



Remuneration Report 2022

Telekom Austria AG



Remuneration Report 2022

Report on the Remuneration of the Members of the Management Board and the Supervisory Board of Telekom Austria AG

1. Introduction

This remuneration report describes the main features of the remuneration system for the members of the Management Board and Supervisory Board of Telekom Austria AG (hereinafter also referred to as "A1 Group") and provides information on the remuneration granted and owed to the members of the Management Board and Supervisory Board in fiscal 2022. It takes into account the requirements set out in Section 78c and Section 98a of the Austrian Stock Corporation Act and is based on Statement 37 of the Austrian Financial Reporting and Auditing Committee ("AFRAC Statement").

The remuneration report was approved by the Supervisory Board at its meeting on May 4, 2023. In accordance with the requirements of stock corporation law, the remuneration report will be presented for resolution at the Annual General Meeting on June 7, 2023.

1.1. Overview of the economic situation

The A1 Group had a successful fiscal year 2022 and generated both revenue and EBITDA growth in a difficult macroeconomic environment. While the public grew increasingly concerned about rising inflation, good demand for key mobile and fixed-line services persisted.

The Group's total revenues increased by 5.4% to EUR 5,005mn in 2022, primarily driven by service revenue growth in all segments. Equipment revenues also increased. Moreover, revenues benefited from index-based price adjustments made in several markets during the course of the year.

In an environment of rising costs, especially due to significantly higher energy prices, the A1 Group rigorously focused on the implementation of efficiency measures. The Group's costs and expenses rose by 4.1% in 2022. Nearly half of this increase is attributable to higher electricity costs.

EBITDA increased by 7.7% to EUR 1,838 mn, since the solid service revenue growth more than compensated for rising operating costs in all markets.

Operating income (EBIT) increased to EUR 871 mn (+15.6%). Net result amounted to EUR 635 mn in 2022 (+39.5%). Net debt declined by 15.3% to EUR 2,400 mn on account of the strong free cash flow. Net debt (excl. leases)/EBITDA after leases decreased from 1.3x as of December 31, 2021, to 1.0x as of December 31, 2022, and reflects the company's very sound balance sheet structure.

The high-performance, future-proof infrastructure of the A1 Group continues to provide a solid, reliable foundation for these gratifying results. Therefore, the Group invested EUR 944 mn in the reporting year – equating to an increase in capital expenditure (CAPEX) of 5.9%. This growth was mainly attributable to higher investments in the Austrian fiber network and the further expansion of the 5G mobile network.

2. Remuneration policy and remuneration system for members of the Management Board

The current remuneration system is based on the remuneration policy approved by a majority of 99.2% at the Annual General Meeting on September 24, 2020.¹⁾

2.1. Main features and objectives

The remuneration of the **members of the Management Board** is linked to the implementation of the strategy as well as to the positive development of the company in the short and long term. The individual remuneration elements are designed to support the strategic objectives for the long-term and sustainable development of the company.

Management Board remuneration is based on the following cornerstones:

- The interplay between remuneration and performance: the performance-related variable elements form the predominant share of total remuneration.
- Sustainable development: Variable remuneration is aimed at the sustainability of performance and increasing the value of the company and maps share price development, financial and non-financial indicators and elements.

- Strategic relevance: The performance targets are in line with the Group strategy.

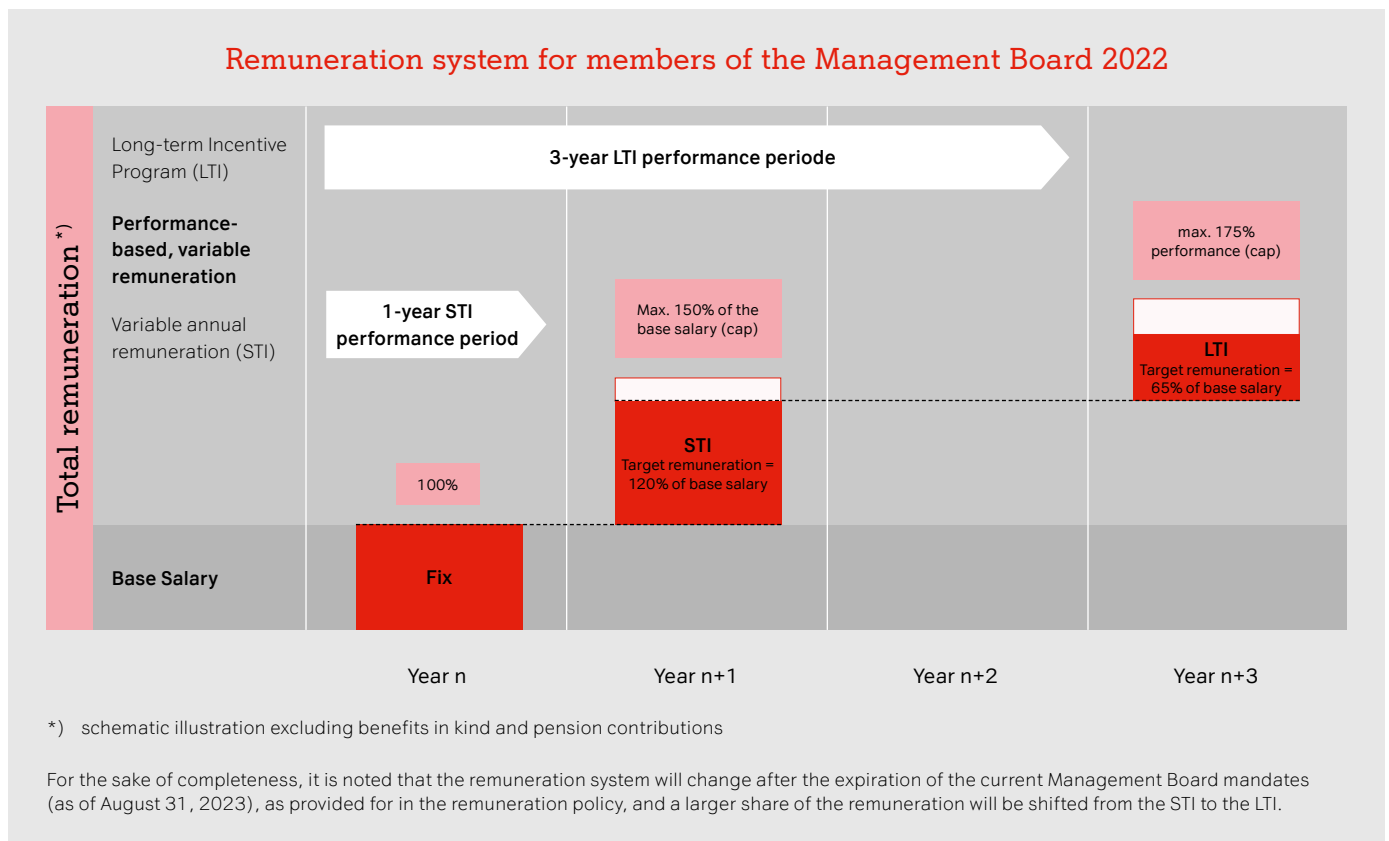
The objective of Management Board remuneration is to offer the members of the Management Board a remuneration package that is both in line with the market and competitive. Appropriate remuneration should enable the A1 Group to attract, retain and motivate the most qualified managers in the interests of the company.

