.3**	**1,257.7**	**1,347.9**
Current portion	164.1	170.4	173.2
Non-current portion	1,055.2	1,087.3	1,174.7

[7] Included in operating income before depreciation and amortization.

Cash flows from leases

CHF in millions	Year ended December 31, 2024	2023	2022
Principal payments	114.4	107.6	112.4
Interest payments	61.0	58.4	61.6
Payments for short-term leases	2.4	3.2	3.2
Total payments	**177.8**	**169.2**	**177.2**

(13) PROPERTY, PLANT AND EQUIPMENT

CHF in millions	Distribution systems	Customer premises equipment	Support equipment and buildings	Assets under construction	Total
Cost:					
January 1, 2022	**3,026.8**	**370.9**	**1,447.1**	**117.2**	**4,962.0**
Additions	241.5	87.7	76.2	–	405.4
Retirements and disposals	(126.9)	(24.9)	(62.7)	–	(214.5)
Reclassifications	(80.8)	(1.4)	(37.3)	130.5	11.0
December 31, 2022	**3,060.6**	**432.3**	**1,423.3**	**247.7**	**5,163.9**
Additions	280.5	93.2	3.5	–	377.2
Additions from business combinations	70.7	–	3.0	–	73.7
Retirements and disposals	(34.9)	(93.3)	(2.1)	–	(130.3)
Reclassifications	(65.9)	(59.2)	25.2	99.9	–
December 31, 2023	**3,311.0**	**373.0**	**1,452.9**	**347.5**	**5,484.5**
Additions	257.3	100.3	50.4	–	408.0
Retirements and disposals	(213.1)	(101.0)	(25.3)	–	(339.4)
Reclassifications	(233.9)	(9.6)	(6.1)	173.2	(76.4)
Other	–	–	–	(1.0)	(1.0)
December 31, 2024	**3,121.3**	**362.7**	**1,471.9**	**519.7**	**5,475.7**

CHF in millions	Distribution systems	Customer premises equipment	Support equipment and buildings	Assets under construction	Total
Accumulated depreciation and impairment:					
January 1, 2022	**(2,185.0)**	**(210.8)**	**(204.7)**	**–**	**(2,600.5)**
Depreciation	(267.5)	(63.1)	(154.4)	–	(485.0)
Retirements and disposals	126.9	24.9	62.7	–	214.5
Reclassifications	(0.5)	–	4.7	–	4.2
December 31, 2022	**(2,326.1)**	**(249.0)**	**(291.7)**	**–**	**(2,866.8)**
Depreciation	(290.8)	(69.1)	(92.6)	–	(452.5)
Retirements and disposals	34.9	93.3	2.4	–	130.6
Reclassifications	(47.3)	60.1	(12.8)	–	–
December 31, 2023	**(2,629.3)**	**(164.7)**	**(394.7)**	**–**	**(3,188.7)**
Depreciation	(287.1)	(67.9)	(13.0)	–	(368.0)
Retirements and disposals	213.1	100.7	25.2	–	339.0
Reclassifications	–	–	65.5	–	65.5
Other	9.8	2.0	3.2	–	15.0
December 31, 2024	**(2,693.5)**	**(129.9)**	**(313.8)**	**–**	**(3,137.2)**

CHF in millions	Distribution systems	Customer premises equipment	Support equipment and buildings	Assets under construction	Total
PP&E, net:					
Net carrying amount at January 1, 2022	841.8	160.1	1,242.4	117.2	**2,361.5**
Net carrying amount at December 31, 2022	734.5	183.3	1,131.6	247.7	**2,297.1**
Net carrying amount at December 31, 2023	681.7	208.3	1,058.2	347.5	**2,295.7**
Net carrying amount at December 31, 2024	427.8	232.8	1,158.1	519.7	**2,338.5**

In 2024, software assets with a net carrying amount of CHF 10.9 million have been reclassified from PP&E to Intangible assets.

The capitalization process recognizes all additions to PP&E as "Additions" to Assets under depreciation (Distribution systems, CPE, and Support equipment and buildings), which are then reclassified simultaneously into Assets under construction within "Reclassifications", as long as construction or implementation of the underlying projects is ongoing. Once the project has been completed, the final asset is reclassified from Assets under construction to Assets under depreciation within Reclassifications. Due to that process the table above shows negative reclassifications for Assets under depreciation categories.

(14) INTANGIBLE ASSETS

Changes in the carrying amounts of the intangible assets are as follows:

CHF in millions	Brands and customers relationships	Licenses and rights	Software	Other intangible assets	Total
Cost:					
January 1, 2022	**1,972.0**	**502.1**	**421.1**	**24.8**	**2,920.0**
Additions	–	150.0	143.2	–	293.2
Retirements and disposals	–	–	(41.0)	(15.3)	(56.3)
Other	–	–	–	8.8	8.8
December 31, 2022	**1,972.0**	**652.1**	**523.3**	**18.3**	**3,165.7**
Additions from business combinations	8.4	–	–	–	8.4
Additions	0.3	–	160.2	–	160.5
Retirements and disposals	(27.4)	–	(48.3)	–	(75.7)
Other	2.5	–	–	(1.1)	1.4
December 31, 2023	**1,955.8**	**652.1**	**635.2**	**17.2**	**3,260.3**
Additions	–	2.0	99.9	–	101.9
Retirements and disposals	–	(153.5)	(32.6)	(8.0)	(194.1)
Reclassifications	–	–	76.4	–	76.4
Other	1.9	–	–	3.6	5.5
December 31, 2024	**1,957.7**	**500.6**	**778.9**	**12.8**	**3,250.0**

CHF in millions	Brands and customers relationships	Licenses and rights	Software	Other intangible assets	Total
Accumulated amortization:					
January 1, 2022	**(408.3)**	**(195.9)**	**(165.3)**	**(9.6)**	**(779.1)**
Amortization	(324.0)	(56.8)	(155.7)	(7.3)	(543.8)
Retirements and disposals	–	–	41.0	15.3	56.3
December 31, 2022	**(732.3)**	**(252.7)**	**(280.0)**	**(1.6)**	**(1,266.6)**
Amortization	(322.0)	(66.8)	(143.6)	(7.2)	(539.6)
Retirements and disposals	27.4	–	48.3	–	75.7
Other	–	–	–	0.1	0.1
December 31, 2023	**(1,026.9)**	**(319.5)**	**(375.3)**	**(8.7)**	**(1,730.4)**
Amortization	(321.7)	(69.0)	(155.0)	(4.2)	(549.9)
Retirements and disposals	–	153.5	32.6	8.0	194.1
Reclassifications	–	–	(65.5)	–	(65.5)
Other	–	–	(13.9)	–	(13.9)
December 31, 2024	**(1,348.6)**	**(235.0)**	**(577.1)**	**(4.9)**	**(2,165.6)**

CHF in millions	Brands and customers relationships	Licenses and rights	Software	Other intangible assets	Total
Intangible assets subject to amortization, net:					
Net carrying amount at January 1, 2022	1,563.7	306.2	255.8	15.2	**2,140.9**
Net carrying amount at December 31, 2022	1,239.7	399.4	243.3	16.7	**1,899.1**
Net carrying amount at December 31, 2023	928.9	332.6	259.9	8.5	**1,529.9**
Net carrying amount at December 31, 2024	609.1	265.6	201.8	7.9	**1,084.4**

Brands and customer relationships

As of December 31, 2024, the most significant intangible assets are the customer base of former Sunrise Communications Group AG with a carrying amount of CHF 575.7 million as well as the Sunrise brand with a carrying amount of CHF 20.5 million. Both assets originated from the acquisition by former UPC GmbH in 2020 (renamed to Sunrise GmbH in 2022). The remaining useful life is 2 years and 6 years, respectively.

Licenses and rights

As of December 31, 2024, licenses and rights consist primarily of two spectrum licenses. The frequency usage rights acquired in January 2013 are mostly used for 4G. The carrying amount is CHF 120.6 million with a remaining useful life of 4 years.

The frequency usage rights acquired in July 2019 are used for 5G. The carrying amount is CHF 56.8 million with a remaining useful life of 10 years.

In 2022, Sunrise signed a contract with Swiss Ice Hockey Federation and acquired broadcasting rights for the National League. These broadcasting rights have a carrying amount of CHF 80.0 million with a remaining useful life of 3 years.

Software

Software mainly includes licenses and developments for Customer Relationship Management (CRM) and accounting applications with varying remaining useful lives of less than 5 years.

