



# Remuneration Report 2023

Telekom Austria AG

# Remuneration Report 2023

## 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 22, 2024. In accordance with the requirements of stock corporation law, the remuneration report will be presented for resolution at the Annual General Meeting on June 27, 2024.

#### 1.1. Overview of the economic situation

In the 2023 financial year, the A1 Group once again recorded pleasing results and proved the resilience of its business model in challenging circumstances. In addition to geopolitical crises, the reporting year was characterized by persistently high, albeit somewhat lower, inflation rates than in the previous year, which continued to weigh on purchasing power and overall economic demand.

In 2023, the A1 Group successfully implemented the spin-off of its mobile tower business and the listing of EuroTeleSites AG. This enables a stronger focus on the core business and created additional value for the A1 Group's shareholders.

In the financial year 2023, the A1 Group's total revenue increased by 4.9% to EUR 5,251 million. This was mainly due to an increase in revenue from services in all markets except Belarus, where a currency-related decline was recorded. The growth drivers included value-enhancing measures, solid development in the core mobile business and strong growth in the ICT segment. EBITDA grew by 4.7% to EUR 1,924 million due to higher revenue from services. The operating result (EBIT) rose to EUR 911 million (+4.5%). The net result amounted to EUR 646 million in 2023 (+1.8%).

As at December 31, 2023, total assets increased by 14.5% from EUR 8,345 million to EUR 9,557 million. The main driver was the balance sheet extension effect of the above-mentioned spin-off of the radio tower business and the resulting higher rights of use and the associated liabilities.

In addition, financial debt was reduced by around EUR 1 billion as a result of the spin-off of the radio tower business. The leverage ratio (net debt ratio excluding leases/EBITDAaL) amounted to 0.4x at the end of 2023 compared to 1.0x at the end of 2022.

As a result of its low debt and conservative financial policy, the A1 Group was able to secure its place among the best-rated companies with the best rating in the industry. In June, Fitch rated Telekom Austria AG A- (positive outlook) for the first time. In addition, Moody's raised the A1 Group's credit rating from Baa1 to A3 with a stable outlook in December 2023. The A1 Group now has an A- rating from all three major credit rating agencies.

The A1 Group's high-performance, future-proof infrastructure continues to form the solid, reliable basis for these pleasing results. In the 2023 financial year, investments amounted to EUR 1,093 million, an increase of 15.7% compared to the previous year. EUR 133 million of this was invested in frequency spectrum. Excluding spectrum, additions to assets increased by 2.6% in total.

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

The remuneration system for the 2023 financial year is based on the remuneration policy adopted by the Annual General Meeting on September 24, 2020, with a majority of 99.2%.<sup>1)</sup> A revised remuneration policy, which is to come into force as of January 1, 2024, will be submitted to the Annual General Meeting on June 27, 2024 for approval.

### 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.

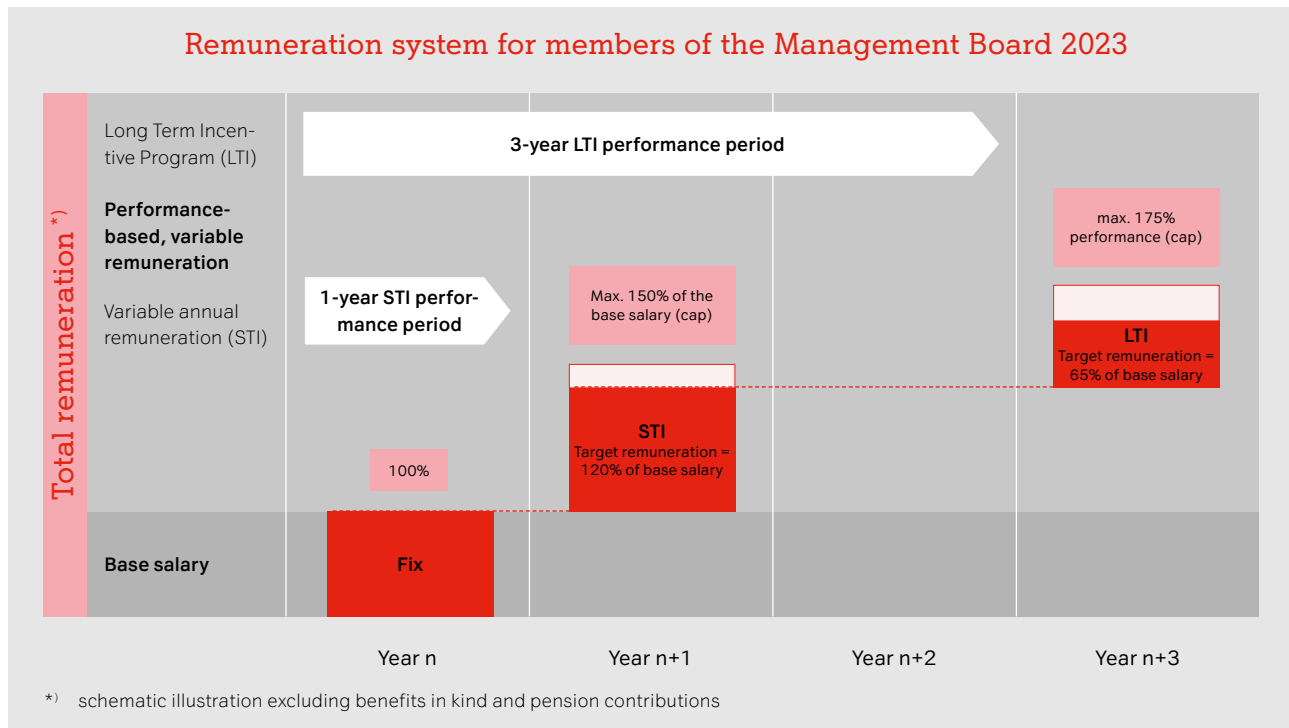
<sup>1)</sup> The remuneration policy for the Management Board of the A1 Telekom Austria Group is available at: [agm2020 Remuneration policy Management Board.pdf \(a1.group\)](#)