2.2. Overview of the individual remuneration elements for members of the Management Board

The remuneration of the A1 Group’s Management Board comprises **fixed** (non-performance-related) and **variable** (performance-related) remuneration elements.

The fixed remuneration comprises the base salary, benefits in kind as well as pension contributions. The variable remuneration comprises the variable annual remuneration (short-term incentive, “STI”) and the variable multi-year long-term incentive (“LTI”). The majority of the target remuneration for members of the Management Board consists of the performance-based variable remuneration elements STI and LTI.

The following chart summarizes the structure of the remuneration system, including target remuneration for fiscal 2022:



1) The remuneration policy for the Management Board of the A1 Telekom Austria Group is available at: https://cdn1.a1.group/final/en/media/pdf/agm2020_Remuneration_policy_Management_Board.pdf

3. Remuneration of the Management Board members in 2022

The following section describes the remuneration elements and discusses total Management Board remuneration for the past fiscal year 2022. The objectives and target achievement of the variable remuneration components of the Management Board members are presented in detail for this purpose. Both remuneration "owed" and "granted" for Management Board members are disclosed:²⁾

Remuneration **owed** includes, on the one hand, the amounts actually received by the individual Management Board member that are attributable to this reporting period (fixed remuneration). On the other hand, it includes the entitlements definitively granted for this period, even if payment is not made until a later period³⁾ and/or if the amount has not yet been definitively determined.⁴⁾

The **remuneration granted** relates to accruals recognized in a fiscal year and other deferrals of remuneration components that are economically attributable to this reporting period due to legal or contractual obligations, but whose definitive determination and payout will be made in subsequent periods only.⁵⁾

The following tables contain the remuneration components owed, i.e. the definitively granted entitlements that have already been paid out. The LTI 2021 and LTI 2022 programs still in progress are shown as remuneration granted.

3.1. Fixed, non-performance-related remuneration in 2022

Members of the Management Board receive a **fixed annual base salary**, which is based on the salary structure of listed Austrian companies and comparable international listed companies and depends on the scope of the duties and responsibilities of the respective Management Board member and the duration of the role. In addition, the members of the Management Board are entitled to **benefits in kind (including various insurance benefits)** and **pension contributions**.

The benefits in kind include the provision of a company car or corresponding remuneration in the form of a car allowance. If required, a pool driver can be used. In addition, accident insurance and supplementary health insurance are provided, and a contribution is paid to the voluntary pension scheme of an intercompany external pension fund (APK), with the contribution corresponding to 20% of the respective base salary.

In the 2022 reporting year, the fixed remuneration in accordance with the remuneration policy is as follows:

Fixed remuneration in 2022

in EUR	Thomas Arnoldner	Alejandro Plater	Siegfried Mayrhofer
Base salary	535,000	588,500	495,000
Benefits in kind	11,836	15,000	11,288
Supplementary health insurance	5,576	11,094	4,560
Accident insurance	633	825	246
Contributions to corporate pension fund	107,000	117,700	99,000
TOTAL fixed remuneration	660,045	733,119	610,095

2) For remuneration "owed" and "granted," see AFRAC Statement 28.

3) STI 2022.

4) LTI 2020.

5) LTI 2021, LTI 2022.