In 2024, software assets with a net carrying amount of CHF 10.9 million have been reclassified from PP&E to Intangible assets.

(15) GOODWILL

Goodwill allocation

For business combinations, goodwill is allocated as of the transaction date to Sunrise's cash-generating units ('**CGUs**'). Sunrise's CGUs with allocated goodwill consist of Residential, Business and Wholesale.

CHF in millions	Residential	Business	Wholesale	Total
Cost:				
January 1, 2022	**4,580.7**	**1,098.3**	**327.3**	**6,006.3**
Additions from business combinations	–	–	–	**–**
December 31, 2022	**4,580.7**	**1,098.3**	**327.3**	**6,006.3**
Additions from business combinations	6.4	–	–	**6.4**
December 31, 2023	**4,587.1**	**1,098.3**	**327.3**	**6,012.7**
Additions from business combinations	–	–	–	**–**
December 31, 2024	**4,587.1**	**1,098.3**	**327.3**	**6,012.7**

CHF in millions	Residential	Business	Wholesale	Total
Goodwill, net:				
Net carrying amount at January 1, 2022	4,580.7	1,098.3	327.3	6,006.3
Net carrying amount at December 31, 2022	4,580.7	1,098.3	327.3	6,006.3
Net carrying amount at December 31, 2023	4,587.1	1,098.3	327.3	6,012.7
Net carrying amount at December 31, 2024	4,587.1	1,098.3	327.3	6,012.7

Impairment tests for goodwill

Goodwill is subject to an annual impairment test conducted as of September 30 of each year. In 2024, there were no other recorded intangible assets with indefinite useful lives (2023: CHF 0, 2022: CHF 0). The recoverable amount of all CGUs has been determined based on its value-in-use using a discounted cash flow ('**DCF**') method. The key assumptions used are listed below:

Key assumptions used in value in use calculations

	2024	2023	2022
Long-term growth rate	–%	0.6%	0.7%
WACC (pre-tax)	5.3%	7.0%	7.1%

The calculation basis for the DCF model is Sunrise's business plan as approved by the Executive Committee. The detailed planning horizon of the business plan covers five years. The free cash flows beyond the five-year planning period were extrapolated using a long-term growth rate. The discount rate is the weighted average cost of capital ('**WACC**') before tax of Sunrise. Budgeted gross margin and growth rates are based on past performance and management's expectations of market development. Revenue, as a further key assumption, is estimated using detailed revenue models including market dynamics, expectations for pricing and customer churn rates, amongst others. As of the impairment test date, the recoverable amount for all CGUs was higher than the carrying amount.

Sensitivity analysis

Management performed the following sensitivity analyses, in isolation:

- increased the pre-tax discount rate by 100 basis points (bps), keeping stable other key assumptions
- decreased revenue by 500 bps, keeping stable other key assumptions
- decreased EBITDA margin by 500 bps, keeping stable other key assumptions

The results of the sensitivity analysis demonstrated that the above changes in the key assumptions would not cause the carrying value of CGUs to exceed the recoverable amount for any of the three CGUs.

(16) PROVISIONS

CHF in millions	Asset retirement obligations	Restructuring obligations	Other provisions	Total
Provisions as of January 1, 2022	**51.4**	**21.2**	**–**	**72.6**
Provisions made during the period	16.4	4.9	–	**21.3**
Change in present value	(5.7)	–	–	**(5.7)**
Provisions used during the period	(0.7)	(15.7)	–	**(16.4)**
Provisions as of December 31, 2022	**61.4**	**10.4**	**–**	**71.8**
Thereof current	–	10.4	–	**10.4**
Thereof non-current	61.4	–	–	**61.4**
Provisions as of January 1, 2023	**61.4**	**10.4**	**–**	**71.8**
Provisions made during the period	2.0	28.5	29.9	**60.4**
Change in present value	2.5	–	–	**2.5**
Provisions used during the period	(1.8)	(16.0)	–	**(17.8)**
Provisions as of December 31, 2023	**64.1**	**22.9**	**29.9**	**116.9**
Thereof current	–	22.9	29.9	**52.8**
Thereof non-current	64.1	–	–	**64.1**
Provisions as of January 1, 2024	**64.1**	**22.9**	**29.9**	**116.9**
Provisions made during the period	2.1	1.9	–	**4.0**
Change in present value	2.4	–	–	**2.4**
Provisions used during the period	(4.6)	(20.1)	(29.9)	**(54.6)**
Provisions as of December 31, 2024	**64.0**	**4.7**	**–**	**68.7**
Thereof current	–	4.7	–	**4.7**
Thereof non-current	64.0	–	–	**64.0**

Provisions for AROs relate to the future dismantling of mobile stations and restoration of property owned by third parties. Those leases generally contain provisions that require Sunrise to remove the asset and restore the sites to their original condition at the end of the lease term. The uncertainties relate primarily to the timing of the related cash outflows. The majority of these obligations are not expected to result in cash outflows within a year.

Restructuring obligations primarily include the full cost of planned business restructuring programmes. These programmes are expected to be completed within the next 12 months.

Other provisions are related to litigation, and legal claims. Refer to Note 17 for further details on legal contingencies for Sunrise.

(17) COMMITMENTS AND CONTINGENCIES

The total contractual and purchase commitments as of December 31, 2024, amounted to CHF 886.7 million (2023: CHF 939.3 million, 2022: CHF 1,099.6 million) for future investments in PP&E, RoU assets and intangible assets.

On December 8, 2017, Sunrise GmbH, formerly known as UPC Schweiz GmbH, entered into a mobile virtual network operator ('**MVNO**') agreement with Swisscom (Schweiz) AG ('**Swisscom**'), as subsequently amended (the '**Swisscom MVNO**'), for the provision of mobile network services to certain of Sunrise GmbH's end customers. In January 2023, Swisscom filed a formal lawsuit against Sunrise GmbH, asserting that it is in breach of the Swisscom MVNO and claiming approximately CHF 90 million in damages. In April 2024, Sunrise agreed with Swisscom to resolve the matter, the terms of which are not material to us and, as a result, the lawsuit against Sunrise GmbH has been withdrawn.

In addition, Sunrise has significant commitments under (i) derivative instruments and (ii) defined benefit plans and similar agreements, pursuant to which we expect to make payments in future periods. For information regarding derivative instruments, including the net cash paid or received in connection with these instruments, see Note 22. For information regarding Sunrise's defined benefit plan, see Note 10.

Sunrise also has commitments pursuant to agreements with, and obligations imposed by, authorities, which may include obligations in certain markets to move aerial cable to underground ducts or to upgrade, rebuild or extend portions of Sunrise's broadband communication systems. Such amounts are not fixed or determinable.

On March 5, 2012, Sunrise GmbH was party to a dispute with Swisscom related to rates for interconnection, unbundled local loop ('ULL'), collocation, rebilling, leased lines and access to duct. On August 25, 2023, Swisscom made a non-prejudicial down payment for the unopposed portion in the amount of CHF 18.8 million (including VAT) of the total recovery. For this part, where the cash payment was received, the gain contingency was concluded as realized and undisputed, respectively. In Q3 2023, a gain contingency in the amount of CHF 17.2 million was recorded in other income.

In November 2023, Sunrise recorded a provision of CHF 29.1 million due to an ice-hockey broadcasting rights penalty issued by the Competition Commission. During 2024, Sunrise settled CHF 29.3 million related to this penalty.

Sunrise is party to certain pending lawsuits and cases with public authorities and complaint boards. Based on a legal assessment of the possible outcome of each of these lawsuits and cases, management is of the opinion that these will have no significant adverse effect on Sunrise's statement of financial position.

Under the terms of the financing documents, certain entities of Sunrise are guarantors. For the financial years ending December 31, 2024, 2023 and 2022, the maximum guarantee totals the value of shares and intercompany receivables.

(18) INCOME TAXES

Income tax expense

	Year ended December 31,		
CHF in millions	2024	2023	2022
Current income tax expense	(20.6)	(17.3)	(6.5)
Current income tax benefit (expense) of prior periods	(19.2)	1.0	0.2
Deferred income tax benefit	56.5	76.2	57.0
Total income tax benefit	**16.7**	**59.9**	**50.7**

Current and deferred income taxes are recognized by each consolidated entity of Sunrise, regardless of who has the legal liability for settlement or recovery of the tax.