## 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 2023:



## 3. Remuneration of the Management Board members in 2023 – Composition of the Management Board

The following section describes the remuneration elements and discusses total Management Board remuneration for the past fiscal year 2023. 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.<sup>2)</sup>

**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 period<sup>3)</sup> and/or if the amount has not yet been definitively determined.<sup>4)</sup>

<sup>2)</sup> For remuneration “owed” and “granted,” see AFRAC Statement 28.

<sup>3)</sup> STI 2023.

<sup>4)</sup> LTI 2021.

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.<sup>5)</sup>

The following tables contain the remuneration components owed, i. e. the definitively granted entitlements that have already been paid out. The LTI 2022 and LTI 2023 programs still in progress are shown as remuneration granted.

The members of the Management Board of Telekom Austria AG as of the end of 2023 were Alejandro Plater, Chief Executive Officer (CEO), and Thomas Arnoldner, Deputy CEO. Siegfried Mayrhofer, Chief Financial Officer (CFO), left the company at his own request when his Management Board mandate expired on August 31, 2023.

Siegfried Mayrhofer has held various management positions in the A1 Group since 2000 and was CFO of the company since 2014. When he left the company, he received his statutory and contractual severance payment entitlements in the amount of EUR 864,601 and a vacation compensation payment in accordance with Section 10 (1) Austrian Vacation Act for unused vacation entitlements in the amount of EUR 58,070. These remuneration components due upon termination are disclosed in this report under the remuneration 2023.

The STI for 2023 was paid out to Siegfried Mayrhofer, pro rata for the period up to his departure as of August 31, 2023, in 2024. Siegfried Mayrhofer participated in the LTI program only until his departure from the company on August 31, 2023 (for more details, see disclosures under 3.3 (LTI) in this report).

Following his departure, Siegfried Mayrhofer is entitled to benefits from the external inter-company pension fund. These benefits are paid directly by the intercompany external pension fund (APK) to Siegfried Mayrhofer and are therefore not disclosed in this remuneration report.

### 3.1. Fixed, non-performance-related remuneration in 2023

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 2023 reporting year, the fixed remuneration in accordance with the remuneration policy is as follows:

<b>Fixed remuneration 2023 in EUR</b>	<b>Alejandro Plater</b>	<b>Thomas Arnoldner</b>	<b>Siegfried Mayrhofer*</b>
Base salary	588,500	535,000	329,939
Benefits in kind	15,000	10,877	5,714
Supplementary health insurance	12,450	4,108	3,347
Accident insurance	825	633	164
Vacation compensation in accordance with Section 10 (1) Vacation Act			58,070
Contributions to corporate pension fund	117,700	107,000	66,000
<b>Total fixed remuneration</b>	<b>734,475</b>	<b>657,619</b>	<b>463,234</b>

\* Siegfried Mayrhofer left the company on August 31, 2023

<sup>5)</sup> LTI 2022, LTI 2023.

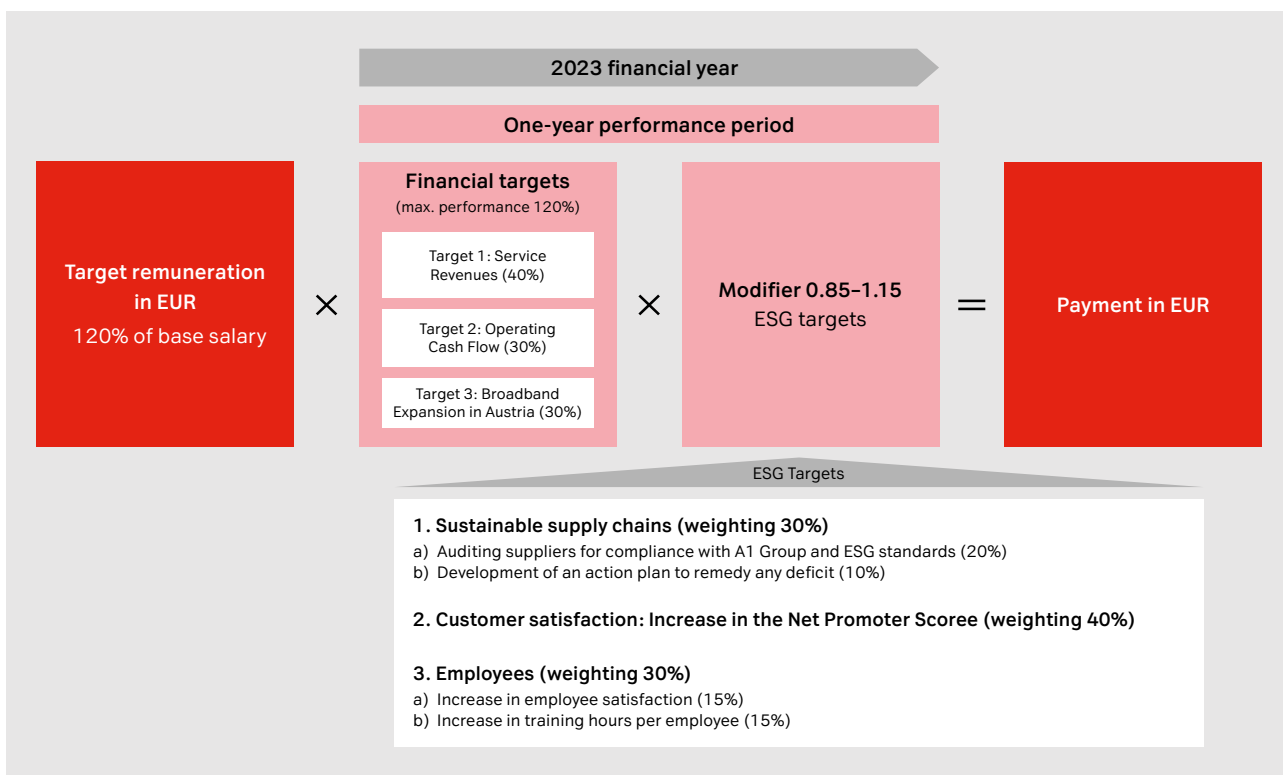
### 3.2. Variable yearly remuneration 2023 (short-term incentive, STI)