3.2. Variable yearly remuneration (short-term incentive, STI) 2022

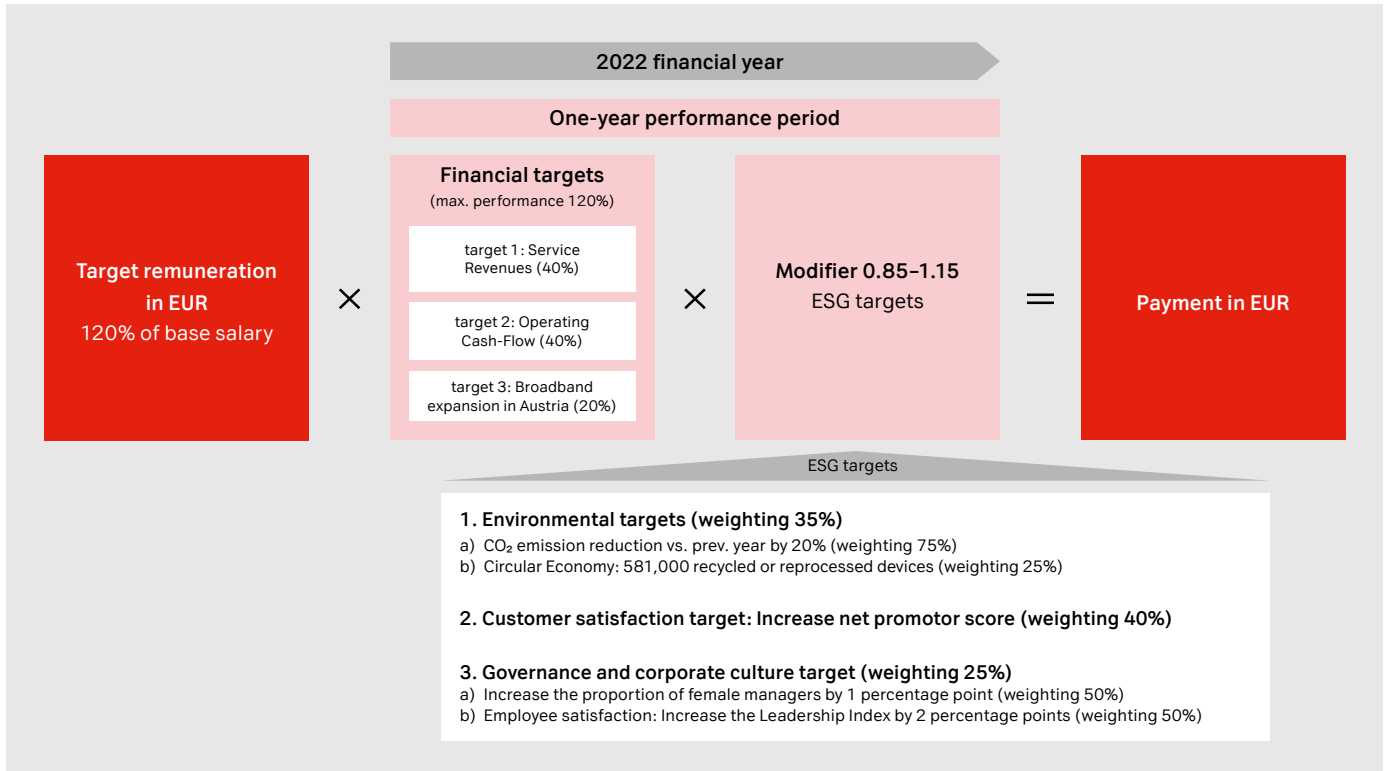
The annual **STI** takes into account the achievement of financial and operational targets, strategy implementation and corporate development. The Remuneration Committee defines corresponding performance criteria for each fiscal year.

The degree of achievement of the financial targets can range from 0% to 120%, with lower limits defined for the individual indicators at a degree of target achievement of 80%. The target achievement from the financial targets is multiplied by the “modifier,” which establishes a direct link to strategy

implementation and ESG targets and can be a value between 0.85 and 1.15, thus influencing the level of target achievement by a maximum of +/- 15%.

The maximum payout for the STI achieved at 120% total target achievement is 150% of base salary (cap). At 100% target achievement, the STI is 120% of base salary.

The Remuneration Committee of the Supervisory Board has agreed the following **STI targets** with the Management Board **for the fiscal year 2022** in accordance with the remuneration policy:



The 2022 budget values for the key performance indicators of **service revenues** and **operating cash flow**⁶⁾ were defined as **financial targets** with a weighting of 40% each. In addition, broadband expansion in Austria was agreed as a target with a weighting of 20%.

The **modifier** is based entirely on ESG targets and includes the topics of environment, customer satisfaction, governance and corporate culture (promotion of women and employee satisfaction).

Based on the target values and target achievement corridors defined by the Remuneration Committee and the audited financial statements, the **STI target achievement for fiscal 2022 is 116.1%**.

6) Operating cash flow defined as EBITDA adjusted for net expense from accruals for personnel and restructuring costs, as well as working capital and other changes, less net interest and income tax payments and lease payments.

In detail, the STI 2022 target achievement is as follows:

Target criteria	Weighting	Target and details	Performance corridor	Performance levels	Value achieved	Performance	Weighted performance
Financial targets	40%	Budget figure 2022	-5% < x < +3%	80% - 120%	103% of target value	119.8%	47.9%
	40%	Budget figure 2022	-10% < x < +3%	80% - 120%	116.1% of target value	120%	48%
	20%	Number of newly upgraded households in Austria supplied with broadband (homes passed)	85% < x < 120%	80% - 120%	90.3% of target value	87.1%	17.4%
Financial targets	100%			80% - 120%			113.3%
Modifier (ESG-targets)	a) 26.25%	a) Reduction of CO ₂ -emissions (Scope 1+2 market based) compared with 2021	a) -10% < -20% -30% CO ₂	85-115%	a) -28% CO ₂ -emissions	a) 112%	a) 29.4%
	b) 8.75%	b) 581 K recycled or reprocessed devices	b) +10% < 0% < +10% devices		b) 689.9 K devices	b) 115%	b) 10.1%
Customer satisfaction target	40%	Increase the recommendation rate (NPS)	Defined target values	85-115%	114.4% of target value	102%	40.9%
Governance and corporate culture- target	a) 12.5%	a) Increase the proportion of female managers by 1 percentage point	a) +0% < +1% P < +2% P	85-115%	a) +0.44% P	a) 92%	a) 11.5%
	b) 12.5%	b) Employee satisfaction: Increase the Leadership Index by 2 percentage points	b) 0% P < +2% P +5% P		b) -6% P	b) 85%	b) 10.6%
Modifier	100%			85-115%			102.4%
2022 STI performance = Financial target performance x Modifier performance							116.1%

Explanation of above graphic:

The STI 2022 target achievement reflects strong business results in FY 2022; financial targets were achieved at a level of 113.3% and the modifier 102.4%, resulting in an overall target achievement of 116.1%.

Financial targets: Target achievement 113.3%

The **revenue target** for the financial targets was exceeded by 3%, resulting in target achievement of 119.8%. The **operating cash flow target** was exceeded by 16.1%, resulting in target achievement of 120%. The **“broadband roll-out in Austria” target** (number of newly upgraded households in Austria supplied with broadband (“homes passed”)) was achieved at 90.3%.

Overall, this results in a weighted **target achievement** of **113.3%** for the financial targets.