Current tax liabilities

For the period 2023 the current tax liabilities presented in the consolidated financial statements related to the Dutch Sunrise financing companies. The current tax expense generated up until spin-off in 2024 (including the 2023 current tax liability for the Dutch Sunrise financing company) has been presented as being settled with the tax authorities.
The settlement is presented with no cash impact on the consolidated statements of financial position and as such is deemed to have been funded by a capital contribution from Liberty Global B.V. via equity as per spin-off date.

Analysis of income taxes

Sunrise's tax rate reconciliation is based on the domestic tax rate of the main operating company domiciled in Switzerland, with a reconciling item in respect of the tax rates applied by Sunrise companies in other jurisdictions. This tax rate is used because Sunrise's operational activities are mainly carried out in Switzerland and therefore provides the most meaningful information for the user of the consolidated financial statements. The use of Sunrise's weighted average tax rate based on the aggregation of the separate reconciliations of each individual jurisdiction/entity would result in a highly biased and therefore less meaningful expected tax rate due to the volatile results of the Dutch companies.

CHF in millions	Year ended December 31, 2024	2023	2022
Income (loss) before income taxes	(380.1)	(374.6)	30.6
Domestic income tax rate	18.3%	18.4%	18.4%
Expected income tax benefit/(expense)	**69.7**	**68.9**	**(5.6)**
Effect of income taxed at differing tax rates	5.0	(3.7)	(39.8)
Non-deductible items	(18.4)	(9.9)	(1.0)
Non-taxable income	–	0.1	0.9
Effect of changes in recognition of deferred tax assets	(0.6)	3.2	92.3
Adjustments to deferred tax balances arising from tax rate changes	–	0.5	3.3
Adjustments recognized for current and deferred tax of prior periods	(40.3)	1.0	0.3
Other effects	1.3	(0.2)	0.3
Total income tax benefit	**16.7**	**59.9**	**50.7**

In the current period, Sunrise has reached a settlement with the tax authorities regarding the ongoing tax audit. As a result, Sunrise has recognized current and deferred taxes for prior year taxes in the current period for the financial years 2020 – 2023, resulting in a reconciling item in the tax rate reconciliation. The non-tax-deductible expenses include the current year effect of the settlement.

Deferred tax assets and liabilities

Deferred tax assets and liabilities by origin of the temporary difference:

CHF in millions	December 31, 2024 Assets	Liabilities
Intangible assets	–	135.2
PP&E	–	34.2
Unrealized foreign exchange results	26.5	–
Derivatives	–	4.8
Receivables	–	3.9
RoU assets	20.4	–
Deferred revenue	0.1	20.1
Employee benefit obligations	1.4	–
Provisions	8.9	0.3
Lease liabilities	–	1.0
Other	0.1	0.4
Tax net operating loss carry forward	0.4	–
Total	**57.8**	**199.9**
Netting of deferred tax assets and liabilities	34.2	(34.1)
Reflected in the consolidated statements of financial position as follows:		
Deferred tax assets	23.6	–
Deferred tax liabilities	–	165.8

	December 31, 2023	
CHF in millions	Assets	Liabilities
Intangible assets	–	195.7
PP&E	–	43.5
Unrealized foreign exchange results	–	206.9
Derivatives	–	0.1
Receivables	0.1	–
RoU assets	19.3	–
Deferred revenue	0.1	12.7
Employee benefit obligations	1.4	–
Provisions	3.3	3.7
Lease liabilities	–	0.3
Other	–	0.4
Tax net operating loss carry forward	232.4	–
Total	**256.6**	**463.3**
Netting of deferred tax assets and liabilities	256.6	(256.6)
Reflected in the consolidated statements of financial position as follows:		
Deferred tax liabilities	–	206.7

	December 31, 2022	
CHF in millions	Assets	Liabilities
Intangible assets	–	256.2
PP&E	–	50.1
Unrealized foreign exchange results	–	79.9
Derivatives	–	0.1
RoU assets	13.9	–
Deferred revenue	–	0.1
Employee benefit obligations	0.1	–
Provisions	6.8	–
Lease liabilities	–	0.3
Other	–	0.4
Tax net operating loss carry forward	71.6	–
Total	**92.4**	**387.1**
Netting of deferred tax assets and liabilities	92.4	(92.4)
Reflected in the consolidated statements of financial position as follows:		
Deferred tax liabilities	–	294.7

Net change in deferred tax assets and liabilities

CHF in millions	2024	2023	2022
Opening balance at the beginning of the period January 1	**206.7**	**294.7**	**351.0**
Changes recognized in the consolidated statements of income or loss	(56.6)	(76.2)	(57.0)
Changes recognized in the consolidated statements of comprehensive income or loss	(1.2)	(5.4)	1.8
Changes recognized in the consolidated statements of changes in equity	(7.9)	(8.9)	(1.1)
Change in scope of consolidation / goodwill adjustment	–	3.7	–
Foreign currency effects	1.2	(1.2)	–
Closing balance at the end of the period December 31	**142.2**	**206.7**	**294.7**

The change in the deferred tax position is mainly recognized in the consolidated statements of income or loss. The changes via the consolidated statements of comprehensive income or loss mainly relate to deferred taxes in connection with IAS 19. The changes directly recorded in equity are based on capital contributions with different accounting recognition under IFRS and tax base, see Note 19.

Temporary differences associated with investments
Deferred tax liabilities are recognized in respect of investments in subsidiaries, branches and associates, and interest in joint arrangements, except to the extent that Sunrise can control the timing of the reversal of the associated taxable temporary difference, and it is probable that such will not reverse in the foreseeable future. Due to the existing double taxation agreement between Switzerland and the Netherlands, any distributions have no direct tax consequences. Furthermore, dividend income is exempt from direct income taxes in the Netherlands. Therefore, as of December 31, 2024, 2023 and 2022, this exception was not considered to apply to any taxable differences.

Unrecognized deferred tax assets on tax loss carryforwards
As of December 31, 2024, 2023 and 2022, Sunrise has the following unused tax loss carryforwards for which no deferred tax assets are recognized:

		December 31,	
CHF in millions	2024	2023	2022
Due to expire within 1 year	–	–	–
Due to expire within 2 to 7 years	16.5	–	–
Due to expire in more than 7 years	–	–	–
Amount not due to expire	–	109.4	775.2
Total	**16.5**	**109.4**	**775.2**

CHF 109.4 million remained with LG as per spin-off (as mentioned above).

Unrecognized deferred tax assets on deductible temporary differences
In the current period there are no deductible temporary differences for which no deferred tax asset has been recognized (2023: CHF 967.4 million, 2022: CHF 382.6 million).

Other disclosures

OECD Pillar Two Model Rules (Global minimum tax)
Sunrise falls under the scope of application of the OECD minimum tax. The global minimum tax regulations provide for payment of an additional tax to account for the difference between the effective Global Anti Base Erosion ('GloBE') tax rate per country and the minimum rate of 15%. Switzerland adopted new legislation introducing the global minimum tax in December 2023 that entered into force on January 1, 2024. Sunrise does not expect the minimum tax to have any impact on its activities in Switzerland, as the effective tax rate is more than 15%. The same applies to the other countries in which Sunrise operates. Sunrise is keeping an eye on developments in the minimum tax regulations and is assessing their impact on Sunrise on an ongoing basis.

Sunrise applies the exception to recognizing and disclosing information about deferred income tax assets and liabilities in connection with income taxes related to minimum tax, as provided in the amendments to IAS 12 published in May 2023.

(19) EQUITY

Ordinary share capital

Authorized ordinary share capital consists of 216 authorized common shares of which 216 are issued and outstanding as at December 31, 2024 (2023: 210, 2022: 210). The shares have a par value of €100.

Other reserves

This caption includes capital contributions from / distributions to related parties, share-based compensation related charges and distributions as well as Sunrise's accumulated losses.

During 2022, Sunrise received net capital contributions from Liberty Global Europe Holding BV of CHF 955.8 million. The capital contributions were used to (a) partially repay outstanding principal and interest on the UPCB Finance VII Euro Notes, the UPC Holding 3.875% Senior Notes, the UPC Holding 5.5% Senior Notes, and Facilities AX and AY of the Sunrise Holding Bank Facility and (b) settle associated derivative instruments. The residual amount is mainly related to distributions recognized in connection with the exercise or vesting of stock-based compensation incentive awards.

The capital charges in 2023 include distributions of CHF 50.9 million from a change in a service agreement related to technology and innovation services and a capital contribution of CHF 6.1 million related to the Dutch Sunrise Finco's current tax liability (see Note 18). The residual amount is mainly related to distributions recognized in connection with the exercise or vesting of stock-based compensation incentive awards.

