

DO & CO AKTIENGESELLSCHAFT
REMUNERATION REPORT
BUSINESS YEAR 2020/2021



THE GOURMET
ENTERTAINMENT
COMPANY

The remuneration report gives a comprehensive overview of the remuneration received by the Management Board and Supervisory Board of DO & CO Aktiengesellschaft in the business year 2020/2021.

Principles of the remuneration policy

The remuneration policy guides the way the performance of all board members of DO & CO Aktiengesellschaft are remunerated. The primary objective of the remuneration policy is to create suitable incentives for the good of the Company, its development (particularly in the long term) and its financial success. The remuneration policy aims to make the remuneration of board members clear, transparent and comprehensible. The remuneration policy complies with applicable law and the recommendations of the Austrian Corporate Governance Code (ÖCGK), ensuring the harmonisation of the Company's targets and strategies as well as stakeholder interests.

The remuneration policy was resolved on by the Supervisory Board in its meeting on 15 June 2020 and submitted for resolution to the General Meeting of Shareholders on 31 July 2020.

Remuneration for the Management Board

The Supervisory Board and, if necessary, its Remuneration Committee, is responsible for elaborating and developing the remuneration policy as well as specific remuneration practices.

The remuneration policy aims to inspire board members to perform exceptionally and reward outstanding commitment, personal merit and success as regards the Company and its development, also in the interest of the shareholders and staff. Times of crisis highlight the importance of competitive remuneration in line with the market, in order to adequately take into account special challenges facing executives in times of economic crisis and thus navigating the Company through such crises in the best possible way, in particular with regard to the Company's core markets and activities which have been hit hardest by the crisis.

Remuneration received by the Management Board consists of fixed and variable, performance-linked components, with fixed remuneration of members of the Management Board based on their duties and areas of responsibility. Additionally, DO & CO Aktiengesellschaft grants certain remunerations in kind as agreed in individual contractual arrangements.

The following overview shows the total remuneration for the business year 2020/2021 and for the previous business year:

Total paid remuneration of Management Board		
	2020/2021	2019/2020
Profit/Loss after taxation (in k€)	-34.641,64	-15.623,66
Total paid remuneration Management Board (in k€)	1.743,47	1.773,28
Average wages and salaries of staff members (in €) ¹	76.179	80.448

¹ Expenses for average wages and salaries of staff members of DO & CO Aktiengesellschaft in the business year 2020/2021 are significantly affected by short-time working models used in Austria, which decrease personnel expenses as well as wages and salaries for the staff members having worked or working under these short-time working models. Average wages and salaries of staff members in the business years 2020/2021 and 2019/2020 are thus comparable only to a limited extent. It has to be noted that the Company neither adjusted any of the pay schemes for staff categories nor did it reduce any contractually agreed wages or salaries. This refers to the annual gross remuneration.

Mr. Attila Dogudan received a total remuneration in the amount of € 938,021 in the business year 2020/2021 (PY: € 953,739). This amount is broken down into fixed remuneration paid out in the amount of € 801,528 (PY: € 799,762), remuneration in kind in the amount of € 132,720 (previous year: € 132,720), remuneration related to another company pertaining to the Group paid out in the amount of € 3,773 (PY: € 21,257) and variable remuneration in the amount of € 0 (PY: € 0). Fixed remuneration components thus make up 100% of the total remuneration paid out.

Mr. Gottfried Neumeister received a total remuneration in the amount of € 805,452 in the business year 2020/2021 (PY: € 819,542). This amount is broken down into fixed remuneration in the amount of € 801,983 (PY: € 799,984), remuneration in kind in the amount of € 0 (PY: € 0), remuneration related to another company pertaining to the Group paid out in the amount of € 3,469 (PY: € 19,558) and variable remuneration in the amount of € 0 (PY: € 0). Fixed remuneration components thus make up 100% of the total remuneration paid out.

Fixed remuneration component

The amount of the fixed remuneration received by individual members of the Management Board is primarily based on the respective Management Board member's specific duties and areas of responsibility, taking into account individual workload and the complexity of the duties. In calculating the fixed remuneration component, competitive remuneration is ensured by adequately taking into account the individual professional background and relevant work experience as well as the situation of the Company and the market.

