

ANNUAL REPORT 2020

FACTS. FIGURES. DATA.

INVEST IN GROWTH

Salzburg AG celebrated its 20th anniversary in 2020. It was a year in which the coronavirus pandemic characterised and changed life as we know it. A year in which, despite difficult conditions, Salzburg AG and its business units (Energy & Climate, Telecom & Digital Services, Networks & Infrastructure, Tourism, and Traffic & Sustainable Mobility), as well as new business models and markets, developed with success.

Salzburg AG is transitioning from an energy provider to a digital technology company. This is a path we

have followed consistently for years, along which so much has already been achieved. The company is well positioned to actively shape the major future issues of digitisation and the energy revolution, and to offer customers innovative solutions and services that will be successful in the long term.

Through its investments, Salzburg AG not only lays the foundation for continued growth and new projects – our investments are also decisive factors in added value and economic prosperity, both in the state of Salzburg and far beyond.

KEY FACTS 2020 FISCAL YEAR

Revenue	1,450.4m euros
Gross fixed assets	4,144.7m euros
Ordinary business income	51.2m euros
Equity including untaxed reserves and capital improvement subsidies	878.9m euros
Total assets	1,577.4m euros
Employees as of 31 December 2019	2,187

Energy

Electricity	Total	16,314.2 GWh
Natural gas	Total	26,140.7 GWh
District Heating	Total	899.3 GWh

AREAS OF GROWTH: PHOTOVOLTAICS AND E-MOBILITY

By 2030, Austria wants to cover its power supply requirements exclusively from renewable sources. Salzburg AG is committed to achieving this goal and has therefore intensified efforts to expand the use of solar energy. The company already has around 30 photovoltaic systems of its own in Austria and abroad. Our objective is to be one of the five largest solar energy providers in Austria within the next seven years. The expansion programme, which foresees investments in the millions of Euros, relies on strategic partnerships and projects throughout Austria.

With 31 of its own hydropower plants, Salzburg AG recognises that hydropower is our most important pillar of clean energy production. The successful modernisation and expansion of existing plants over recent years has increased efficiency. In 2020, the company prepared to repower the Rotgülden plant in Salzburg's Lungau district to increase production from six to over ten GWh. Intensive preparations have also been made for improvements at the Sulzau hydropower plant and the Stegenwald plant.

The energy revolution is also a mobility revolution. Salzburg AG is an e-mobility trailblazer in Austria and a full-service provider of private and commercial charging solutions. Together with the state of Salzburg, the company aims to erect public charging points in all of the state's 119 municipalities; this goal has already been achieved in about half of the municipalities to-date. Salzburg AG operates 277 public charging points, all of which are 100% supplied with electricity from renewable sources.

DIGITISATION WITH ADDED VALUE

Today, high-performance internet is part of a country's vital infrastructure – a fact proven not least by 2020's coronavirus pandemic. By 2030, Salzburg AG will invest an average of € 25 million per year as part of their broadband strategy, to enable comprehensive internet access with up to one gigabit per second. Infrastructure for internet with 300 megabits per second is already available to almost 200,000 Salzburg residents, making Salzburg the state in Austria

with the best broadband access. Due to the rapid increase in data traffic as a result of the first corona lockdown, expansion was ramped up; in 2020, more than € 30 million went into telecommunications infrastructure. Broadband expansion was pushed ahead in the Haunsberggrücken area and in the district of Pinzgau. In areas that are not suitable for fibre optic cable, Salzburg AG can rely on 5G technology and expand the network using radio frequency.

Salzburg AG's acquisition of 5G licenses in 2019 opened up many other possibilities beyond comprehensive broadband coverage. Companies and organisations can take advantage of exclusive wireless networks or campus solutions. Such a campus solution was installed at the Salzburgring in 2020 for example, making the racetrack the ideal test area for autonomous driving.

GROWTH THROUGH INNOVATION

Salzburg AG's innovation strategy aims to strengthen its core business through new ideas and digitisation, and to open new business areas and markets. One example is MYFLEXBOX: developed by Salzburg AG, this network of smart pick-up stations enables contactless delivery. MYFLEXBOX is a new business area developed by the company. As part of its corporate venture programme, Salzburg AG also invests in promising start-ups. In 2019, Salzburg AG financed its first start-up, Ocean

Maps. This 3D visualisation specialist developed a digital tool to inspect the underwater environments of power plants using sonar devices and drones – increasing the quality of the measurements and reducing risk for staff. In autumn 2020, Salzburg AG invested in solbytech, a young specialist in communications and IT security for the operational management processes of photovoltaic facilities. And we invested in Windsfeld GmbH, who set up a wind park in Flachau, Austria.

Another exciting project is being advanced together with LexaTexer, a data analysis specialist. The goal here is to use predictive maintenance to find the best time to inspect a power plant. With partnerships like these, an innovation and digitisation cluster is being formed around Salzburg AG, strengthening Salzburg as a location for business.