The capital charges in 2024 are mainly related to the reorganization transactions due to the spin-off execution. Sunrise received capital contributions from Liberty Global Europe Holding BV of CHF 1,106.2 million. The capital contributions were used for partial repayment of Sunrise's external debt. Further contributions from LG of (i) CHF 25.1 million related to the Dutch Sunrise Finco's current tax liability (see Note 18) and (ii) CHF 53.5 million related to the settlement of certain related-party activity. The residual amount is mainly related to distributions recognized in connection with the exercise or vesting of stock-based compensation incentive awards.

Currency translation reserve

The currency translation reserve is used to record cumulative translation differences on the net assets of foreign operations. The cumulative translation differences will be recycled to the consolidated statements of comprehensive income or loss upon disposal of the foreign operations.

Actuarial gains or losses from defined benefit plans

Actuarial gains or losses from defined benefit plans include the pension reserve.

(20) FINANCIAL INCOME AND EXPENSES

	Year ended December 31,		
CHF in millions	2024	2023	2022
Finance expenses:			
Interest expense	(433.0)	(432.7)	(340.4)
Losses on debt modification and extinguishment	(4.0)	(0.1)	–
Realized and unrealized losses on derivative instruments	–	(524.5)	–
Foreign currency transaction losses	(295.2)	–	–
Gains (losses) due to changes in fair values of certain investments and debt, net	(6.1)	–	–
Other expense, net	(4.4)	(1.5)	(1.7)
Total	**(742.7)**	**(958.8)**	**(342.1)**
Finance income:			
Interest income	5.8	2.3	0.7
Realized and unrealized gains on derivative instruments	249.6	–	348.4
Foreign currency transaction gains	–	568.4	2.8
Gains (losses) due to changes in fair values of certain investments and debt, net	–	3.1	104.0
Total	**255.4**	**573.8**	**455.9**

(21) BORROWINGS

The CHF equivalents of the components of third-party debt are as follows:

	December 31, 2024		Principal amount		
	Weighted average interest rate (%)[8]	Unused borrowing capacity	December 31,		
			2024	2023	2022
		CHF in millions			
Sunrise holding bank facility	6.64%	662.0	2,239.0	3,043.3	3,307.5
Sunrise holding SPE notes	4.58%		1,468.8	1,397.1	1,522.6
Sunrise holding senior notes	4.80%		629.3	693.3	750.6
Vendor financing	3.08%		350.0	310.1	257.6
Total third-party debt before deferred financing costs, discounts, premiums and accrued interest	**5.48%**	**662.0**	**4,687.1**	**5,443.8**	**5,838.3**

The following table provides a reconciliation of total third-party debt before deferred financing costs, discounts, premiums and accrued interest to total debt including interest and related party debt:

	December 31,		
CHF in millions	2024	2023	2022
Total third-party debt before deferred financing costs, discounts, premiums and accrued interest:	4,687.1	5,443.8	5,838.3
Deferred financing costs, discounts and premiums, net	(10.3)	(18.1)	(23.8)
Total carrying amount of third-party debt	**4,676.8**	**5,425.7**	**5,814.5**
Accrued interest on third-party debt	57.4	60.4	74.8
Related party debt (note 24)	–	51.2	52.8
Total debt including interest and related party debt	**4,734.2**	**5,537.3**	**5,942.1**
Current portion of debt	407.4	370.5	443.9
Non-current portion of debt	4,326.8	5,166.8	5,498.2

[8] Represents the weighted average interest rate in effect at December 31, 2024 for all borrowings outstanding pursuant to each debt instrument, including any applicable margin. The interest rates presented represent stated rates and do not include the impact of derivative instruments, deferred financing costs, original issue premiums or discounts and commitment fees, all of which affect our overall cost of borrowing. Including the effects of derivative instruments, original issue premiums or discounts and commitment fees, but excluding the impact of deferred financing costs, the weighted average interest rate on our aggregate third-party variable- and fixed-rate indebtedness was 3.0% at December 31, 2024. The weighted average interest rate calculation includes principal amounts outstanding associated with all of our secured and unsecured borrowings. For information regarding our derivative instruments, see Note 22.

Sunrise holding bank facility

The Sunrise holding bank facility is the senior secured credit facility of certain consolidated entities of Sunrise. The details of Sunrise's borrowings under the Sunrise holding bank facility are summarized in the following tables:

December 31, 2024						
Sunrise Holding Bank facilities	Maturity	Interest rate	Facility amount (in borrowing currency)	Outstanding principal amount	Unused borrowing capacity	Carrying value
			in millions		CHF millions	
AT	April 30, 2028	Term SOFR + 2.4%	US$700.0	635.4	–	633.8
AU	April 30, 2029	EURIBOR + 2.5%	€400.0	375.8	–	374.7
AX	January 31, 2029	Term SOFR + 3.0%	US$1,044.7	948.3	–	944.0
AY	January 31, 2029	EURIBOR + 3.0%	€ 297.6	279.6	–	278.8
Revolving Facility A	May 31, 2026	EURIBOR + 2.5%	€10.0	–	9.4	–
Revolving Facility B	September 30, 2029	EURIBOR + 2.5%	€720.0	–	652.6	–
Total				**2,239.0**	**662.0**	**2,231.2**

December 31, 2023						
Sunrise Holding Bank Facilities	Maturity	Interest rate	Facility amount (in borrowing currency)	Outstanding principal amount	Unused borrowing capacity	Carrying value
			in millions		CHF millions	
AT	April 30, 2028	Term SOFR + 2.25%	US$700.0	587.4	–	585.6
AU	April 30, 2029	EURIBOR + 2.5%	€ 400.0	371.4	–	370.1
AX	January 31, 2029	Term SOFR + 3.0%	US$1,717.0	1,441.0	–	1,432.8
AY	January 31, 2029	EURIBOR + 3.0%	€ 693.0	643.5	–	641.0
Revolving Facility A	May 31, 2026	EURIBOR + 2.5%	€ 88.0	–	60.4	–
Revolving Facility B	September 30, 2029	EURIBOR + 2.5%	€ 660.0	–	612.8	–
Total				**3,043.3**	**673.2**	**3,029.5**

December 31, 2022						
Sunrise Holding Bank Facilities	Maturity	Interest rate	Facility amount (in borrowing currency)	Outstanding principal amount	Unused borrowing capacity	Carrying value
			in millions		CHF millions	
AT	April 30, 2028	Term SOFR + 2.25%	US$700.0	645.3	–	643.8
AU	April 30, 2029	EURIBOR + 2.5%	€ 400.0	395.0	–	393.0
AX	January 31, 2029	Term SOFR + 3.0%	US$1,717.0	1,582.9	–	1,572.0
AY	January 31, 2029	EURIBOR + 3.0%	€ 693.0	684.3	–	681.0
Revolving Facility	May 31, 2026	EURIBOR + 2.5%	€ 736.4	–	704.4	–
Total				**3,307.5**	**704.4**	**3,289.8**

The Sunrise Holding Revolving Facility provides for maximum borrowing capacity of CHF 685.8 million, including CHF 56.4 million under the related ancillary facility. With the exception of CHF 23.8 million of borrowings under the ancillary facility (which are blocked as financial guarantees), the Sunrise Holding Revolving Facility was undrawn at December 31, 2024. During 2023, the Sunrise holding bank facility was amended to replace LIBOR with the Term Secured Overnight Financing Rate ('**Term SOFR**') as the reference rate for US dollar-denominated loans. The facilities are subject to a floor of 0.0% of their respective reference rate. Besides, facility AY's rates are subject to adjustment based on the achievement or otherwise of certain Environmental, Social and Governance ('**ESG**') metrics.

Unused borrowing capacity represents the maximum availability under the Sunrise holding bank facility at December 31, 2024 without regard to covenant compliance calculations or other conditions. In April 2024, Revolving Facility B was amended to include an ESG-linked margin ratchet. The interest rate on Revolving Facility B is now subject to adjustment based on the achievement or otherwise of certain ESG metrics. Subject to certain customary and agreed exceptions, the Sunrise holding bank facility contains certain restrictions which, among other things, restrict the ability of the borrower to (i) incur or guarantee certain financial indebtedness, (ii) make certain disposals and acquisitions, (iii) create certain security interests over their assets and (iv) make certain restricted payments to Sunrise through dividends, loans or other distributions.