Modifier (ESG targets; multiplier for financial targets): Target achievement 102.4%

The **“Modifier target 1”** contains two **environmental targets**:

- a) For the **CO₂ reduction target** (reduction of CO₂ emissions (Scope 1+2, market-based) compared with 2021), CO₂ emissions (Scope 1+2, market-based) were reduced by 28% compared with the previous year.⁷⁾ The target achievement is thus 112%.
- b) The **circular economy target** (581,000 recycled or reprocessed devices) was clearly exceeded with a target achievement is 115%. In 2022, a total of 689,901 end-of-life devices were collected, of which 224,886 were sent for proper recycling. The remaining devices were reprocessed.⁸⁾

The **“Modifier target 2”** is a **customer satisfaction target** aimed at increasing the **recommendation rate** (measured based on NPS (net promoter score)). Here, 102% of the target set by the Remuneration Committee was achieved.

The **“Modifier target 3”** is a **governance and corporate culture target** and is formed as follows:

- a) Regarding the **promotion of women**, the **“Increase the proportion of female managers by 1 percentage point”** target was not fully achieved, with an increase of 0.44 percentage points. The target achievement rate is 92%.
- b) The **“Increase the Leadership Index by 2 percentage points” employee satisfaction target** was not achieved. The index fell by 6 percentage points. The target achievement rate is 85%.

Overall, this results in a **modifier target achievement** of **102.4%** or a **modifier of 1.024**, by which the achievement of financial targets (113.3%) is achieved. This results in an **overall target achievement rate of 116.1%** for the STI 2022.

With an **STI target achievement level of 116.1%**, this results in an **STI 2022** of 144.15% of the base salary of the Management Board members. The following amounts were paid out:

in EUR	
Thomas Arnoldner	771,203
Alejandro Plater	848,323
Siegfried Mayrhofer	713,543

The achievement of the STI targets for 2022 was reviewed by Ernst & Young Wirtschaftsprüfungsgesellschaft and determined by the Remuneration Committee of the Supervisory Board on the basis of the audited 2022 financial statements in February 2023.

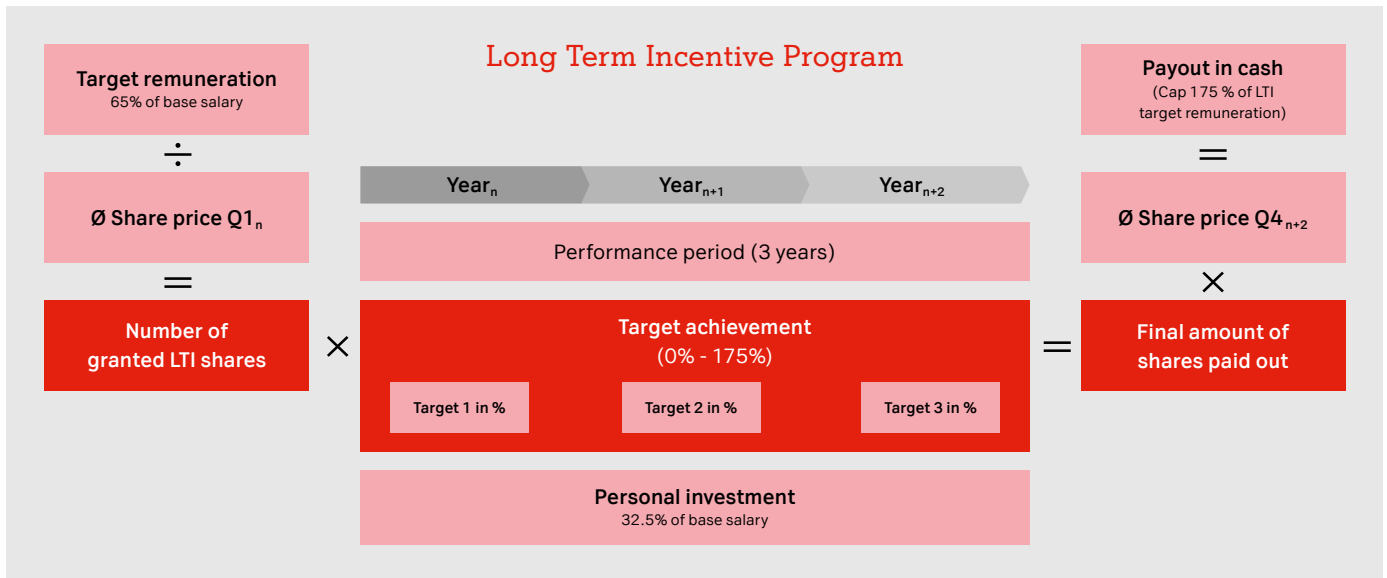
7) For more details, see Sustainability Report 2022.

8) For more details, see Sustainability Report 2022.

3.3. Variable long-term remuneration (long-term incentive, LTI)

Under the multi-year LTI, Management Board members are awarded performance-based notional bonus shares which are settled in cash when the remuneration falls due ("LTI shares").

The following graphic provides an overview of the LTI:



At 100% target achievement, the annual LTI is 65% of base salary. The LTI is issued annually, with each LTI tranche covering three fiscal years ("performance period").

For each LTI tranche, 65% of the base salary is divided by the average share price in the first quarter of the performance period; this gives the number of LTI shares in the tranche. After the three-year performance period, the LTI shares granted are multiplied by the target achievement level (cap at a target achievement of 175%) to give the number of shares to be paid out. The amount to be paid out is calculated based on the average share price in the last quarter of the performance period.

In determining target achievement, the Remuneration Committee may take into account significant extraordinary effects not foreseen in the budget or business plan and consequently not foreseen in the targets.

Each member of the Management Board is required to hold a personal investment in Telekom Austria AG shares amounting to 32.5% of the annual base salary over the term of the respective LTI tranche. If the personal investment is lower, the number of LTI shares is reduced accordingly.⁹⁾ The personal investment can also be used for further tranches.