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 2023** in accordance with the remuneration policy:



The 2023 budget values for the key performance indicators of **service revenues** (weighting of 30%) and **operating cash flow<sup>6)</sup>** (weighting of 30%) were defined as **financial targets**. In addition, broadband expansion in Austria was agreed as a target with a weighting of 30%.

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

Based on the target values and target achievement corridors defined by the Remuneration Committee and the audited financial statements, the **STI target achievement for financial year 2023** is **105.7%**.

The STI 2023 target achievement reflects the good business results of the 2023 financial year; the financial targets and the modifier were each achieved at 102.8%. In detail, the target achievement is as follows:

<sup>6)</sup> 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.

Target criteria	Weighting	Target value	Target achievement corridor	Level of target achievement	Value achieved (in % of target value)	Performance (%)	Weighted performance (%)
Service Revenues	40%	Budget figure 2023	-5% < x < +3%	80% -120%	100.6%	104.1%	41.6%
Operating Cash Flow	30%	Budget figure 2023	-10% < x < +3%	80% -120%	103.4%	120%	36%
Broadband expansion in Austria	a) 15% b) 15%	a) Number of newly upgraded households supplied with broadband ("homes passed") b) Increase in customers in the upgraded broadband infrastructure	85% < x < 120%	80% -120%	a) 87.1% b) 88.8%	a) 82.8% b) 85.1%	a) 12.4% b) 12.8%
<b>Financial targets</b>	<b>100%</b>						<b>102.8%</b>
Sustainable supply chains	a) 20% b) 10%	a) Auditing suppliers for compliance with A1 Group and ESG standards b) Development of an action plan to remedy any deficits	a) 90% < 95% < 100% of A1 suppliers b) Assessment by the Remuneration Committee	85-115%	a) 100% of suppliers b) 100%	a) 115% b) 100%	a) 23% b) 10%
Customer satisfaction	40%	Increase in the Net Promoter Score (NPS) in Austria and Bulgaria	Defined target values	85-115%	99.1%	99.1%	39.6%
Employees	a) 15% b) 15%	a) Increase in employee satisfaction b) Increase in training hours per employee	a) Defined target values b) 30h ≤ 40h ≤ 50h	85-115%	a) 94.8% b) 44h	a) 94.8% b) 106.7%	a) 14.2% b) 16.0%
<b>Modifier</b>	<b>100%</b>						<b>102.8%</b>
<b>Target achievement STI 2023 = Target achievement of financial targets x target achievement of modifier</b>							<b>105.7%</b>

Financial targets

X  
Modifier (ESG targets)

||

With an **STI target achievement level of 105.7%**, this results in following amounts paid out:

in EUR

Alejandro Plater	773,121
Thomas Arnoldner	702,838
Siegfried Mayrhofer*	426,336

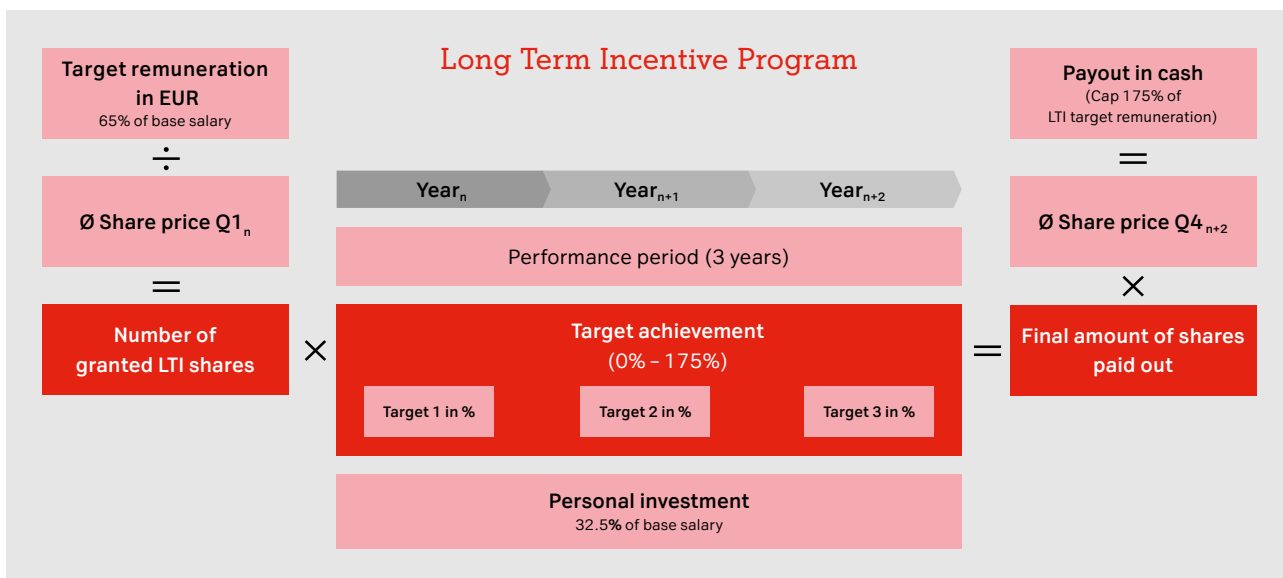
\* Aliquot share of the STI 2023 until his departure on August 31, 2023.