Financing transactions

In October 2024, Sunrise entered into a series of debt and repayment transactions related to the spin-off.

The transactions included the partial repayment of Term Loans AX and AY at par value. Additionally, selected Senior Secured Notes (SSNs), including USD 5.5%, EUR 3.875%, and USD 4.875% notes, were repurchased at either a discount or a premium, depending on market conditions, and subsequently cancelled. Accrued and unpaid interest on all instruments was settled as of the repayment date.

Sunrise holding SPE notes

From time to time, Sunrise creates special purpose financing entities ('**Sunrise Holding SPEs**'), some of which are owned by third parties (Third-Party SPEs). These Sunrise Holding SPEs are created for the primary purpose of facilitating the offering of senior secured notes, which Sunrise collectively refers to as the "**Sunrise holding SPE notes**". The Sunrise Holding SPEs use the proceeds from the issuance of the relevant Sunrise holding SPE notes to fund term loan facilities under the Sunrise holding bank facility made available to the relevant borrowing entity ('**Funded Facilities**'). Sunrise consolidates the Sunrise Holding SPEs and eliminates the amounts outstanding under the Funded Facilities in its consolidated financial statements.

The details of the Sunrise holding SPE notes are summarized in the following tables:

December 31, 2024						
				Outstanding principal amount		
Sunrise holding SPE notes	Maturity	Interest rate	Original issue amount	Borrowing currency	CHF equivalent	Carrying value CHF
				in millions		
2031 Sunrise holding senior secured notes	July 15, 2031	4.88%	US$1,250.0	US$1,230.0	1,116.6	1,115.9
UPCB finance VII euro notes	June 15, 2029	3.63%	€ 600.0	€ 374.9	352.2	351.3
Total					**1,468.8**	**1,467.2**

December 31, 2023						
				Outstanding principal amount		
Sunrise holding SPE notes	Maturity	Interest rate	Original issue amount	Borrowing currency	CHF equivalent	Carrying value CHF
				in millions		
2031 Sunrise holding senior secured notes	July 15, 2031	4.88%	US$1,250.0	US$1,250.0	1,049.0	1,048.0
UPCB finance VII euro notes	June 15, 2029	3.63%	€ 600.0	€ 374.9	348.1	346.8
Total					**1,397.1**	**1,394.8**

December 31, 2022						
				Outstanding principal amount		
Sunrise holding SPE notes	Maturity	Interest rate	Original issue amount	Borrowing currency	CHF equivalent	Carrying value CHF
				in millions		
2031 Sunrise holding senior secured notes	July 15, 2031	4.88%	US$1,250.0	US$1,250.0	1,152.4	1,151.2
UPCB finance VII euro notes	June 15, 2029	3.63%	€ 600.0	€ 374.9	370.2	368.4
Total					**1,522.6**	**1,519.6**

The Sunrise holding SPE notes are non-callable prior to their respective call date (as specified under the applicable indenture). If, however, at any time prior to the applicable call date, all or a portion of the loans under the related Funded Facility are voluntarily prepaid (an '**SPE Early Redemption Event**'), then the Sunrise Holding SPE will be required to redeem an aggregate principal amount of its respective Sunrise holding SPE notes equal to the aggregate principal amount of the loans prepaid under the relevant Funded Facility. In general, the redemption price payable will equal 100% of the principal amount of the applicable Sunrise holding SPE notes to be redeemed and a "make-whole" premium, which is the present value of all remaining scheduled interest payments to the applicable call date using the discount rate as of the redemption date plus a premium (as specified in the applicable indenture).

Upon the occurrence of an SPE Early Redemption Event on or after the applicable call date, the Sunrise Holding SPE will redeem an aggregate principal amount of its respective Sunrise holding SPE notes equal to the principal amount prepaid under the related Funded Facility at a redemption price (expressed as a percentage of the principal amount) plus accrued and unpaid interest and additional amounts (as specified in the applicable indenture), if any, to the applicable redemption date.

Sunrise holding senior notes

Sunrise has issued certain senior notes that rank equally with all of the existing senior debt of such issuer and are senior to all existing subordinated debt of such issuer and which are secured by a pledge over the shares of Sunrise HoldCo IV. In addition, the indentures governing Sunrise's senior notes contain customary incurrence-based covenants such as compliance with certain consolidated net leverage ratios, as well as restrictions with regard to the ability to sell certain assets. Also, in the case of a change of control, Sunrise must repurchase the relevant notes at a redemption price of 101%. Covenants are tested on a quarterly basis.

The details of the Sunrise holding senior notes are summarized in the following tables:

December 31, 2024						
				Outstanding principal amount		
Sunrise holding senior notes	Maturity	Interest rate	Original issue amount	Borrowing currency	CHF equivalent	Carrying value CHF
				in millions		
3.875% senior notes	June 15, 2029	3.88%	€ 635.00	€ 287.9	270.4	269.9
5.50% senior notes	January 14, 2028	5.50%	US$550.0	US$395.3	358.9	358.1
Total					**629.3**	**628.0**

December 31, 2023						
				Outstanding principal amount		
Sunrise holding senior notes	Maturity	Interest rate	Original issue amount	Borrowing currency	CHF equivalent	Carrying value CHF
				in millions		
3.875% senior notes	June 15, 2029	3.875%	€ 635.0	€ 337.9	313.7	312.8
5.50% senior notes	January 14, 2028	5.500%	US$550.0	US$452.3	379.6	378.5
Total					**693.3**	**691.3**

December 31, 2022						
				Outstanding principal amount		
Sunrise holding senior notes	Maturity	Interest rate	Original issue amount	Borrowing currency	CHF equivalent	Carrying value CHF
				in millions		
3.875% senior notes	June 15, 2029	3.875%	€ 635.0	€ 337.9	333.6	332.3
5.50% senior notes	January 14, 2028	5.500%	US$550.0	US$452.3	417.0	415.2
Total					**750.6**	**747.5**

Vendor financing

Represents amounts owed to various creditors pursuant to interest-bearing vendor financing arrangements that are used to finance certain of Sunrise's PP&E additions and operating expenses. These arrangements extend Sunrise's repayment terms beyond a vendor's original due dates (e.g., extension beyond a vendor's customary payment terms, which are generally 90 days or less) and as such are classified outside of accounts payable as debt on Sunrise's consolidated statement of financial position. These obligations are generally due within one year and include VAT that was also financed under these arrangements. For the purposes of Sunrise's consolidated financial statements of cash flows, operating-related expenses financed by an intermediary are treated as constructive operating cash outflows and constructive financing cash inflows when the intermediary settles the liability with the vendor as there is no actual cash outflow until Sunrise pays the financing intermediary.

(22) FINANCIAL INSTRUMENTS & RISK

Financial risk management

Sunrise operates a centralized risk management system that distinguishes between strategic and operating risks. Sunrise's overall risk management programme focuses on the unpredictability of financial market risks and seeks to minimize potential adverse effects on Sunrise's financial condition or performance. All identified risks are quantified (according to their realization probability and impact) and noted on a risk schedule.

Sunrise is exposed to a variety of financial risks, namely market risk, credit risk and liquidity risk. Financial risk management is governed by policies approved by key management personnel. These policies provide guidelines for overall risk management as well as specific areas such as interest rate risk.

Foreign currency exposures

Substantially all of Sunrise's debt is in currencies other than the Swiss franc (see Note 21 for additional information). Therefore, Sunrise's policy is to provide for an economic hedge against foreign currency exchange rate movements by using derivative instruments to synthetically convert unmatched debt into the applicable underlying currency. The following table shows the impact of a possible change in the Euro and the US dollar against the Swiss franc, all other variables held constant before the impact of economic hedging against foreign currency exchange rate movements. The impact on Sunrise's profit before tax is mainly driven by foreign exchange gains/losses of Euro- and US dollar-denominated cash and cash equivalents, trade and other receivables as well as trade, borrowing and other payables. As of December 31, 2024, 2023 and 2022, Sunrise has no other material exposure to foreign currencies.

Foreign currency sensitivity

		December 31,		
		Effect on profit before tax		
		2024	2023	2022
	Changes in %		CHF in millions	
EUR/CHF	10	177.4	279.1	301.1
USD/CHF	10	380.4	477.8	382.8

Interest rate risk

Sunrise is exposed to changes in interest rates primarily as a result of its borrowing activities, which include fixed-rate and variable-rate borrowings by its subsidiaries.