In the 2022 reporting year, the members of the Management Board held the following personal investments:

	shares
Thomas Arnoldner	26,970
Alejandro Plater	33,638 ¹⁰⁾
Siegfried Mayrhofer	24,750

The following LTI tranches are relevant for the 2022 reporting year:

- ▶ The LTI 2019 (performance period 2019-2021) was paid out in 2022 and is allocated to remuneration for 2021 as "remuneration owed" (for details see "LTI 2019 target achievement and payout amounts").
- ▶ The entitlements under LTI 2020 (performance period 2020-2022) were definitively granted as of December 31, 2022 (remuneration owed). Payout will take place in 2023 (for details see "LTI 2020 - expected payout amounts").
- ▶ Provisions have been recognized for the 2021 LTI tranche (performance period 2021-2023), which are reported in this report as "remuneration granted" (for details see "Remuneration granted from current LTI tranches").
- ▶ The LTI tranche 2022 (performance period 2022-2024) was newly granted in the reporting year and a corresponding provision was recognized, which is presented in this report as "remuneration granted" (for details see "Remuneration granted from current LTI tranches").

9) Twice the amount of the personal investment in Telekom Austria AG shares.

10) Alejandro Plater held 36,520 shares in the 2022 reporting year, of which 33,638 were his personal LTI investment.

The following table summarizes the main terms of these LTI tranches; all LTI payouts are made in cash in accordance with the remuneration policy:

LTI-Tranchen

	LTI 2022	LTI 2021	LTI 2020	LTI 2019 ^{*)}
Start of performance period	January 1, 2022	January 1, 2021	January 1, 2020	January 1, 2019
Grant date	June 1, 2022	June 1, 2021	August 1, 2020	August 1, 2019
End of performance period	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Vesting date (payment)	June 1, 2025	June 1, 2024	August 1, 2023	August 1, 2022
Number of bonus shares as of grant date				
Thomas Arnoldner	46,503	53,940	50,091	53,068
Alejandro Plater	51,153	59,334	55,101	53,068
Siegfried Mayrhofer	43,026	49,500	46,346	49,100

^{*)} The LTI 2019 was paid out in 2022 with an established target achievement of 112.8% and a share price of EUR 7.62.

The target criteria and target values for the individual LTI tranches are determined by the Remuneration Committee and are as follows in accordance with the remuneration policy for the respective tranches:

Target criteria and target values for the LTI 2019, LTI 2020 and LTI 2021 tranches:

	Weighting LTI 2020, LTI 2021 in %	Weighting LTI 2019 in %	Target and definition	Performance level	Target achievement corridor ^{*)}
Operating ROIC target	34	50	Ø Operating ROIC , according to the budget or business plan approved by the Supervisory Board for three years (performance period)	25 < 100 < 175 (cap)	<ul style="list-style-type: none"> ▶ 100% target achievement: achievement of ROIC target value (budget) ▶ 175% target achievement (cap): achievement of the target value (derived from peer group benchmark^{**}) ▶ 25% target achievement: achievement of target value (derived from peer group^{**}) or WACC); below this value, target achievement is 0%
Revenue market share target	33	50	Growth of revenue market share for three years (performance period), consolidated over all markets of the A1 Group	25 < 100 < 175 (cap)	<ul style="list-style-type: none"> ▶ 100% target achievement achievement for market share growth of 0.5% ▶ 175% target achievement achievement (cap) for market share growth of 1% ▶ 25% target achievement for market share growth of 0%; below this value, target achievement is 0%
Sustainable financing/ green financing target	33	-	Green financing: Completion of all long-term financing in 2020-2022 (LTI 2020) or 2021-2023 (LTI 2021) with green bonds or other sustainable financial instruments	0/100	ja/nein

^{*)} Values between the target value and the upper or lower limit are interpolated linearly.

^{**)} Peer group comprises: Deutsche Telekom, Orange, Swisscom, Proximus, Telefonica, Telia, Telecom Italia, Telenor, KPN and OTE.

Target criteria and target values for the LTI 2022 tranche:

	Weighting LTI 2022 in %	Target and definition	Performance level	Target achievement corridor *)
Operating ROIC target	34	Ø Operating ROIC , according to the budget or business plan approved by the Supervisory Board for three years (performance period)	25 < 100 < 175 (cap)	<ul style="list-style-type: none"> ▶ 100% target achievement: achievement of ROIC target value (budget) ▶ 175% target achievement (cap): achievement of the target value (derived from peer group benchmark **)) ▶ 25% target achievement: achievement of target value (derived from peer group **)); below this value, target achievement is 0%
Revenue market share target	33	Growth of revenue market share for three years (performance period), consolidated over all markets of the A1 Group	25 < 100 < 175 (cap)	<ul style="list-style-type: none"> ▶ 100% target achievement achievement for market share growth of 0.5% ▶ 175% target achievement achievement (cap) for market share growth of 1% ▶ 25% target achievement for market share growth of 0%; below this value, target achievement is 0%
ESG target (1): Energy efficiency	20	Increase in energy efficiency ¹¹⁾	25 < 100 < 175 (cap)	<ul style="list-style-type: none"> ▶ 100% target achievement for an increase in energy efficiency by 32% by the end of 2024 (based on 2021 baseline) ▶ 175% target achievement (cap) for an increase in energy efficiency by 47% ▶ 25% target achievement for an increase in energy efficiency by 17%; below this value, target achievement is 0%
ESG target (2): Employee training	13	Increase in training hours per full-time equivalent	25 < 100 < 175 (cap)	<ul style="list-style-type: none"> ▶ 100% target achievement for an increase in training hours per full-time equivalent to 40 hours in 2024 ▶ 175% target achievement (cap) at 50 training hours per full-time equivalent ▶ 25% target achievement at 30 training hours per full-time equivalent; below this value, the target achievement is 0%

*) Values between the target value and the upper or lower limit are interpolated linearly.

***) Peer group comprises: Deutsche Telekom, Orange, Swisscom, Proximus, Telefonica, Telia, Telecom Italia, Telenor, KPN and OTE.

11) Measured as electricity required per terabyte transferred (in MWh/terabyte)

3.3.1. LTI 2019 target achievement and payout amounts

The LTI 2019 tranche was paid out to the Management Board members Thomas Arnoldner, Alejandro Plater and Siegfried Mayrhofer at the end of the three-year performance period on August 1, 2022, based on a target achievement of 112.8% as determined by the Remuneration Committee. Target achievement was verified by Ernst & Young Wirtschaftsprüfungsgesellschaft.