The achievement of the STI targets for 2023 was reviewed by Ernst & Young Wirtschaftsprüfungsgesellschaft and determined by the Remuneration Committee of the Supervisory Board on the basis of the audited 2023 financial statements in March 2024.

### 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.<sup>7)</sup> The personal investment can also be used for further tranches.

<sup>7)</sup> Twice the amount of the personal investment in Telekom Austria AG shares.



## REMUNERATION REPORT 2023

In the 2023 reporting year, the members of the Management Board held the following personal investments:

	Shares
Alejandro Plater*	33,638
Thomas Arnoldner	26,970
Siegfried Mayrhofer	24,750

\* Alejandro Plater held 55,520 shares at the end of the 2023 reporting year, of which 33,638 were his personal LTI investment.

The following LTI tranches are relevant for the 2023 reporting year:

- ✓ The LTI 2020 (performance period 2020–2022) was paid out in 2023 and is allocated to remuneration for 2022 as “remuneration owed” (for details see “LTI 2020 target achievement and payout amounts”).
- ✓ The entitlements under LTI 2021 (performance period 2021–2023) were definitively granted as of December 31, 2023 (remuneration owed). Payout will take place in 2024 (for details see “LTI 2010 – expected payout amounts”).
- ✓ Provisions have been recognized for the 2022 LTI tranche (performance period 2022–2024), which are reported in this report as “remuneration granted” (for details see “Remuneration granted from current LTI tranches”).
- ✓ The LTI tranche 2023 (performance period 2023–2025) 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”).

All LTI payments are made in cash in accordance with the remuneration policy. The target criteria and target values of the individual LTI tranches are determined by the Remuneration Committee.

On September 22, 2023, Telekom Austria AG spun off its radio tower business, which was listed on the Vienna Stock Exchange under the newly founded EuroTeleSites AG. The shares in ETS AG were issued to the shareholders of Telekom Austria AG on September 22, 2023 on a pro rata basis at 1:4 (one ETS share was issued for every four shares in Telekom Austria AG).

As a consequence of this spin off, the number of bonus shares granted to the members of the Management Board under LTI 2021, LTI 2022 and LTI 2023 and not yet paid out was increased by a factor of 1.17 by resolution of the Supervisory Board’s Remuneration Committee on December 18, 2023.

The following table summarizes the main terms of these LTI tranches:

	LTI 2023	LTI 2022	LTI 2021	LTI 2020*
Start of performance period	Jan 1, 2023	Jan 1, 2022	Jan 1, 2021	Jan 1, 2020
Grant date	Jun 1, 2023	Jun 1, 2022	Jun 1, 2021	Aug 1, 2020
End of performance period	Dec 31, 2025	Dec 31, 2024	Dec 31, 2023	Dec 31, 2022
Vesting date (payment)	Jun 1, 2026	Jun 1, 2025	Jun 1, 2024	Aug 1, 2023

#### Number of bonus shares as of grant date

Alejandro Plater	58,029	51,153	59,334	55,101
Thomas Arnoldner	52,753	46,503	53,940	50,091
Sigfried Mayrhofer**	10,846	43,026	49,500	46,346

#### Number of bonus shares after adjustment ETS spin off (increased by a factor of 1.17)

Alejandro Plater	67,894	58,849	69,421	n.a.
Thomas Arnoldner	61,721	54,409	63,110	n.a.
Sigfried Mayrhofer**	12,690	50,340	57,915	n.a.

\* The LTI 2020 was paid out in 2023 with an established target achievement of 80.3% and a share price of EUR 5.85.

\*\* The former CFO Siegfried Mayrhofer participated in the LTI program (LTI 2021, LTI 2022 and LTI 2023) only on a pro rata basis until his departure from the company on August 31, 2023. As a result, the LTI 2021 and LTI 2022 tranches will be paid out only on a pro rata basis in the financial years of 2024 and 2025 respectively. The LTI tranche 2023 (grant date Jun 1, 2023) has already been granted to Siegfried Mayrhofer on a pro-rata basis for his remaining term of contract until August 31, 2023.