Sunrise's interest rate risk mainly arises from borrowings primarily under the Sunrise Holding Bank Facility, which are indexed to EURIBOR, Term SOFR, Secured Overnight Financing Rate ('**SOFR**'), Swiss Average Rate Overnight ('**SARON**') or other base rates.

In general, Sunrise enters into derivative instruments to protect against increases in the interest rates on variable-rate debt. An instantaneous increase/ decrease in the relevant base rate of 10 basis points would have increased/decreased the aggregate fair value of Sunrise's interest rate derivatives by approximately CHF 13.0 million (2023: CHF 20.5 million, 2022: CHF 18.2 million). Such a movement would be predominantly offset by gains or losses on interest expense.

Capital management and liquidity risk

Sunrise's objectives in managing capital are to secure its ongoing financial needs, to continue as a going concern, to meet its financial targets, to provide returns to its shareholder and to maintain a cost efficient and risk-optimized capital structure.

Sunrise's managed capital structure consists of equity (as disclosed in Note 19), current and non-current borrowings (see Note 21) less cash and cash equivalents.

In order to maintain this capital structure, Sunrise manages its liquidity to ensure its ability to service its borrowings.

Liquidity risk arises when there is difficulty in Sunrise meeting its financial obligations. In addition to cash and cash equivalents, the primary sources of liquidity are cash provided by operations and access to the available borrowing capacity of various debt facilities.

Sunrise uses budgeting and cash flow forecasting tools to ensure that there are sufficient resources to meet its liquidity requirements on a timely basis. Further, Sunrise also maintains a liquidity reserve to provide for unanticipated cash outflows. Cash flow forecasting is performed by the Sunrise treasury function. Rolling forecasts of Sunrise's liquidity requirements are established on a regular basis to ensure sufficient cash is available to meet operational needs and to honour Sunrise's obligations under its financing arrangements, including the maintenance of borrowing limits and covenant compliance.

The table below summarizes the maturity profile of Sunrise's financial liabilities based on contractual undiscounted cash outflows (inflows). All interest payments and repayments of financial liabilities are based on contractual agreements. Interest payments are determined using zero-coupon rates. For floating rate instruments, the calculation is computed using the base rate and applicable margin prevailing as of December 31, 2024.

	December 31, 2024				
CHF in millions	<1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	**Total**
Trade payables and other payables	741.7	14.7	15.0	15.0	**786.4**
Borrowings – notional	–	–	3,220.6	1,116.5	**4,337.1**
Borrowings – interest	246.1	484.2	360.8	54.4	**1,145.5**
Lease liabilities (undiscounted)	164.1	152.0	425.3	925.7	**1,667.1**
Derivatives	175.7	127.7	9.2	–	**312.6**

Undrawn borrowing facilities

As part of the senior facilities agreement Sunrise benefits from a multi-currency revolving credit facility with a total commitment equal to CHF 685.8 million (2023: CHF 694.6 million, 2022: CHF 727.1 million). Of this amount CHF 56.4 million (2023: CHF 21.4 million, 2022: CHF 22.7 million) is available as an ancillary facility. With the exception of CHF 23.8 million (2023: CHF 21.4 million, 2022: CHF 22.7 million) of borrowings under the ancillary facility (which are blocked as financial guarantees), the Sunrise Holding Revolving Facility was undrawn at each financial year end.

Credit risk

Credit risk arising from supplying telecommunications services is managed by assessing the credit quality of the customer, considering its financial position, past experience, payment history and other factors. Sunrise periodically assesses the financial reliability of its customers and their credit limits.

Sunrise is exposed to the risk that the counterparties to their derivative instruments and cash holdings will default on their obligations. In this regard, credit risk associated with derivative instruments is spread across a relatively broad counterparty base of banks and financial institutions. Collateral is generally not posted by either party under the derivative instruments.

Concentrations of credit risk with respect to trade receivables and contract assets are limited due to the nature of Sunrise's business with very low customer concentration.

At December 31, 2024, Sunrise's exposure to counterparty credit risk included (i) derivative assets with an aggregate fair value of CHF 0.2 million, (ii) trade receivables of CHF 387.3 million and (iii) cash and cash equivalents and restricted cash of CHF 352.3 million.

Allowance for expected credit losses

The development of the allowance for expected credit losses of trade receivables for the indicated periods is set forth below:

CHF in millions	2024	2023	2022
Allowance at January 1	(30.6)	(22.2)	(22.7)
Provisions for impairment of trade receivables	(30.8)	(15.6)	(26.0)
Write-off of receivables	29.5	7.2	26.5
Allowance at December 31	**(31.9)**	**(30.6)**	**(22.2)**

The detailed aging of Sunrise's trade receivables and the related allowance for expected credit losses is set forth below:

December 31, 2024 CHF in millions	**Current (not due)**	**1-30 days (overdue)**	**31-60 days (overdue)**	**61-90 days (overdue)**	**91-120 days (overdue)**	**121-365 days (overdue)**	**Over 365 days (overdue)**	**Total**
Trade receivables gross	153.8	100.9	15.7	12.7	6.2	38.2	–	**327.5**
Trade receivable gross - Aging %	47.0%	30.8%	4.8%	3.9%	1.9%	11.7%	–%	**100.0%**
Trade receivables - affiliates								**0.2**
Allowance for doubtful accounts	(1.0)	(0.9)	(2.4)	(1.8)	(1.7)	(24.1)	–	**(31.9)**
Allowance for doubtful accounts - Aging %	3.1%	2.8%	7.6%	5.6%	5.3%	75.6%	–%	**100.0%**
Trade receivables - Provision %	0.6%	0.9%	15.4%	14.2%	27.3%	63.1%	–%	**9.7%**
Unbilled revenue								**57.2**
Current trade receivables, net								**353.0**
Non-current trade receivables gross	34.3	–	–	–	–	–	–	**34.3**
Non-current trade receivables gross - Aging %	100.0%	–%	–%	–%	–%	–%	–%	**100.0%**
Non-current trade receivables, net								**34.3**

December 31, 2023 CHF in millions	Current (not due)	1-30 days (overdue)	31-60 days (overdue)	61-90 days (overdue)	91-120 days (overdue)	121-365 days (overdue)	Over 365 days (overdue)	Total
Trade receivables gross	227.2	42.2	22.4	10.1	9.7	66.4	–	**378.0**
Trade receivable gross - Aging %	60.1%	11.2%	5.9%	2.7%	2.6%	17.6%	–%	**100.0%**
Trade receivables - affiliates								**(0.1)**
Allowance for doubtful accounts	(0.8)	(0.6)	(2.1)	(1.4)	(1.1)	(24.6)	–	**(30.6)**
Allowance for doubtful accounts - Aging %	2.5%	1.8%	6.9%	4.4%	3.5%	80.8%	–%	**100.0%**
Trade receivables - Provision %	0.3%	1.3%	9.4%	13.4%	11.0%	37.2%	–%	**8.1%**
Unbilled revenue								**43.6**
Current trade receivables, net								**390.9**
Non-current trade receivables gross	44.0	–	–	–	–	–	–	**44.0**
Non-current trade receivables gross - Aging %	100.0%	–%	–%	–%	–%	–%	–%	**100.0%**
Non-current trade receivables, net								**44.0**

December 31, 2022 CHF in millions	Current (not due)	1-30 days (overdue)	31-60 days (overdue)	61-90 days (overdue)	91-120 days (overdue)	121-365 days (overdue)	Over 365 days (overdue)	Total
Trade receivables gross	229.5	78.1	14.8	7.2	10.9	21.9	0.1	**362.5**
Trade receivable gross - Aging %	63.3%	21.5%	4.1%	2.0%	3.0%	6.0%	–%	**100.0%**
Trade receivables - affiliates								**–**
Allowance for doubtful accounts	(0.1)	(0.8)	(0.9)	(0.7)	(5.1)	(14.6)	–	**(22.2)**
Allowance for doubtful accounts - Aging %	0.6%	3.5%	3.9%	3.2%	23.0%	65.7%	–%	**100.0%**
Trade receivables - Provision %	0.1%	1.0%	5.9%	10.0%	46.8%	66.5%	–%	**6.1%**
Unbilled revenue								**49.5**
Current trade receivables, net								**389.8**
Non-current trade receivables gross	27.5	–	–	–	–	–	–	**27.5**
Non-current trade receivables gross - Aging %	100.0%	–%	–%	–%	–%	–%	–%	**100.0%**
Non-current trade receivables, net								**27.5**

Trade receivables are non-interest bearing and are generally collected within one year. When a trade receivable is determined to be uncollectible, it is written off against the allowance account. The allowance for expected credit losses of trade receivables is included within other operating items in the consolidated statements of income or loss.