As the entitlements of the LTI 2019 were definitively granted in fiscal 2021 (remuneration owed), they are allocated to fiscal year 2021 in this remuneration report.¹²⁾

The details of target achievement and payouts for the LTI tranche 2019 are as follows:

2019 LTI performance

Target criteria (KPI)	Weighting in %	Target and details	Target achievement corridor %	Performance level in %	Value achieved in %	Performance in %	Weighted performance in %
Operating ROIC	50	Ø Operating ROIC of 2019-2021	<ul style="list-style-type: none"> ▸ Target value: 10.8 ▸ Upper threshold: 11.2 ▸ Lower threshold: 5.2 ▸ Below threshold: < 5.2 	<ul style="list-style-type: none"> ▸ 100 ▸ 175 ▸ 25 ▸ 0 	10.3	93.3	46.7
Market share growth	50	Revenue market share growth (consolidated across all A1 Group markets) from January 1, 2019 - December 31, 2021	<ul style="list-style-type: none"> ▸ Target value: 0.5 ▸ Upper threshold: 1 ▸ Lower threshold: 0 ▸ Below threshold: < 0 	<ul style="list-style-type: none"> ▸ 100 ▸ 175 ▸ 25 ▸ 0 	0.72 growth of revenue market share	132.3	66.1
2019 LTI performance							112.8

LTI 2019 payout

	Number of bonus shares at grant (August 1, 2019)	Actual performance in %	Number of bonus shares paid	Payout at price in EUR	Payout amount in EUR ¹³⁾
Thomas Arnoldner	53,068	112.8	59,861	7.62	456,139
Alejandro Plater	53,068	112.8	59,861	7.62	456,139
Siegfried Mayrhofer	49,100	112.8	55,385	7.62	422,032

12) In accordance with the recommendations of the AFRAC statement.

13) At the time of writing the 2021 remuneration report, the LTI 2019 target achievement was not yet available or the amount of remuneration owed for the LTI tranche 2019 was not yet known and the LTI 2019 payout amounts were reported in the 2021 remuneration report based on the expected target achievement of 97.2%. The corresponding expected payout amounts for the LTI tranche 2019 in the 2021 remuneration report were EUR 393,056 for Thomas Arnoldner, EUR 393,056 for Alejandro Plater and EUR 363,666 for Siegfried Mayrhofer. In the total remuneration in this report, the 2021 payouts are now presented based on the actual LTI 2019 target achievement of 102.7%.

3.3.2. LTI 2020 – expected payout amounts

The entitlements under LTI 2020 were definitively granted in the 2022 reporting year. The payout will take place in 2023. The expected payouts are allocated as remuneration owed to the 2022 remuneration. As LTI 2020 target achievement will not be determined until mid-2023¹⁴⁾, the amount of remuneration is not yet known. For the purposes of this report, the expected payout amount is based on the target achievement of 102.7% expected for the 2022 financial statements and a share price of EUR 5.85 as follows:

ration is not yet known. For the purposes of this report, the expected payout amount is based on the target achievement of 102.7% expected for the 2022 financial statements and a share price of EUR 5.85 as follows:

LTI 2020

	Number of bonus shares at grant (August 1, 2020)	Expected performance in %	Expected number of bonus shares	Payout at price in EUR	Expected payout amount in EUR
Thomas Arnoldner	50,091	102.7	51,443	5.85	300,893
Alejandro Plater	55,101	102.7	56,589	5.85	330,988
Siegfried Mayrhofer	46,346	102.7	47,597	5.85	278,379

3.3.3. Remuneration granted from current LTI tranches

As of the balance sheet date, there is a provision for the total expected future expense of the LTI program for the portion already earned, which was calculated on based on fair values. The fair values are determined based on the expected achievement of the performance criteria and the expected share price. The following provisions were recognized at the balance sheet date:

vement of the performance criteria and the expected share price. The following provisions were recognized at the balance sheet date:

Carrying amount of provisions

as of December 31, 2022

in EUR	LTI 2022	LTI 2021	LTI 2020
Thomas Arnoldner	94,547	241,613	297,343
Alejandro Plater	104,001	265,775	327,083
Siegfried Mayrhofer	87,478	221,725	275,113

The provisions are accrued over the benefit period. The change in provisions was recognized in personnel expenses for 2022 as follows:

LTI – expenses for 2022

in EUR	LTI 2022	LTI 2021	LTI 2020	LTI 2019
Thomas Arnoldner	94,547	105,722	47,916	63,083
Alejandro Plater	104,001	116,294	52,709	63,083
Siegfried Mayrhofer	87,478	97,020	44,334	58,366

14) After the published values of the peer group and competitors are available.

4. Overview of total remuneration for members of the Management Board

The following presentation of total remuneration includes the remuneration owed in 2022.¹⁵⁾ As already stated under 3.3.2, the remuneration shown for LTI 2020 is based on assumptions. The total remuneration indicated for 2022 is therefore to be understood as an **expected amount**.

The **total remuneration owed to the members of the Management Board** in fiscal 2022 amounts to around EUR 5.25 mn (previous year: EUR 5.77 mn). Of this, around

EUR 2.00 mn is attributable to fixed, non-performance-related remuneration (previous year: EUR 2.01 mn). The variable, performance related elements break down as follows: short-term variable remuneration (STI) EUR 2.33 mn (previous year: EUR 2.43 mn) and long-term variable remuneration (LTI, expected payout amount) EUR 0.91 mn (previous year: EUR 1.33 mn). Overall, this results in a year-on-year decrease in total remuneration of -9.0% (previous year: +26.3%).

The ratio of the individual remuneration components to total remuneration in 2022 compared with 2021 is as follows: the relative share of fixed remuneration is 38% (previous year: 35%) and the relative share of variable remuneration is 62% (previous year: 65%) of total remuneration.

Total remuneration 2022

in EUR	Arnoldner	Plater	Mayrhofer	Total
Fixed remuneration	660,045	733,119	610,095	2,003,259
Variable remuneration STI 2022 (payout in 2023)	771,203	848,323	713,543	2,333,068
Variable remuneration LTI 2020 (expected payout amount; payout in 2023)	300,893	330,988	278,397	910,277
Subtotal - variable remuneration (STI + LTI)	1,072,095	1,179,310	991,939	3,243,345
Total remuneration	1,732,141	1,912,430	1,602,034	5,246,604
Change in total remuneration y-o-y in %	-9.7	-7.8	-9.8	-9.0
Relative share of fixed remuneration in %	38	38	38	38
Relative share of variable remuneration in %	62	62	62	62

In comparison, the table below shows the remuneration owed in 2021, of which the fixed base salary was paid in 2021 and the variable components in 2022.