Fixed remuneration consists of a contractually agreed annual salary divided into 14 monthly salaries paid out at the end of each month. Fixed remuneration covers all overtime, board seats taken up at Group or affiliated companies, activities in Austria and abroad, as well as travelling times.

Attila Dogudan, Chairman of the Management Board, received fixed remuneration in the amount of € 801,528 in the business year 2020/2021 (PY: € 799,762), with the annual gross remuneration paid out in 14 instalments.

Gottfried Neumeister received fixed remuneration in the amount of € 801,983 in the business year 2020/2021 (PY: € 799,984), with the annual gross remuneration paid out in 14 instalments.

Variable remuneration component

DO & CO Aktiengesellschaft strives to achieve long-term sustainable growth. Variable bonuses for both financial and non-financial performance are intended to inspire the members of the Management Board to actively shape and implement the Company's strategy. In accordance with C Rule 27 ÖCGK, variable remuneration components may be reclaimed if they were determined and paid out on the basis of obviously false data ("clawback").

Financial performance criteria for a variable bonus

The financial criteria for assessing the success of corporate governance are selected by the Supervisory Board in each business year, taking into account the situation of the Company and the market as well as the macroeconomic environment at hand. The Supervisory Board and the Remuneration Committee have determined the following target values and target achievements for the business year.

Due to its business model, DO & CO Aktiengesellschaft is particularly vulnerable to the COVID-19 pandemic. A strong focus on an appropriate level of liquidity is essential to the Company as a result of the long lasting restrictions and the fact that developments with regard to travel restrictions, the food service industry and the possibility of hosting major events often occur at short notice. This ensures DO & CO Aktiengesellschaft's capacity to take action under the new requirements in relation to market and customer needs.

EBITDA is the relevant performance indicator to be able to assess the Company's operating business. This performance indicator expresses the result achieved based only on operating activities, providing insight into the efficiency of the Company's activities, which are also used to assess DO & CO Aktiengesellschaft's creditworthiness in its significant loan agreements. The conditions for the financing in the amount of € 300m taken out in the previous year particularly depend on the relation of net debt to EBITDA. Therefore, the Group's EBITDA may even directly affect a potential early repayment obligation and adjustment of interest rates.

Financial performance indicators for a variable bonus		
Criteria	Minimum target value	Actual value
Group liquidity (cash and cash equivalents)	≥ € 100m	€ 207,60m
EBITDA margin	≥ 10.0%	17,8%

Non-financial performance criteria for a variable bonus

The non-financial criteria for assessing the success of corporate governance, which substantially strengthen the Company's position but may not be (directly) measurable, are selected by the Supervisory Board in each business year, taking into account the strategy, development or future of DO & CO Aktiengesellschaft. The Supervisory Board and the Remuneration Committee have determined the following target values and target achievements for the business year.

DO & CO Aktiengesellschaft was able to beat its competitors in the Delta Air Lines tender for the provision of catering services at its hub location in Detroit (DTW). Entering into a customer relationship with Delta Air Lines, which is the largest airline in world in 2020 based on revenue, constitutes a milestone in the Company's expansion plans in North America, also having a positive impact on DO & CO Aktiengesellschaft's revenue situation and risk profile.

In the period under consideration, the Company built and expanded its activities in the retail portfolio (B2C) by opening new "Henry – the art of living" locations, successfully launching a delivery service at the Company's headquarters in Vienna and successfully testing new distribution channels. Owing to the novel concept of Demel's "Kaiserschmarrn to-go", which was also adapted to the circumstances, DO & CO not only gained a large number of customers but also attracted media attention. Using market research and sound conceptual development, DO & CO Aktiengesellschaft has laid an important cornerstone for its activities in the retail segment.