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 2020 and LTI 2021 tranches:

	Wighting LTI LTI 2020, LTI 2021 in %	Target and definition	Performance level in %	Target achievement corridor*
<b>Operating ROIC target</b>	34	<b>Ø Operating ROIC</b> , 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"> <li>• 100% target achievement: achievement of ROIC target value (budget)</li> <li>• 175% target achievement (cap): achievement of the target value (derived from peer group benchmark**)</li> <li>• 25% target achievement: achievement of target value (derived from peer group** or WACC); below this value, target achievement is 0 %</li> </ul>
<b>Revenue market share target</b>	33	<b>Growth of revenue market share</b> for three years (performance period), consolidated over all markets of the A1 Group	25 < 100 < 175 (Cap)	<ul style="list-style-type: none"> <li>• 100% target achievement for market share growth of 0.5%</li> <li>• 175% target achievement (cap) for market share growth of 1%</li> <li>• 25% target achievement for market share growth of 0%; below this value, target achievement is 0%</li> </ul>
<b>Sustainable financing / green financing target</b>	33	<b>Green financing:</b> 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	yes/no

\* 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:

	Wighting LTI 2022 in %	Target and definition	Performance level in %	Target achievement corridor*
<b>Operating ROIC target</b>	34	<b>Ø Operating ROIC</b> , 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"> <li>• 100% target achievement: achievement of ROIC target value (budget)</li> <li>• 175% target achievement (cap): achievement of the target value (derived from peer group benchmark**)</li> <li>• 25% target achievement: achievement of target value (derived from peer group**); below this value, target achievement is 0 %</li> </ul>
<b>Revenue market share target</b>	33	<b>Growth of revenue market share</b> for three years (performance period), consolidated over all markets of the A1 Group	25 < 100 < 175 (Cap)	<ul style="list-style-type: none"> <li>• 100% target achievement for market share growth of 0.5%</li> <li>• 175% target achievement (cap) for market share growth of 1%</li> <li>• 25% target achievement for market share growth of 0%; below this value, target achievement is 0%</li> </ul>
<b>ESG target (1): Energy efficiency</b>	20	<b>Increase in energy efficiency</b> measured as electricity required per terabyte transferred (in MWh/terabyte)	25 < 100 < 175 (Cap)	<ul style="list-style-type: none"> <li>• 100% target achievement for an increase in energy efficiency by 32 % by the end of 2024 (based on 2021 baseline)</li> <li>• 175 % Zielerreichung (Cap) bei einer Steigerung der Energieeffizienz um 47 %</li> <li>• 25 % Zielerreichung bei einer Steigerung der Energieeffizienz um 17 %; unter diesem Wert beträgt die Zielerreichung 0 %</li> </ul>
<b>ESG target (2): Employee training</b>	13	<b>Increase in training hours per full-time equivalent</b>	25 < 100 < 175 (Cap)	<ul style="list-style-type: none"> <li>• 100% target achievement for an increase in training hours per full-time equivalent to 40 hours in 2024</li> <li>• 175% target achievement (cap) at 50 training hours per full-time equivalent</li> <li>• 25% target achievement at 30 training hours per full-time equivalent; below this value, the target achievement is 0%</li> </ul>

\* 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 2023 tranche:

	Wighting LTI 2023 in %	Target and definition	Performance level in %	Target achievement corridor*
<b>Operating ROIC target</b>	34	<b>Ø Operating ROIC</b> , target according to the budget or business plan approved by the Supervisory Board for fiscal years 2023-2025	25 < 100 < 175 (Cap)	<ul style="list-style-type: none"> <li>• 100% target achievement: achievement of ROIC target value (budget)</li> <li>• 175% target achievement (cap): achievement of the target value: Ø operating ROIC for the fiscal years 2023 to 2025 must be above 13.9% and above the average of the best peer company**</li> <li>• 25% target achievement: achievement of the target value - higher of the two values of: Ø operating ROIC of the peer companies** and Ø WACC of the A1 Group, each for the financial years 2023 to 2025; below this value, target achievement is 0%</li> </ul>
<b>Revenue market share target</b>	33	<b>Growth of revenue market share</b> for fiscal years 2023-2025 (consolidated over all markets of the A1 Group)	25 < 100 < 175 (Cap)	<ul style="list-style-type: none"> <li>• 100% target achievement for market share growth of 0.5%</li> <li>• 175% target achievement (cap) for market share growth of 1%</li> <li>• 25% target achievement for market share growth of 0%; below this value, target achievement is 0%</li> </ul>
<b>ESG target (1): Reducing the gender pay gap and closing the equal pay gap</b>	16	<b>Reducing the gender pay gap and closing the equal pay gap (comparable positions) by the end of the year 2025 (Weighted at 50% each)</b>	25 < 100 < 175 (Cap)	<p><b>Gender pay gap target:</b></p> <ul style="list-style-type: none"> <li>• 100% Target achievement: Reduction by 15% to 2025 (vs. 2022)</li> <li>• 175% Target achievement (cap): reduction by 30% to 2025 (versus 2022)</li> <li>• 25% Target achievement if the value from 2022 is not reduced by 2025; below this value, the target achievement is 0%</li> </ul> <p><b>Equal pay gap target:</b></p> <ul style="list-style-type: none"> <li>• 100% Target achievement with a reduction of at least 80% to 2025 (versus 2022)</li> <li>• 175% Target achievement (cap) with reduction by 100% to 2025 (versus 2022)</li> <li>• 25% Target achievement with a reduction of at least 50% (versus 2022); below this value, the target achievement is 0%</li> </ul>
<b>ESG target (2): Reduction of CO<sub>2</sub> emissions</b>	17	<b>Reduction of the carbon footprint by the end of the year 2025 in line with the emissions reduction targets approved by the Science-Based Targets initiative</b>	25 < 100 < 175 (Cap)	<ul style="list-style-type: none"> <li>• 100% Target achievement if the CO<sub>2</sub> emissions 2025 are at least 5% below the emission reduction target approved by the Science-Based Targets Initiative</li> <li>• 175% Target achievement (cap) if the CO<sub>2</sub> emissions 2025 are at least 10% below the emission reduction target approved by the Science Based Targets Initiative</li> <li>• If the CO<sub>2</sub> emissions 2025 are below the emission reduction target approved by the Science-Based Targets initiative, the target achievement is 0%.</li> </ul>

\* 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.