Fair value estimation

The fair value of Sunrise's debt instruments are generally determined using the average of applicable bid and ask prices. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where available and rely as little as possible on entity-specific estimates. If all significant inputs required to calculate the fair value of an instrument are observable, the instrument is included in Level 2.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, Sunrise determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no transfers between the different hierarchy levels in 2024, 2023 and 2022.

The fair values of financial assets and financial liabilities are summarized in the following table. Not included therein are certain financial assets and liabilities whose carrying amount corresponds to a reasonable estimation of their fair value, measured at amortized cost. These include cash and cash equivalents, trade receivables, accrued liabilities, lease liabilities and trade payables, as well as other receivables and liabilities whose carrying amount corresponds to a reasonable estimation of their fair value.

		December 31,					
		2024		2023		2022	
CHF in millions	Fair value level	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Current assets carried at FVTPL							
Derivative financial instruments	II	162.5	162.5	237.0	237.0	220.2	220.2
Non-current assets carried at FVTPL							
Derivative financial instruments	II	5.1	5.1	90.6	90.6	389.5	389.5
Non-current assets carried at amortized cost							
Related party long-term receivables	II	–	–	149.0	149.0	85.9	85.9
Total financial assets		**167.6**	**167.6**	**476.6**	**476.6**	**695.6**	**695.6**
Current liabilities carried at FVTPL							
Derivative financial instruments	II	179.3	179.3	179.7	179.7	201.4	201.4
Current liabilities carried at amortized cost							
Vendor financing	II	350.0	350.0	310.1	310.1	257.6	257.6
Accrued interest	II	57.4	57.4	60.4	60.4	74.8	74.8
Non-current liabilities carried at FVTPL							
Derivative financial instruments	II	421.1	421.1	755.1	755.1	392.8	392.8
Non-current liabilities carried at amortized cost							
Third-party debt	I	4,326.8	4,085.8	5,115.6	4,944.4	5,556.9	5,167.1
Related party long-term payables	II	–	–	51.2	51.2	52.8	52.8
Total financial liabilities		**5,334.6**	**5,093.6**	**6,472.1**	**6,300.9**	**6,536.3**	**6,146.5**

Reconciliation of movements in liabilities to cash flows from financing activities

CHF in millions	Debt and accrued interest	Derivative (assets)/ liabilities	Lease liabilities	Total
Balance as of January 1, 2024	**5,537.3**	**607.3**	**1,257.6**	**7,402.2**
Cash flows from financing activities:				
Interest paid	(359.2)	–	(61.0)	**(420.2)**
Vendor financing additions	363.4	–	–	**363.4**
Repayments of debt and lease liabilities	(1,064.7)	–	(114.4)	**(1,179.1)**
Principal payments on operating-related vendor financing	(327.9)	–	–	**(327.9)**
Principal payments on capital-related vendor financing	(49.1)	–	–	**(49.1)**
Net cash received related to derivative instruments	–	52.3	–	**52.3**
Related-party payments	(101.7)	–	–	**(101.7)**
Total cash flows from financing activities	**(1,539.2)**	**52.3**	**(175.4)**	**(1,662.3)**
Losses on debt extinguishment	3.9	–	–	**3.9**
Realized and unrealized (gains) losses on derivative instruments, net	–	(249.6)	–	**(249.6)**
Interest accruals	358.2	–	69.8	**428.0**
Assets acquired under leases	–	–	126.3	**126.3**
Assets acquired under capital-related vendor financing arrangements, including VAT	52.1	–	–	**52.1**
Effect of changes in foreign exchange rates	271.8	15.6	–	**287.4**
Other related party charges	49.9	–	–	**49.9**
Other changes	0.2	7.3	(59.0)	**(51.5)**
Balance as of December 31, 2024	**4,734.2**	**432.9**	**1,219.3**	**6,386.4**

CHF in millions	Debt and accrued interest	Derivative (assets)/ liabilities	Lease liabilities	Total
Balance as of January 1, 2023	**5,942.1**	**(15.5)**	**1,347.9**	**7,274.5**
Cash flows from financing activities:				
Interest paid	(364.1)	–	(58.4)	(422.5)
Vendor financing additions	271.2	–	–	271.2
Repayments of debt and lease liabilities	–	–	(107.6)	(107.6)
Principal payments on operating-related vendor financing	(171.8)	–	–	(171.8)
Principal payments on capital-related vendor financing	(124.8)	–	–	(124.8)
Payment of financing costs and debt premiums	0.1	–	–	0.1
Net cash received related to derivative instruments	–	117.1	–	117.1
Related-party payments	(327.8)	–	–	(327.8)
Total cash flows from financing activities	**(717.2)**	**117.1**	**(166.0)**	**(766.1)**
Realized and unrealized (gains) losses on derivative instruments, net	–	524.4	–	524.4
Interest accruals	358.7	–	67.9	426.6
Assets acquired under leases	–	–	56.2	56.2
Assets acquired under capital-related vendor financing arrangements, including VAT	77.6	–	–	77.6
Effect of changes in foreign exchange rates	(453.4)	(13.3)	–	(466.7)
Other related party charges	329.4	–	–	329.4
Other changes	0.1	(5.4)	(48.4)	(53.7)
Balance as of December 31, 2023	**5,537.3**	**607.3**	**1,257.6**	**7,402.2**

CHF in millions	Debt and accrued interest	Derivative (assets)/ liabilities	Lease liabilities	Total
Balance as of January 1, 2022	**6,882.3**	**304.0**	**1,120.1**	**8,306.4**
Cash flows from financing activities:				
Interest paid	(267.6)	–	(61.6)	(329.2)
Vendor financing additions	148.2	–	–	148.2
Repayments of debt and lease liabilities	(899.4)	–	(112.4)	(1,011.8)
Principal payments on operating-related vendor financing	(198.2)	–	–	(198.2)
Principal payments on capital-related vendor financing	(86.3)	–	–	(86.3)
Payment of financing costs and debt premiums	(26.3)	–	–	(26.3)
Net cash received related to derivative instruments	–	(4.9)	–	(4.9)
Related-party payments	(524.0)	–	–	(524.0)
Total cash flows from financing activities	**(1,853.6)**	**(4.9)**	**(174.0)**	**(2,032.5)**
Losses on debt extinguishment	(2.8)	–	–	(2.8)
Realized and unrealized (gains) losses on derivative instruments, net	–	(348.4)	–	(348.4)
Interest accruals	272.8	–	65.3	338.1
Assets acquired under leases	–	–	343.9	343.9
Assets acquired under capital-related vendor financing arrangements, including VAT	117.5	–	–	117.5
Effect of changes in foreign exchange rates	(47.8)	(1.2)	–	(49.0)
Other related party charges	580.5	–	–	580.5
Other changes	(6.8)	35.0	(7.4)	20.8
Balance as of December 31, 2022	**5,942.1**	**(15.5)**	**1,347.9**	**7,274.5**

(23) INVESTMENTS

The details of investments accounted for using the equity method are set forth below:

CHF in millions	2024	2023	2022
Balance at January 1	52.5	55.9	20.7
Additions	0.6	0.0	35.8
Share of net results	1.3	(0.3)	2.2
Dividends	(3.0)	(3.1)	(2.8)
Other	(3.0)	–	–
Balance at December 31	**48.4**	**52.5**	**55.9**

(24) RELATED-PARTY TRANSACTIONS

The following table provides details of related-party transactions:

	Year ended December 31,		
CHF in millions	2024	2023	2022
Credits (charges) included in:			
Revenue	3.1	4.6	2.9
Direct costs	(3.8)	(2.3)	(5.6)
Personnel expenses	(15.9)	(18.6)	(23.0)
Other operating expenses	(116.9)	(118.1)	(183.3)
Included in operating income (loss)	**(133.5)**	**(134.4)**	**(209.0)**
Finance expense	(1.6)	(3.3)	(1.9)
Finance income	0.7	1.4	0.3
Included in net income (loss)	**(134.4)**	**(136.3)**	**(210.6)**
PP&E transfers, net	11.3	23.7	4.9

Prior to the spin-off, the Sunrise business was a segment of LG such that transactions with LG were considered related-party transactions. Sunrise will remain a strategic partnership and entered into a separation and distribution agreement as well as various other agreements governing relationships with LG going forward, including technology and IT services, financial services, shared services, and a variety of transitional management services to drive operational efficiency and value maximization. Information included in this Note with respect to LG is strictly limited to related-party transactions with LG prior to the spin-off on November 8, 2024.

