



Report of the Supervisory Board

Dear shareholders,

In the 2023 financial year, the A1 Group once again recorded good results and, in the face of challenging circumstances, demonstrated the resilience of its business model and the importance of its critical digital infrastructure. In addition to geopolitical crises, persistently high inflation rates – albeit somewhat lower than in the previous year – continued to stifle purchasing power and overall economic demand. Despite all of these challenges, the A1 Group continued on its growth trajectory thanks to the consistent implementation of its corporate strategy and a prudent financial policy.

The reporting year was also marked by a number of strategic milestones such as the renewal of the shareholders' agreement, the spin-off of the radio tower business, and changes to the Management Board.

In February, the shareholders' agreement between the two main shareholders, América Móvil and ÖBAG, was renewed for a further ten years. Key elements are the commitment to the Group's headquarters in Austria, the listing on the Vienna Stock Exchange, and the additional investment volume of EUR 1 billion for broadband expansion in Austria.

In September 2023, the spin-off of the radio tower business, which maintains the prior proportion of shares, and the listing of EuroTeleSites AG on the Vienna Stock Exchange were successfully implemented. This enables the A1 Group to place greater focus on its core business and creates additional value for our shareholders.

In the 2023 financial year, the A1 Group's total revenues increased by 4.9% to EUR 5,251 million. The growth drivers included measures to offset inflation, solid development in the core mobile business, and strong growth in the ICT sector.

In view of high inflation and rising costs, the A1 Group continued to focus on efficiency measures to compensate for the ongoing cost pressure, particularly in the areas of energy and personnel. Overall, EBITDA growth of 4.7% to EUR 1,924 million was achieved due to higher service revenues. Operating income (EBIT) increased to EUR 911 million (+4.5%). The net income amounted to EUR 646 million in 2023 (+1.8%).

Financial debt was reduced by approximately EUR 1 billion with the spin-off of the radio tower business. The debt ratio (net debt ratio after leases/EBITDAaL) amounted to 0.4x at the end of 2023 versus 1.0x at the end of 2022. Thanks to its low level of debt and conservative financial policy, the A1 Group now has an "A-" rating from all three leading credit rating agencies, making it one of the top performers in the industry in Europe.

The solid basis for these pleasing results remains the A1 Group's state-of-the-art and future-proof infrastructure. In the reporting year, the Group invested EUR 1,093 million (+15.7%) in its capital expenditures (CAPEX). The majority of investments were made for the expansion of the Austrian fiber optic network and the further expansion of the 5G mobile network.

The A1 Group continues to make progress in the area of sustainability with an ongoing dialog and a clear set of goals. Among other things, the A1 Group has been able to reduce its CO₂ emissions by 54% (Scope 1 and Scope 2 market-based) since 2019 (2023 vs. 2022: -13%) and improve energy efficiency by 56%. The company has thus made significant progress toward achieving its goals of reducing CO₂ emissions by 90% by 2030 and increasing energy efficiency, measured in terms of electricity required per data volume transferred, by 80%.



The Group-wide "Climate Transition Plan" project was also initiated in 2023. The main objective of the Climate Transition Plan is to mitigate the A1 Group's impact on climate change and reduce CO₂ emissions to net zero in line with the A1 Group's CO₂ targets.

Strategy and measures in the area of sustainability were once again recognized externally in the 2023 financial year: The renowned non-profit organization CDP once again included the company on its exclusive "A list." In addition, the A1 Group was again named as "ESG Industry Top Rated" by Sustainalytics, putting it in the top five of the 200+ telecommunications companies worldwide.

There were changes to the composition of the Management Board in the 2023 financial year: CFO Siegfried Mayrhofer left the company at his own request when his Management Board mandate expired on August 31, 2023. At its meeting on May 4, 2023, the Supervisory Board reappointed the Management Board members Alejandro Plater and Thomas Arnoldner with effect from September 1, 2023 until August 31, 2026, with an extension option for a further two years. Alejandro Plater – until then Chief Operating Officer – assumed the position of CEO and Thomas Arnoldner – until then CEO – assumed the position of Deputy CEO.

On behalf of the Supervisory Board, I would like to take this opportunity to thank Siegfried Mayrhofer for his outstanding accomplishments. He held various management positions in the Group's finance department since 2000, was appointed CFO of Telekom Austria AG in 2014, and has made a significant contribution to the positive development of the A1 Group.

There was also a change in the Supervisory Board in 2023. At the Annual General Meeting on June 7, 2023, Christine Catasta stepped down from the Supervisory Board and Stefan Fürnsinn was elected as a new member. The Supervisory Board mandates of Edith Hlawati, Karin Exner-Wöhrer, Alejandro Cantú and Oscar von Hauske-Solís were also extended at this Annual General Meeting.

In financial year 2023, the Supervisory Board extensively discussed the strategic direction (including in terms of sustainability), investment and financing decisions, and business performance in six Supervisory Board meetings – including one strategy meeting – and in various committee meetings. A particular focus of the Supervisory Board's work was the separation of the radio tower business. In December 2023, the budget for 2024 was also approved after a detailed discussion of strategic opportunities and challenges as well as possible courses of action to optimize business performance. In addition, an important decision was made to extend the Management Board mandates of Alejandro Plater and Thomas Arnoldner, which will ensure continuity in the successful management of the A1 Group.

In five meetings in 2023, the Audit Committee performed its control function for monitoring the effectiveness of the internal control system, the risk management system and internal audit and discussed and reviewed the 2022 financial statements in detail in the presence of the auditors. In 2023, the Audit Committee also prepared and initiated the tender and selection process for a new auditor for the audit of the 2025 financial year.

The Supervisory Board's Remuneration Committee met six times to discuss the remuneration of the Management Board and the terms of Management Board members' contracts. The focus was on revising the remuneration policy, which will be submitted to the Annual General Meeting on June 27, 2024 for approval.

The Supervisory Board of Telekom Austria AG is committed to complying with the Austrian Corporate Governance Code (ÖCGK) and to responsible corporate governance and control in the interests of sustainable value creation. All ten shareholder representatives have declared their independence within the meaning of C-Rule 53 of the ÖCGK.

As prescribed in Rule 62 of the ÖCGK, the A1 Group has compliance with the rules of the Code and the accuracy of the associated public reporting evaluated by an external institution every three years. The evaluation carried out by Ernst & Young Wirtschaftsprüfungs GmbH in 2023 found no inconsistencies



with the declaration of compliance "comply or explain" rules issued in the 2022 financial year or the recommendations of the Austrian Corporate Governance Code.

The Supervisory Board supports the Management Board's proposal for the appropriation of net profit, whereby a dividend of EUR 0.36 per entitled share is to be distributed for financial year 2023 and the remainder carried forward to new account.

As Supervisory Board Chairperson, I would like to thank the management and all employees on behalf of the Supervisory Board. Their dedication keeps the A1 Group on its successful course in the face of every challenge.

Finally, my thanks go to the customers and shareholders of the A1 Group for the trust they have placed in us. The Supervisory Board will continue to devote itself to and actively promote the strategic and long-term direction and development of the A1 Group.

Dr. Edith Hlawati
Chairperson of the Supervisory Board
Vienna, May 2024