### 3.3.1. LTI 2020 target achievement and payout amounts

The LTI 2020 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, 2023, based on a target achievement of 80.3% as determined by the Remuneration Committee. Target achievement was verified by Ernst & Young Wirtschaftsprüfungsgesellschaft. As the entitlements of the LTI 2020 were definitively granted in fiscal 2022 (remuneration owed), they are allocated to fiscal year 2022 in this remuneration report.<sup>8)</sup>

In addition to the “Operating ROIC target” (weighting of 34%) and the “Market share growth target” (33%), the “**Sustainable financing – green financing target (conclusion of all long-term financing in the years 2020–2022 with ‘green bonds’ or other sustainable financial instruments**”; weighting of 33% was agreed when the LTI 2020 tranche was issued.

The Supervisory Board’s Remuneration Committee decided at its meeting on July 26, 2023 that this target would not be applied and that the target weighting (33%) would be split between the two remaining LTI 2020 targets. This decision was based on the fact that the company did not carry out any **long-term** financing in the period from 2020 to 2022.

The details of target achievement and payouts for the LTI tranche 2020 are as follows:

#### LTI 2020 performance

Target criteria (KPI)	Weighting	Target and details	Target achievement corridor	Performance level	Value achieved	Performance (%)	Weighted performance (%)
Operating ROIC	50.5	Ø Operating ROIC of 2020-2022	• Target value: 10.9*	100	11.8	115.3	58.2
			• Upper threshold: 15.5**	175			
			• Lower threshold: 6.3	25			
			• Below threshold: < 6.3	0			
Market share growth	49.5	Revenue market share growth (consolidated across all A1 Group markets) from January 1, 2019 – December 31, 2022	• Target value: 0.5	100	0,1 growth of revenue market share	44.5	22.1
			• Upper threshold: 1	175			
			• Lower threshold: 0	25			
			• Below threshold : < 0	0			
<b>LTI 2020 performance</b>							<b>80.3</b>

\* Target according to the budget or business plan approved by the Supervisory Board for fiscal years 2020 to 2022 (performance period).

\*\* Highest operating ROIC 2019 of the Peer group comprising Deutsche Telekom, Orange, Swisscom, Proximus, Telefonica, Telia, Telecom Italia, Telenor, KPN and OTE.

#### Payouts LTI 2020

	Number of bonus shares at grant (Aug 1, 2020)	Actual performance	Number of bonus shares paid	Payout at price (in EUR)	Payout amount (in EUR)
Alejandro Plater	55,101	80.3%	44,246	5.85 EUR	258,794
Thomas Arnoldner	50,091	80.3%	40,223	5.85 EUR	235,267
Siegfried Mayrhofer	46,346	80.3%	37,216	5.85 EUR	217,677

<sup>8)</sup> In accordance with the recommendations of the AFRAC statement.

### 3.3.2. LTI 2021 – expected payout amounts

The entitlements under LTI 2021 were definitively granted in the 2023 reporting year. The payout will take place in 2024. The expected payouts are allocated as remuneration owed to the 2023 remuneration. As LTI 2021 target achievement will not be determined until mid-2024<sup>9)</sup>, 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 125.5% expected for the 2023 financial statements and a share price of EUR 7.02 as follows:

LTI 2021	Number of bonus shares at grant (Aug 1, 2021)	Expected performance	Expected number of bonus shares	Payout at price (in EUR)	Expected payout amount (in EUR)
Alejandro Plater	69,421	125.5%	87,123	7.02	611,606
Thomas Arnoldner	63,110	125.5%	79,023	7.02	556,005
Siegfried Mayrhofer	57,915	125.5%	72,683	7.02	453.544*

\* Pro rata payout amount taking into account Siegfried Mayrhofer's departure from the company as of August 31, 2023.

### 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:

Carrying amount of provisions as of December 31, 2023 in EUR	LTI 2023	LTI 2022	LTI 2021
Alejandro Plater	169,128	358,967	666,494
Thomas Arnoldner	153,751	326,339	605,903
Siegfried Mayrhofer	31,612	358,967	494,077

The provisions are accrued over the benefit period. The change in provisions was recognized in personnel expenses for 2023 as follows:

LTI – expenses for 2023 in EUR	LTI 2023	LTI 2022	LTI 2021	LTI 2020
Alejandro Plater	169,128	254,966	400,719	-68,289
Thomas Arnoldner	153,751	231,792	364,290	-62,076
Siegfried Mayrhofer	31,612	163,995	272,352	-57,436

<sup>9)</sup> 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 2023.<sup>10)</sup> As already stated under 3.3.2, the remuneration shown for LTI 2021 is based on assumptions. The total remuneration indicated for 2023 is therefore to be understood as an **expected amount**.