Sunrise charges fees and allocates costs and expenses to certain LG subsidiaries and vice versa, as further described below.

Although we believe that the related-party charges and allocations described below are reasonable, no assurance can be given that the related-party costs and expenses reflected in our consolidated statements of income or loss are reflective of the costs that we would incur on a standalone basis.

Revenue

Amounts primarily relate to interconnect services provided to certain subsidiaries of LG, for which the amount of the charges or allocations are based upon commercially negotiated rates.

Direct costs

Amounts primarily relate to certain cash settled charges from certain LG subsidiaries and affiliates to Sunrise for programming-related and interconnect services, which are allocated based on commercially negotiated rates.

Personnel expenses

Amounts are allocated to Sunrise by certain LG subsidiaries and represent share-based compensation expenses associated with the LG share-based incentive awards held by certain employees of Sunrise, which are allocated based on Sunrise's share of costs without any additional mark-ups.

Other operating expenses

Amounts primarily include charges from certain LG subsidiaries for network and software-related services, maintenance, hosting and other items, which are allocated to Sunrise's share of costs with or without any additional mark-ups depending on the services provided.

Additionally, Sunrise receives services from LG's corporate departments under the terms of a general service agreement. These services are allocated from LG to Sunrise based on Sunrise's share of costs with an additional mark-up.

Interest expense

Amounts primarily relate to interest accrued on a related-party loan with a subsidiary of LG. Interest expense is accrued and included in other non-current liabilities during the year, and then added to the related-party loan balance at the end of the year.

Interest income

Amounts primarily include interest accrued on a related-party loan with a subsidiary of LG. Interest income is accrued and included in long-term interest receivable during the year, and then added to the receivable balance at the beginning of the following year.

PP&E transfers, net

These amounts, which are generally cash settled, include the net carrying values of (i) construction in progress, including certain capitalized labor, transferred to or acquired from certain LG subsidiaries, (ii) CPE acquired from certain LG subsidiaries, which centrally procure equipment on behalf of Sunrise and various other LG subsidiaries, (iii) the value of certain internally developed software technology acquired from certain LG subsidiaries and (iv) used CPE and network-related equipment acquired from or transferred to certain LG subsidiaries.

The following table provides details of Sunrise's related-party balances:

	December 31,		
CHF in millions	2024	2023	2022
Current receivables [a]	15.2	6.1	7.6
Long-term note receivables	–	149.0	85.9
	15.2	**155.1**	**93.5**
Accounts payable	0.3	14.5	–
Accrued other liabilities	20.4	38.8	66.9
Non-current related party loan	–	51.2	52.8
Other non-current liabilities	0.1	1.8	2.1
	20.8	**106.3**	**121.8**

(a) These receivables are non-interest bearing, may be cash or loan settled and are included within trade receivables, net and other current assets.

The settlement of the long-term note receivables and the non-current related-party loan, together with other spin-off related transactions and cash-flows, led to net advances from related parties of CHF 214.4 million and payments to related parties of CHF 101.7 million during 2024, as disclosed in the consolidated statement of cash flows.

(25) BUSINESS COMBINATIONS

On January 13, 2023, Sunrise acquired all outstanding shares of the telco business of the Elektra Baselland Telecom ('**EBLT**') cooperative.

CHF in millions	Fair value recognized on acquisition
Assets:	
Cash and cash equivalents	5.2
Accounts receivable	3.6
Other receivables	0.6
Inventories	0.1
Accrued income	0.3
PP&E	73.7
Intangible assets	8.1
	91.6
Liabilities:	
Accounts payable	(2.6)
Other current liabilities	(0.9)
Accrued liabilities	(0.7)
Deferred tax liabilities	(3.5)
	(7.7)
Total identifiable net assets at fair value	**83.9**
Goodwill arising on acquisition	6.4
Total consideration transferred	**90.3**
Cash acquired with the subsidiary	(5.2)
Net cash paid for acquisition	**85.1**

Since the date of acquisition, EBLT has been fully integrated and therefore contributed to the continuing operations of Sunrise.

(26) SUBSIDIARIES AND ASSOCIATES

The following table lists the principal legal entities which are included in the consolidated financial statements:

Company name	Operating purpose	Registered office	Currency	December 31, 2024 capital and voting rights share in %	December 31, 2023 capital and voting rights share in %
CH Media TV AG [1]	Media	Switzerland	CHF	20.00	20.00
ello communications S.A.	Telecommunications	Switzerland	CHF	60.00	60.00
ITV Betriebsgesellschaft GmbH [1]	Telecommunications	Switzerland	CHF	50.00	50.00
Naxoo S.A [1]	Telecommunications	Switzerland	CHF	48.90	48.90
REGIONALE GEMEINSCHAFTS-ANTENNEN-ANLAGE SPIEZ AG REGAS [1]	Telecommunications	Switzerland	CHF	30.00	30.00
Sitel S.A.	Telecommunications	Switzerland	CHF	66.70	66.70
Sunrise Financing Partnership	Holding	United States	CHF	100.00	100.00
Sunrise FinCo I B.V.	Holding	Netherlands	CHF	100.00	100.00
Sunrise FinCo II B.V.	Holding	Netherlands	CHF	100.00	100.00
Sunrise GmbH	Telecommunications	Switzerland	CHF	100.00	100.00
Sunrise HoldCo I B.V.	Holding	Netherlands	CHF	100.00	100.00
Sunrise HoldCo II B.V.	Holding	Netherlands	CHF	100.00	100.00
Sunrise HoldCo III B.V.	Holding	Netherlands	CHF	100.00	100.00
Sunrise Portugal S.A.	Telecommunications	Portugal	CHF	100.00	100.00
Swiss Open Fiber AG	Telecommunications	Switzerland	CHF	100.00	100.00
Swiss-Ski Store GmbH [1]	Other	Switzerland	CHF	50.00	–
TELDAS GmbH [1]	Telecommunications	Switzerland	CHF	23.00	23.00
Télédistal S.A.	Telecommunications	Switzerland	CHF	38.90	38.90
Télévaux S.A.	Telecommunications	Switzerland	CHF	80.00	80.00
UPCB Finance VII Limited [2]	Holding	Cayman Islands	CHF	–	–

1) Investment is accounted for using the equity method.
2) As of December 31, 2024, no shares are held, but the entity is controlled by Sunrise.

(27) EVENTS AFTER THE BALANCE SHEET DATE

On February 4, 2025 Sunrise announced the issuance of a new USD 1,300 million term loan facility under the terms of the Additional Facility AAA Accession Agreement to Sunrise Financing Partnership, issued at 99.75% of par. The facility AAA will bear interest at a rate of 2.50% (the '**Original Margin**') per annum and be due on January 31, 2032. The full proceeds of the issuance were used to refinance the existing USD Term Loan B due 2029 (Bank Facility AX) and partially refinance existing EUR Term Loan B (Bank Facility AY) due 2029.

The Original Margin depends on meeting the conditions and targets in Sunrise's Sustainability Report and ESG Certificate. These must be shared with the Facility Agent from the financial year ending December 31, 2026 to December 31, 2031.

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Report of the Independent Auditor to the Board of Directors on the Audit of the Consolidated Financial Statements of Sunrise HoldCo IV B.V., Schiphol-Rijk

Opinion

We have audited the consolidated financial statements of Sunrise HoldCo IV B.V. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2024, 2023, and 2022, and January 1, 2022, the consolidated statements of income or loss, the consolidated statements of comprehensive income or loss, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended December 31, 2024, 2023, and 2022, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements (pages 69 to 112) give a true and fair view of the consolidated financial position of the Group as at December 31, 2024, 2023, and 2022 and January 1, 2022 and of its consolidated financial performance and its consolidated cash flows for each of the years ended December 31, 2024, 2023, and 2022, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the “Auditor's Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We are independent of the Group in accordance with the requirements of the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor’s report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Financial Statements
The Board of Directors is responsible for the preparation of the consolidated financial statements, which give a true and fair view in accordance with the provisions of IFRS, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

– Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

– Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

KPMG AG

Oliver Eggenberger
Auditor In-Charge

Achim Wolper

Zurich, March 17, 2025