

REPORT OF THE SUPERVISORY BOARD OF ÖSTERREICHISCHE POST AG ON THE 2020 FINANCIAL YEAR

Dear Shareholders, _____

2020 was a huge challenge for many companies across the globe, including Austrian Post. The company's priorities were largely dominated by the COVID-19 pandemic, with the health and safety measures taken to combat it on the one hand and the negative economic impact on the other. Despite the significant deterioration in the overall conditions, Austrian Post succeeded in ensuring the nationwide provision of mail, parcel and branch services thanks to the untiring commitment shown by all of its employees. Group revenue improved by 8.3% to EUR 2,189m in 2020, with high growth in the parcel business – supported by the full consolidation of the Turkish company Aras Kargo – offsetting the slumps in the Mail Division and the Retail & Bank Division. Austrian Post's reported EBIT came to EUR 161m, down from EUR 201m in 2019. The drop in earnings, which was mainly triggered by the start-up costs for bank99 and the negative impact of COVID-19, was softened by a significant improvement in earnings in the Parcel & Logistics Division.

Business developments in 2020 were influenced primarily by the COVID-19 pandemic. The prevailing trends towards e-substitution in the letter mail business as well as strong volume growth in the parcel business due to the steadily growing importance of online shopping picked up considerable speed, especially during the lockdown periods.

I would like to single out the market launch of bank99 on 1 April 2020 as a major highlight in the 2020 financial year. The move has allowed Austrian Post to continue to ensure a nationwide network of local bank services throughout Austria.

Despite the numerous challenges it faced, Austrian Post did a good job of mastering the past financial year and remains well positioned to secure its competitive standing and profitability in the long term.

Annual General Meeting

The Annual General Meeting scheduled for 16 April 2020 had to be postponed until 17 June 2020 due to the

COVID-19 pandemic and was held as a "virtual Annual General Meeting" in accordance with the Austrian COVID-19 Company Law Act (Gesellschaftsrechtliche COVID-19-Verordnung, Austrian Federal Law Gazette II no. 140/2020). This meant that all of the company's shareholders were given the opportunity to follow the Annual General Meeting live on the internet.

Changes in the Supervisory Board

Jochen Danninger was sworn in as a Member of the Provincial Parliament by the Lower Austrian Provincial Parliament on 27 February 2020 and resigned from his mandate with effect from this date. The mandates of Edeltraud Stiftinger and Herta Stockbauer expired at the end of the Annual General Meeting held on 17 June 2020. Felicia Kölliker, Maximilian Schnödl and Sigrid Stagl were nominated for election as members of the Supervisory Board by Österreichische Beteiligungs AG (ÖBAG). After consideration of the proposed resolution by the Nomination Committee, and approval by the Supervisory Board, the three candidates were elected to the Supervisory Board at the 2020 Annual General Meeting. The terms of office of Felicia Kölliker and Sigrid Stagl will end at the Annual General Meeting that grants discharge to the members of the Supervisory Board for the 2021 financial year. Maximilian Schnödl was elected until the end of the Annual General Meeting that grants discharge to the members of the Supervisory Board for the 2022 financial year.

Following the Annual General Meeting, Maximilian Schnödl was elected Deputy Chairman of the Supervisory Board at the constituent meeting of the Supervisory Board held on 17 June 2020. Maximilian Schnödl (Chairman) and Stefan Szyszkowitz (Deputy Chairman) as well as Huberta Gheneff and Peter Kruse were either elected or confirmed as members of the Audit Committee. Maximilian Schnödl was elected as a new member of the Nomination and Remuneration Committee. The newly established Banking Committee is composed of Maximilian Schnödl (Chairman), Felicia Kölliker and Helmut Köstinger. There were no changes in the composition of the Parcel & Logistics Committee in 2020.