Total remuneration 2021

in EUR	Arnoldner	Plater	Mayrhofer	Total
Fixed remuneration	659,655	735,265	610,659	2,005,580
Variable remuneration STI 2021 (payout in 2022)	802,500	882,750	742,500	2,427,750
Variable remuneration LTI 2020 (payout in 2022)	456,139	456,139	422,032	1,334,310
Subtotal - variable remuneration (STI + LTI)	1,258,639	1,338,889	1,164,532	3,762,060
Total remuneration	1,918,294	2,074,154	1,775,191	5,767,640

¹⁵⁾ The presentation differs from the mandatory disclosures in the notes to the financial statements according to UGB or IRFS (remuneration of active and former members of the Management Board) due to different disclosure requirements and is therefore only comparable to a limited extent.

In accordance with Section 78c (2) No. 2 of the Austrian Stock Corporation Act the **annual change** in the economic success of the company, total remuneration of the Management Board and the average remuneration of the company's other employees on a full-time equivalent basis is presented.

The A1 Group's net result increased by 39.5% in fiscal year 2022 compared to the previous year. In the same period, the average remuneration of employees in Austria (average salaries

on a full-time equivalent basis) increased by 3.5% and the remuneration of the Management Board decreased by -9%. In the period under review since the current remuneration reporting requirements came into effect in 2019, the company's good performance manifested itself particularly in a strong increase in the net result, which rose by 93.8% from 2019 to 2022. In the same period, the average remuneration of employees in Austria rose by 9.8% and total remuneration of the Management Board increased by 3.5% on a comparable basis.¹⁶⁾

Annual change

Total remuneration (EUR)	2019	2020	2021	2022	2022
Change in %		vs. 2019	vs. 2020	vs. 2021	vs. 2019
Arnoldner	1,382,409	1,492,710	1,918,294	1,732,141	
Change in %		8 (-8.9*)	28.5 (25.3*)	-9.7	25.5 (3.1*)
Plater	1,858,206	1,672,634	2,074,154	1,912,430	
Change in %		-10.0	24.0	-7.8	2.9
Mayrhofer	1,529,915	1,403,080	1,775,191	1,602,034	
Change in %		-8.3	26.5	-9.8	4.7
Management Board total	4,770,530	4,568,424	5,767,640	5,246,604	
Change in %		-4.2 (-9.1*)	26.3 (25.2*)	-9.0	10.0 (3.5*)

*) Comparable basis inclusive LTI remuneration for Thomas Arnoldner in 2019 and 2020¹⁶⁾

Business performance indicators

Net result (in Mio.EUR)	327.4	388.8	455.0	634.6	
Change in %		18.7	17.0	39.5	93.8

Average remuneration of employees in Austria

Average salaries in EUR	65,174	67,175	69,166	71,581	
Change in %		3.1	3.0	3.5	9.8

5. Other information and explanations

The 2021 remuneration report was approved by a majority of 99.56% at the Annual General Meeting on June 27, 2022. No variable remuneration components were clawed back in the 2022 reporting year.

16) Thomas Arnoldner (member of the Management Board since September 1, 2018) received no LTI remuneration in fiscal year 2019 and pro-rata LTI remuneration in 2020. Therefore, the reported annual changes in total remuneration in 2019-2020 and 2020-2021 as well as 2019-2022 are not meaningful. To establish meaningful comparability, the amount of Thomas Arnoldner's theoretical LTI-based remuneration in these years was determined as EUR 297,649 for 2019 and an additional EUR 37,652 for 2020. The expressions in brackets in the table reflect the changes as if Mr. Arnoldner had received these LTI remuneration elements.

17) The remuneration policy for the Supervisory Board of A1 Group is available at:
https://cdn1.a1.group/final/en/media/pdf/agm2020_Remuneration_policy_Supervisory_Board.pdf

6. Main features of the remuneration policy for members of the Supervisory Board

The remuneration for the members of the company's Supervisory Board is designed to ensure the independent performance of the Supervisory Board's duties and to ensure that monitoring by the Supervisory Board is independent of the company's performance. As the remuneration of the Supervisory Board is not linked to key corporate figures or share price developments, it promotes a critical distance from the interests of the Management Board. This independence represents a cornerstone for the long-term and sustainable development of the company.

6.1. Overview of the individual remuneration elements for Supervisory Board members

The structure and remuneration elements for the Supervisory Board are governed by the remuneration policy.¹⁷⁾ Elected Supervisory Board members receive an annual fixed lump-sum remuneration (basic remuneration). For the Chair of the Supervisory Board, this annual fixed lump-sum remuneration is doubled; the Deputy Chair receives one and a half times the amount of the annual fixed lump-sum remuneration.

The membership of shareholder representatives in one or more committees is additionally remunerated with a fixed annual lump sum. If shareholder representatives chair one or more committees, this fixed annual lump sum is increased by 20%.

The fixed remuneration is payable after a resolution has been passed by the Annual General Meeting. Employee representatives are not entitled to the fixed remuneration, as they perform their function as an honorary post in accordance with the statutory provisions.

All members of the Supervisory Board receive a fixed attendance fee for each Supervisory Board meeting and each committee meeting. The members of the Supervisory Board are also entitled to reimbursement of their cash expenses.

The amount of Supervisory Board remuneration is decided annually at the Annual General Meeting for the respective previous fiscal year. The current remuneration for members of the Supervisory Board, which was determined at the Annual General Meeting on June 27, 2022 for fiscal year 2021, is as follows:

The remuneration for the Chair of the Supervisory Board was determined at EUR 40,000, for the Deputy Chair at EUR 30,000 and for other Supervisory Board members elected by the Annual General Meeting at EUR 20,000, thus remaining unchanged from previous years. In addition, each committee member receives EUR 10,000. The Chair of the committee receives EUR 12,000. Remuneration for committee members is limited to one committee mandate. Accordingly, committee members receive remuneration only once each, even if they belong to several committees. Until further notice, the attendance fee per Supervisory Board member and meeting amounts to EUR 400 per meeting.