Non-financial performance indicators for a variable bonus		
Criteria	Event	Assessment
Customer relations and customer base	Tender won for Delta Air Lines at the DTW location	Milestone in the implementation of the North America expansion plans
Development of business divisions	<ul style="list-style-type: none"> - Launch of DO & CO Home-delivery service at the Vienna location - Concept study "The Lazy Chef" - Concept study "Demel's Kaiserschmarrn to-go" 	Successful setting of the course for the future alignment of the Group in the Retail segment

The amount of variable remuneration initially allocated to the business year is limited and may exceed the fixed remuneration received by the members of the Management Board. The maximum amount of each variable bonus (financial and non-financial) is 100% of the fixed remuneration, respectively. A temporary deviation from this framework for variable remuneration is possible within the meaning of Section 78a (8) AktG by resolution of the Supervisory Board.

As an act of solidarity, Attila Dogudan, Chairman of the Management Board, decided not to accept the payout of a variable bonus in the business year 2020/2021, just as he did in the business year 2019/2020, even though he would have been entitled to the payout of a variable bonus measured according to individual target achievement based on financial and non-financial performance criteria.

Gottfried Neumeister, member of the Management Board, was granted a variable bonus in the amount of € 2,150,000 for the business year 2020/2021 by the Supervisory Board, rewarding his outstanding services and crisis management which laid the foundation for the DO & CO Group's future growth during and after the crisis, in particular by securing loans in the amount of € 300,000,000 at unbeatable conditions, by successfully placing a convertible bond in the amount of € 100,000,000 despite the most difficult market environment at favourable conditions of 1.75% p.a., by repaying the corporate bond in the amount of € 150,000,000 observing the due date and the resulting proof of DO & CO's reliability in the capital market even in times of an exceptionally unfavourable market environment, and by winning a major contract in North America for ten years with one of the largest airlines in the world, including the related development of a new DO & CO location. Due to the continued impact of the COVID-19 pandemic as well as observing the legally stipulated restrictions due to government subsidies received (US and Austria), Gottfried Neumeister and the Supervisory Board agreed that the total amount will be paid out in two years' time, i.e. in June 2023, without interest. This means that, after the same gesture in the previous year, he has not accepted the payout of a variable bonus for the good of the Company for a total of four years now.

Other remuneration components and arrangements

Pension plans

Currently, no arrangements have been made regarding any in-house retirement provision for the Management Board. The Chairman of the Management Board is entitled to severance pay, analogously applying the Austrian Salaried Employees Act.

Directors and officers insurance (D&O insurance)

DO & CO Aktiengesellschaft has taken out liability insurance (D&O insurance) for the members of its Management Board and other officers, protecting against certain personal liability risks of officeholders. Costs in the business year 2020/2021 amounted to € 55.0k (PY: € 35.2k).

Remuneration in other companies pertaining to the Group

DO & CO Aktiengesellschaft holds an indirect 50% investment in THY DO & CO Ikram Hizmetleri A.Ş. The members of the Management Board are part of this company's board of directors, receiving separate remuneration for this function.

For his position as member of the Board of Directors of this company, Mr. Attila Dogudan is paid out remuneration in the amount of € 3,773 in the business year 2020/2021 (PY: € 21,257).

For his position as member of the Board of Directors of this company, Mr. Gottfried Neumeister is paid out remuneration in the amount of € 3,469 in the business year 2020/2021 (PY: € 19,558).

Remuneration in kind

In the business year 2020/2021, expenses in the amount of € 132,720 (PY: € 132,720) were recorded for remuneration in kind received by the Management Board, mainly consisting of accommodation and vehicles provided by the Company.

Remuneration for the Supervisory Board

Remuneration received by the Supervisory Board consists of fixed and variable, performance-linked components, with fixed remuneration of members of the Supervisory Board based on their duties and areas of responsibility and resolved on by the General Meeting of Shareholders for each completed business year.

In the business year 2019/2020, total remuneration received by the Supervisory Board amounted to € 140,000 (PY: € 140,000).

Remuneration Supervisory Board 2019/2020 *		
in k€	Fixed annual remuneration	Attendance fees
Dr. Andreas Bierwirth	45.00	0.00
Dr. Peter Hoffmann-Ostenhof	35.00	0.00
Dr. Cem Kozlu	35.00	0.00
Mag. Daniela Neuberger	25.00	0.00
Total	140.00	0.00

* Remuneration of the Supervisory Board is resolved on in the General Meeting of Shareholders for each preceding year.