Activities of the Supervisory Board

The Supervisory Board took great care to fulfil its obligations during the year under review and performed the tasks incumbent upon it as stipulated by legal regulations, the Articles of Association of Austrian Post and the internal rules of procedure for the Supervisory Board. We regularly advised the Management Board in its efforts to manage the company and monitored its activities. The Management Board provided the Supervisory Board with ongoing information about the general economic situation in the core markets of Austrian Post and important business transactions. Moreover, the chairpersons of the committees and I were regularly in contact with the Management Board to discuss current business developments. An onboarding event was held specifically for the three new members of the Supervisory Board, at which the Management Board provided comprehensive information on Austrian Post's overall environment and the main strategic pillars.

As Chairwoman of the Supervisory Board, dialogue with investors is a top priority for me. This is why we held our very first corporate governance roadshow, during which I and the Investor Relations team visited major institutional investors and voting rights consultants in London to discuss the governance model, the remuneration paid to the Management Board and Austrian Post's sustainability strategy.

Five Supervisory Board meetings and one workshop were held in 2020. With the exception of the first meeting of the year on 11 March 2020, all Supervisory Board meetings were held virtually in accordance with the Austrian COVID-19 Company Law Act (Gesellschaftsrechtliche COVID-19-Verordnung). Accordingly, the members of the Supervisory Board attended all meetings either in person or virtually. The revenue and earnings figures of the Austrian Post Group as well as key developments in the mail and parcel business were presented at the four ordinary Supervisory Board meetings. The central topic covered at the meetings was the establishment of bank99 AG and the investment programme in the Austrian Parcel & Logistics business unit. The Supervisory Board also addressed the increase in its stake in the Turkish parcel company Aras Kargo a.s. in detail, approving this transaction on 16 June 2020.

In addition to the major issues concerning business development, the Supervisory Board made an important personnel decision: Peter Umundum was reappointed as the "Parcel & Logistics" member of the Management Board at the meeting on 13 May 2020. Peter Umundum's current term of office will last until 31 March 2021, and will be extended thereafter for a period of three years with a subsequent extension option for a further two years. The extension of Peter Umundum's Management Board mandate confirmed

the composition of the Management Board team for the coming years and laid a key foundation stone that will allow Austrian Post to continue on the path to success.

Another focal topic covered by the 2020 meetings was the company's strategic direction. Following an in-depth discussion of the strategy process at the meetings in March and May 2020, a strategy workshop was held on 6 August 2020, giving the Supervisory Board the opportunity to engage in dialogue outside the formal meeting environment. Following this discussion, the strategic programme was defined in greater detail by the Management Board, with corresponding measures being adopted to support it. On 12 November 2020, the new strategy of Austrian Post was approved by the Supervisory Board.

At its meeting held on 11 March 2020, the Supervisory Board reviewed the annual and consolidated financial statements presented by the Management Board, along with the Management Report, the Group Management Report and the profit appropriation proposal for the 2019 financial year and adopted the financial statements. Moreover, the meeting focused on preparations for the Annual General Meeting. The remuneration policy for the Management Board and the Supervisory Board developed by the Remuneration Committee, which was to be presented to the Annual General Meeting for the first time, was approved by the Supervisory Board at this meeting.

The Supervisory Board's own self-evaluation of its activities, organisation and working methods was also one of the items dealt with in the March 2020 meeting. The review of the self-evaluation, which is conducted based on a questionnaire, confirms the Supervisory Board's highly professional and open cooperation.

On 13 May 2020, the Supervisory Board discussed the effects of COVID-19 on Austrian Post's business development in detail, and also released its first forecast for the 2020 financial year with this in mind. Austrian Post's budget for the 2021 financial year and a report on medium-term planning for 2022–2024 were presented and approved at the meeting held on 12 November 2020.

Activities of the Committees

The committees set up by the Supervisory Board prepare decisions by the plenary sessions and adopt resolutions on matters to which they have been assigned decision-making rights. The chairpersons of the committees report on their committee's work to the entire Supervisory Board.