The **total remuneration owed to the members of the Management Board** in the 2023 financial year totaled roughly EUR 6.24 million, or EUR 5.32 million excluding termination-related remuneration components in connection with the departure of Siegfried Mayrhofer<sup>11)</sup> (previous year: EUR 5.05 million). Of this, around EUR 1.86 mn is attributable to fixed, non-performance-related remuneration (previous year: EUR 2.00 mn). The variable, performance-related elements break down as follows: short-term variable remuneration (STI) EUR 1.90 mn (previous year: EUR 2.33 mn) and long-term variable remuneration (LTI, expected payout amount) EUR 1.62 mn (previous year: EUR 0.71 mn).

In all, total remuneration (excluding termination-related remuneration components in connection with the departure of Siegfried Mayrhofer) shows an increase in total remuneration versus the previous year of 5.4% (previous year: decrease by -12.5%).

The ratio of the individual remuneration components to total remuneration in the year 2023, excluding termination-related remuneration components in connection with the departure of Siegfried Mayrhofer, is as follows: the relative share of fixed remuneration is 34% (previous year: 40%) and the relative share of variable remuneration is 66% (previous year: 60%) of total remuneration.

<b>Total remuneration 2023 in EUR</b>	<b>Plater</b>	<b>Arnoldner</b>	<b>Mayrhofer</b>	<b>Total</b>
Fixed remuneration	734,475	657,619	463,234	<b>1,855,328</b>
Variable remuneration STI 2023 (payout in 2024)	773,121	702,838	426,336	<b>1,902,295</b>
Variable remuneration LTI 2021 (expected payout amount; payout in 2024)	611,606	556,005	453,544	<b>1,621,155</b>
Subtotal – variable remuneration (STI + LTI)	1,384,727	1,258,843	879,880	<b>3,523,450</b>
Severance payment			864,601	<b>864,601</b>
<b>Total remuneration</b>	<b>2,119,202</b>	<b>1,916,462</b>	<b>2,207,715</b>	<b>6,243,379</b>
Total Remuneration without termination-related remuneration components in connection with the departure of Siegfried Mayrhofer	2,119,202	1,916,462	1,285,044	<b>5,320,708</b>
Change in total remuneration y-o-y in %	15.2%	15.0%	43.2%	<b>23.7%</b>
Change in total remuneration y-o-y in% without termination-related remuneration components in connection with the departure of Siegfried Mayrhofer	15.2%	15.0%	-16.6%	<b>5.4%</b>
Relative share of fixed remuneration in %*	35%	34%	32%	<b>34%</b>
Relative share of variable remuneration in %*	65%	66%	68%	<b>66%</b>

\* Relative share without termination-related remuneration components in connection with the departure of S. Mayrhofer (excl. severance payment and vacation compensation)

<sup>10)</sup> 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.

<sup>11)</sup> Termination-related remuneration components in connection with the departure of Siegfried Mayrhofer in 2023: severance payment in the amount of EUR 864,601 and vacation compensation in the amount of EUR 58,070.

## REMUNERATION REPORT 2023

In comparison, the table below shows the remuneration owed in 2022, of which the fixed base salary was paid in 2022 and the variable components in 2023.

Total remuneration 2022 in EUR	Plater	Arnoldner	Mayrhofer	Total
Fixed remuneration	733,119	660,045	610,095	2,003,259
Variable remuneration STI 2022 (payout in 2023)	848,323	771,203	713,543	2,333,068
Variable remuneration LTI 2020 (payout in 2023)	258,794	235,267	217,677	711,738
Subtotal – variable remuneration (STI + LTI)	1,107,117	1,006,470	931,220	3,044,806
<b>Total remuneration</b>	<b>1,840,236</b>	<b>1,666,515</b>	<b>1,541,314</b>	<b>5,048,065</b>
Change in total remuneration y-o-y in%	-11.3%	-13.1%	-13.2%	-12.5%

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 1.8% in financial year 2023 compared to the previous year. In the same period, the average remuneration of employees in Austria (average salaries on a full-time equivalent basis) rose by 6.2% and Management Board remuneration rose by 5.4% excluding termination-related remuneration components in connection with the departure of Siegfried Mayrhofer.

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 97.3% from 2019 to 2023. In the same period, the average remuneration of employees in Austria increased by 16.7% and the total remuneration of the Management Board excluding termination-related remuneration components in connection with the departure of Siegfried Mayrhofer<sup>12)</sup> increased by 5.0% on a comparable<sup>13)</sup> basis%.

Annual change Total remuneration (EUR)	2019	2020	2021	2022	2023	2023
Change in %		vs. 2019	vs. 2020	vs. 2021	vs. 2022	vs. 2019
Plater	1,858,206	1,672,634	2,074,154	1,840,236	2,119,202	
Change		-10.0%	24.0%	-11.3%	15.2%	14.0%
Arnoldner	1,382,409	1,492,710	1,918,294	1,666,515	1,916,462	
Change		-8.9%** (8%)	25.3%** (28.5%)	-13.1%	15.0%	14.1%** (38.6%)
Mayrhofer	1,529,915	1,403,080	1,775,191	1,541,314	2,207,715	
Change		-8.3%	26.5%	-13.2%	-16.6%* (43.2%)	-16.0%* (44.3%)
<b>Management Board total</b>	<b>4,770,530</b>	<b>4,568,424</b>	<b>5,767,640</b>	<b>5,048,065</b>	<b>6,243,379</b>	
Change		-9.1%** (-4.2%)	25.2%** (26.3%)	-12.5%	5.4%* (23.7%)	5.0%** (30.9%)