Remuneration of Supervisory Board members for fiscal year 2021

In EUR	
For the Chair	40,000
For the Deputy Chair	30,000
For each additional member of the Supervisory Board	20,000
For the Chair of a committee	12,000
For each additional committee member	10,000
Attendance fees	400

6.2. Remuneration of Supervisory Board members in 2022

The remuneration of the members of the Supervisory Board for fiscal 2022 will be determined at the Annual General Meeting resolving on fiscal 2022. The remuneration reported below as "Supervisory Board remuneration granted in 2022" is based on the assumption of unchanged remuneration compared with the previous year (2021) (see 6.1.).

Supervisory Board remuneration is paid after the resolution has been adopted at the Annual General Meeting on June 7, 2023. The attendance fee for 2022 was already paid in two installments (at mid-year and year-end) in 2022.

In the 2022 reporting year, the total Supervisory Board remuneration granted, including attendance fees, amounts to EUR 372,400 (in 2021: EUR 369,085).

This results in the following total remuneration **granted to the members of the Supervisory Board in the 2022 reporting year:**

Supervisory Board remuneration granted in 2022 and payable in 2023

in EUR	Basic remuneration granted in 2022	Committee remuneration granted in 2022	Attendance fees in 2022 (paid in 2022)	Total
Edith Hlawati *)	40,000	12,000	4,800	56,800
Carlos José García Moreno Elizondo	30,000	12,000	6,800	48,800
Christine Catasta **)	20,000	10,000	4,000	34,000
Oscar Von Hauske Solis	20,000	12,000	6,800	38,800
Dr. Karin Exner-Wöhrer	20,000	-	2,000	22,000
Carlos M. Jarque	20,000	10,000	4,400	34,400
Alejandro Cantú Jiménez	20,000	10,000	2,000	32,000
Dr. Hans-Peter Hagen	20,000	10,000	3,600	33,600
Dr. Peter Kollmann	20,000	10,000	3,600	33,600
Daniela Lecuona Torras	20,000	-	2,400	22,400
Renate Richter	-	-	1,600	1,600
Werner Luksch	-	-	3,600	3,600
Alexander Sollak	-	-	4,400	4,400
Gottfried Kehrer	-	-	2,400	2,400
Gerhard Bayer	-	-	4,000	4,000
Total	230,000	86,000	56,400	372,400

*) Aliquot Supervisory Board remuneration and attendance fees from February 1, 2022 until December 31, 2022 were transferred to ÖBAG.

**) Aliquot Supervisory Board remuneration and attendance fees from January 1, 2022 until December 31, 2022 were transferred to ÖBAG.

Explanation of above remuneration:

The values shown in the table are made up as follows:

- ▶ Edith Hlawati: EUR 52,000
 - ▶ EUR 40,000 for the Chair of the Supervisory Board
 - ▶ EUR 12,000 for the role of Chair of the Remuneration Committee
- ▶ Carlos García Moreno Elizondo: EUR 42,000
 - ▶ EUR 30,000 for the Deputy Chair of the Supervisory Board
 - ▶ EUR 12,000 for the role of Chair of the Audit Committee
- ▶ Christine Catasta EUR 30,000
 - ▶ EUR 20,000 basic remuneration
 - ▶ EUR 10,000 for a committee mandate
- ▶ Oscar Von Hauske Solís: EUR 32,000
 - ▶ EUR 20,000 basic remuneration
 - ▶ EUR 12,000 for the role of Chair of the Personnel and Nomination Committees
- ▶ Alejandro Cantú Jiménez, Hans-Peter Hagen, Carlos M. Jarque and Peter Kollmann: EUR 30,000 each
 - ▶ EUR 20,000 each basic remuneration
 - ▶ EUR 10,000 each for a committee mandate
- ▶ Karin Exner-Wöhrer and Daniela Lecuona Torras: EUR 20,000 each for basic remuneration
- ▶ The members delegated by the employee representatives Gerhard Bayer, Gottfried Kehrer, Werner Luksch, Renate Richter, Alexander Sollak receive only attendance fees.

The following table shows the comparative values for fiscal year 2021.

Supervisory Board remuneration granted in 2021 and paid in 2022

in EUR	Basic remuneration granted in 2021	Committee remuneration granted in 2021	Attendance fees in 2021 (paid in 2021)	Total
Edith Hlawati	40,000	12,000	5,200	57,200
Carlos José García Moreno Elizondo	30,000	12,000	7,200	49,200
Christine Catasta *) **)	6,411	3,205	1,600	11,216
Oscar Von Hauske Solis	20,000	12,000	7,200	39,200
Dr. Karin Exner-Wöhrer	20,000	-	2,400	22,400
Carlos M. Jarque	20,000	10,000	4,400	34,400
Alejandro Cantú Jiménez	20,000	10,000	2,000	32,000
Dr. Hans-Peter Hagen	20,000	10,000	4,400	34,400
Dr. Peter Kollmann	20,000	10,000	4,400	34,400
Daniela Lecuona Torras	20,000	-	2,000	22,000
Thomas Schmid *) ***)	8,712	4,356	2,000	15,068
Renate Richter	-	-	2,000	2,000
Werner Luksch	-	-	4,400	4,400
Alexander Sollak	-	-	4,400	4,400
Gottfried Kehrer	-	-	2,400	2,400
Gerhard Bayer	-	-	4,400	4,400
Total	225,123	83,562	60,400	369,085

*) Supervisory Board remuneration and attendance fees were paid to Österreichische Beteiligungs AG (ÖBAG).

***) Supervisory Board remuneration and attendance fees from September 6 to December 31, 2021. Ms. Catasta has been a Supervisory Board member since September 6, 2021.

****) Attendance fees from January 1 to June 8, 2021. Mr. Schmid resigned from the Supervisory Board as of June 8, 2021.



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