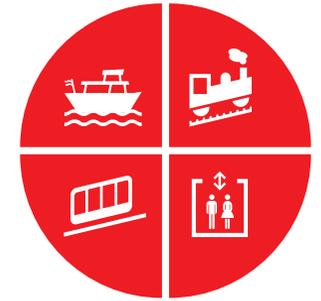
PLANNING FOR THE FUTURE

Putting customers and their needs even more at the focus of all our activities is what drives Salzburg AG. The company looks to actively shape the future and has positioned itself well for coming challenges with the #vorwärts growth programme. Preparations were made in 2020 for the reorganisation of all business units in order to best implement the changes from 1 January 2021. We pressed ahead with these changes at a time that was heavily influenced by the coronavirus pandemic and its associated effects. For example, the working from home model tested in

pilot projects was swiftly implemented throughout the company, with around 700 of the 2,300 employees working from home. The company's growth demands innovative, dedicated and skilled specialists. Salzburg AG therefore relies heavily on in-house training and promotes promising talent, giving people the opportunity to develop interesting careers. Apprenticeship training is very highly valued; 21 apprentices began their training in summer 2020. A total of 70 young people are completing their apprenticeship at Salzburg AG.

In order to make our role as a driving force and driver of innovation even more visible, a science award was launched together with the state of Salzburg and the Salzburg University of Applied Sciences. This award also marked the occasion of the company's 20th anniversary, using the hashtag #wirsindzukunft. In addition, 20 scholarships were awarded to young scientists and a visiting professorship was financed.

TWO DESTINATIONS, FOUR TOURIST ATTRACTIONS

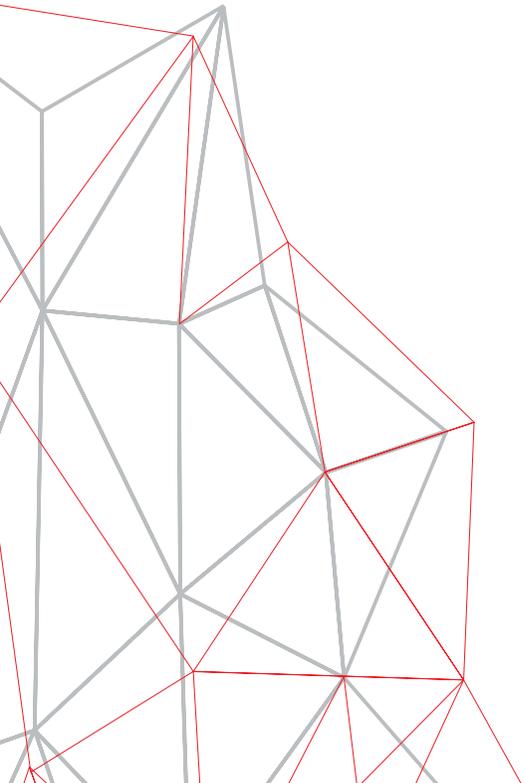


Salzburg AG Tourismus operates four unique attractions in the Salzkammergut region and the city of Salzburg: SchafbergBahn, WolfgangseeSchiffahrt, FestungsBahn and MönchsbergAufzug. Before the pandemic, the two attractions in the Salzkammergut saw around 336,000 visitors per year and the FestungsBahn und MönchsbergAufzug received 2.1 million visitors. Covid-19 and the associated restrictions and safety measures led to severe losses, with visitor numbers declining 46%

in the Salzkammergut, and 59% in Salzburg. Despite this difficult situation, Salzburg AG Tourismus stayed on track with its investment programme. The focus was on the modernisation of the SchafbergBahn. Austria's steepest cog railway has been in operation since 1893. The tracks have been replaced section by section since 2018, and in 2020 preparations were made for the new construction of its valley station. The renovation work cost € 18 million,

and the new valley station will cost € 7.5 million. The SchafbergBahn put two new locomotives into operation at the start of the summer 2020 season, increasing transport capacity and saving 68,000 litres of diesel, or 170,000 kg of CO₂, per locomotive annually. In autumn of 2020, the SchafbergBahn was named one of Austria's best summer mountain railways and received its official mountain panorama seal of quality.

A SINGLE SOURCE FOR ALL CONNECTIONS



Salzburg Netz GmbH is a 100% subsidiary of Salzburg AG and is responsible for electricity, district heating, gas, water and telecommunications networks. In 2020, around € 83.3 million was invested in the expansion and reliability of supply. The state-wide expansion of the broadband network, using both cable and 5G radio technology, was once again a focus and the company pushed ahead with the transition from conventional electricity meters

to smart meters. By the end of 2022, 95% of all customers should have these smart meters installed – equating to around 470,000 meters. This includes more than just replacing old devices; the necessary IT and communication infrastructure must also be set up and tested in advance. This transition is the largest project in the company's history to-date, with € 175 million having been invested in smart metering over several years. To make this work easy to

grasp in a fun way, Salzburg Netz GmbH and the company Polycular used augmented reality. The result is an escape room game, in which players solve puzzles and quizzes about smart metering. The game, which won the Constantinus Award in the Human Resources, Ethics & CSR category, is intended to be used in instructional programmes, as well as for training energy consultants and technicians.

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