At its five meetings, the Audit Committee of the Supervisory Board duly carried out the responsibilities assigned to it. It monitored accounting processes, the audit and the effectiveness of the internal control system, the

risk management system and the internal audit system. The auditors and the Audit Committee were also able to exchange information without the presence of the Management Board. The quarterly results were thoroughly analysed by the Audit Committee. The Supervisory Board was regularly provided with information about the results of the Audit Committee meetings. In accordance with Section 270 (1a) of the Austrian Commercial Code (UGB), KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft credibly demonstrated its impartiality towards the Audit Committee.

In the 2020 financial year, the Audit Committee also dealt with the selection of the auditor for the 2021 financial year and made a corresponding recommendation to the Supervisory Board for the nomination proposal to be made to the Annual General Meeting.

The **Parcel & Logistics Committee** had four meetings in the 2020 financial year and was regularly involved in dealing with the challenges faced in the Austrian parcel market and the expansion of infrastructure. Other key topics included the increase in the stake held in the Turkish company Aras Kargo a.s. and its business development. The committee reported regularly on the results and issued recommendations to the entire Supervisory Board.

The **Banking Committee** was established at the constituent meeting of the Supervisory Board on 17 June 2020 to monitor Austrian Post's financial services business. The committee held two meetings and took a detailed look at current business developments and the key control parameters of bank99.

The **Remuneration Committee** performed its duties at four meetings. The committee took an in-depth look at the establishment of the remuneration policy for the Management Board and the Supervisory Board, which was presented to the Annual General Meeting on 17 June 2020. Furthermore, the goal achievement level of the Management Board for the 2019 financial year was evaluated and the target criteria for the STI 2020 and the LTI 2020-2022 were defined.

The **Nomination Committee** convened twice and dealt with the issue of filling the position of the "Parcel & Logistics" member of the Management Board. It recommended that the Supervisory Board extend the Management Board mandate of Peter Umundum. The Nomination Committee also dealt with the preparation of a nomination proposal for the Supervisory Board mandates to be filled.

11 March 2021

Edith Hlawati m.p.

Chairwoman of the Supervisory Board

2020 Consolidated and Annual Financial Statements

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft was appointed by the Annual General Meeting, held on 17 June 2020, to serve as the auditor of Austrian Post's annual financial statements and consolidated annual financial statements for the 2020 financial year.

The annual financial statements and consolidated annual financial statements of Austrian Post as at 31 December 2020 were audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft and were granted an unqualified auditor's opinion. The Management Report and Group Management Report are consistent with the annual financial statements and consolidated annual financial statements. All documentation relating to the annual financial statements, the profit appropriation proposal as submitted by the Management Board, the Corporate Governance Report and the auditor's report were thoroughly discussed in the Audit Committee with the auditors and subsequently presented to the Supervisory Board.

The Supervisory Board examined all the documents in accordance with Section 96 of the Austrian Stock Corporation Act (AktG) and did not discover any inconsistencies or objections. As a result, it formally approved the results of the audit. The Supervisory Board approves the annual financial statements for 2020, as adopted in accordance with Section 96 (4) of the Austrian Stock Corporation Act (AktG), and declares its acceptance of the IFRS consolidated financial statements, the Management Report, the Group Management Report and the Consolidated Corporate Governance Report pursuant to Section 245a of the Austrian Commercial Code (UGB). The Non-financial Report, compiled in accordance with the Sustainability and Diversity Improvement Act (NaDiVeG), was reviewed by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft.

The Supervisory Board concurs with the Management Board's proposal to distribute a basic dividend of EUR 108,084,220.80 from the net profit amounting to EUR 233,264,912.15 on 29 April 2021, and to carry forward the balance of EUR 125,180,691.35 to the new account.

Finally, on behalf of the entire Supervisory Board, I would like to express my gratitude and appreciation to all the members of the Management Board and all company employees for their successful work during the very challenging past financial year. In particular, special thanks are also owed to the customers and above all the shareholders of Österreichische Post AG for their trust and confidence in the company.