### Business performance indicators

Net result (in EUR million)	327.4	388.8	455.0	634.6	645.9	
Change		18.7%	17.0%	39.5%	1.8%	97,3%

### Average remuneration on employees in Austria

Average salaries (in EUR)	65,174	67,175	69,166	71,581	76,039	
Change		3.1%	3.0%	3.5%	6.2%	16,7%

\* Without termination-related remuneration components in connection with the departure of Siegfried Mayrhofer

\*\* Comparable basis inclusive LTI remuneration for Thomas Arnoldner in 2019 and 2020

<sup>12)</sup> Termination-related remuneration components in connection with the departure of Siegfried Mayrhofer in 2023: severance payment in the amount of EUR 864,601 and vacation compensation in the amount of EUR 58,070.

<sup>13)</sup> Thomas Arnoldner (member of the Management Board since September 1, 2018) did not receive any LTI remuneration in fiscal year 2019 and received 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.



## 5. Other information and explanations

The 2022 remuneration report was approved by a majority of 99.5% at the Annual General Meeting on June 27, 2023.

No variable remuneration components were clawed back in the 2022 reporting year.

## 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.<sup>14)</sup> 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, 2023 for fiscal year 2022, 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 2022

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

<sup>14)</sup> The remuneration policy for the Supervisory Board, approved in the AGM 2020, of A1 Group is available at:

[https://cdn1.a1.group/final/en/media/pdf/agm2020\\_Remuneration\\_policy\\_Supervisory\\_Board.pdf](https://cdn1.a1.group/final/en/media/pdf/agm2020_Remuneration_policy_Supervisory_Board.pdf)

A revised remuneration policy, which is to come into force from January 1, 2024, will be submitted to the Annual General Meeting on June 27, 2024 for approval.

## 6.2. Remuneration of Supervisory Board members in 2023

The remuneration of the members of the Supervisory Board for fiscal 2023 will be determined at the Annual General Meeting resolving on fiscal 2023. The remuneration reported below as "Supervisory Board remuneration granted in 2023" is based on the assumption of unchanged remuneration compared with the previous year (2022) (see 6.1.).

Supervisory Board remuneration is paid after the resolution has been adopted at the Annual General Meeting on June 27, 2024. The attendance fee for 2023 was already paid in two installments (at mid-year and year-end) in 2023.

In the 2023 reporting year, the total Supervisory Board remuneration granted, including attendance fees, amounts to EUR 379,764 (in 2022: EUR 372,400). The comparative values for 2022 are presented in detail in the notes.

This results in the following total remuneration **granted to the members of the Supervisory Board in the 2023 reporting year:**

### Supervisory Board remuneration granted in 2023 and payable in 2024

in EUR	Basic remuneration granted in 2023	Committee remuneration granted in 2023	Attendance fees in 2023 (paid in 2023)	Total
Edith Hlawati <sup>1)</sup>	40,000	12,000	4,000	56,000
Carlos José García Moreno Elizondo	30,000	12,000	6,800	48,800
Christine Catasta <sup>2)</sup>	8,658	4,329	2,000	14,986
Oscar Von Hauske Solis	20,000	12,000	6,800	38,800
Dr. Karin Exner-Wöhrer	20,000	-	2,800	22,800
Dr. Stefan Fürnsinn <sup>3)</sup>	11,452	5,726	2,800	19,978
Carlos M. Jarque	20,000	10,000	4,800	34,800
Alejandro Cantú Jiménez	20,000	10,000	2,800	32,800
Dr. Hans-Peter Hagen	20,000	10,000	4,800	34,800
Dr. Peter Kollmann	20,000	10,000	4,000	34,000
Daniela Lecuona Torras	20,000	-	2,800	22,800
Gerhard Bayer	-	-	4,800	4,800
Gottfried Kehrer	-	-	2,400	2,400
Renate Richter	-	-	4,800	4,800
Alexander Sollak	-	-	4,800	4,800
Franz Valsky	-	-	2,400	2,400
<b>Total</b>	<b>230,110</b>	<b>86,055</b>	<b>63,600</b>	<b>379,764</b>

<sup>1)</sup> Supervisory Board remuneration and attendance fees were paid to Österreichische Beteiligungs AG (ÖBAG).

<sup>2)</sup> Aliquot Supervisory Board remuneration and attendance fees from January 1, 2023 until June, 7, 2023 were transferred to ÖBAG.

<sup>3)</sup> Aliquot Supervisory Board remuneration and attendance fees from June, 7, 2023 until December 31, 2023 were transferred to ÖBAG.

The following table shows the comparative values for fiscal year 2022.

### Supervisory Board remuneration granted in 2022 and paid in 2023

in EUR	Basic remuneration granted in 2022	Committee remuneration granted in 2022	Attendance fees in 2022 (paid in 2022)	Total
Edith Hlawati <sup>1)</sup>	40,000	12,000	4,800	56,800
Carlos José García Moreno Elizondo	30,000	12,000	6,800	48,800
Christine Catasta <sup>2)</sup>	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
<b>Total</b>	<b>230,000</b>	<b>86,000</b>	<b>56,400</b>	<b>372,400</b>

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

<sup>2)</sup> Aliquot Supervisory Board remuneration and attendance fees from January 1, 2022 until January 31, 2022 were transferred to ÖBAG.

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