# GROUP MANAGEMENT REPORT

# CONSTANTLY IMPROVING.

The parcel business also increased in importance in the 2021 financial year. Although revenue was down in the Mail Division in the previous year – hit heavily by the effects of the COVID-19 pandemic – all divisions recorded growth in revenue in 2021.

**Find out more about business development starting on page 49**

# 1. GROUP OVERVIEW AND MARKET ENVIRONMENT



## 1.1 Business Operations and Organisational Structure

Austrian Post, hereinafter also referred to as the Austrian Post Group or the Group, is an international postal, logistics and service provider which is central to Austria's economy, with annual revenue of EUR 2.5bn and more than 27,000 employees. The company is firmly focused on the very highest quality and offers a comprehensive product and service portfolio to provide the best possible match for current customer needs. The COVID-19 pandemic has affected Austrian Post in very different ways. The letter mail and direct mail business is generally being affected by e-substitution. COVID-19 and the specific lockdown situations faced by various customers and sectors resulted in further volume losses. After declining considerably in the previous year, there was no recovery in the 2021 financial year. The parcel business in Austria, on the other hand, benefited from the lockdown of bricks-and-mortar retailers. All of Austrian Post's parcel markets showed weaker growth after reporting strong growth in the previous year.

Its core business primarily encompasses the transportation of traditional letter mail, direct mail, parcels and express mail items. Business process solutions, e-commerce & logistics solutions and digital services, for example for advertising, supplement the service portfolio. In addition to its physical solutions, Austrian Post always strives to offer hybrid and digital services. On top of traditional services, our nationwide branch network in Austria also offers financial services, which are equally available to customers online. Our focus in Central and Eastern Europe and Turkey is on parcel and logistics services.

Austrian Post bundles its activities into three operating divisions: Mail, Parcel & Logistics and Retail & Bank. In addition, the Corporate Division mainly offers services relating to Group administration, and the development of new business models. These four divisions match the structure used to report to the Management Board in accordance with IFRS 8. Logistics for letter mail and parcels in Austria is bundled in the internal logistics network production unit, which charges its services to the operating divisions based on the costs incurred.

The range of services offered by the Mail division encompasses the distribution, collection, sorting and delivery of letters and document shipments, addressed and unaddressed direct mail, newspapers and magazines, as well as online services such as e-letter and cross-media solutions. The offering is complemented by additional physical and digital services in customer communications as well as optimisation in document processing. Austrian Post customers have access to 1,757 postal service points, including 395 company-operated postal branches and 1,362 postal partners. Austrian Post offers 97,747 lockers at 494 pick-up stations in its self-service zones. In 2021, Austrian Post delivered 615 million letters, 399 million addressed and 2.8 billion unaddressed direct mail items, 307 million print media items and 338 million regional media items.

The Parcel & Logistics Division offers one-stop solutions for parcels and express mail items along the entire value chain. Austrian Post delivered 184 million parcels and express mail items in its domestic market in 2021. This makes it the leading service provider for the nationwide delivery of mail-order business and private customer parcels as well as B2B items, providing the highest quality of nationwide delivery. In addition to classic parcel products, express delivery and food delivery, the portfolio also includes a broad range of value-added services. For example, the company offers customised fulfilment solutions such as warehousing, order picking, returns management, the transport of valuable goods and cash, web shop logistics and web shop infrastructure. Internationally, the Parcel & Logistics Division is represented in eight other countries through its subsidiaries. Austrian Post transported a further 269 million parcels and documents in Southeast and Eastern Europe and Turkey. In addition, stationary logistics for pharmaceutical products is offered in Germany through the associate AEP.

The Retail & Bank Division comprises the branch and financial services business with a branch network of 1,757 postal service points in Austria. With a frequency of around 65 million customer contacts every year, this is one of the largest private customer networks in the country. In addition to postal services, the branch network offers the distribution of telecommunications products and merchandise, as well as the provision of financial services. This allows the company's branches to combine nationwide services offered by A1, bank99 and Austrian Post under one roof as multi-service providers. Austrian Post also offers self-service solutions such as pick-up and drop-off stations at numerous locations. These are accessible 24/7 and are very popular among the company's customers. A cross-channel approach covers the entire spectrum of postal services from the Post app to the branch. Since it started operating on 1 April 2020, bank99 has been offering financial services throughout Austria. bank99 took over ING's retail banking business in Austria in December 2021. In line with the motto "branch & digital", this combination offers the best of both worlds and further strengthens the foundation for bank99's promising business model.

## 1.2 Sales Markets and Market Position

Austrian Post and its Group companies are active in ten countries. 79% of revenue was generated in the home market of Austria in 2021. Here Austrian Post holds a leading market position in the delivery of letters, direct mail items, newspapers and parcels. Austrian Post succeeded in further increasing parcel volumes in the highly competitive parcels market in the face of increasing competitive and price pressure. The company has a market share of 53% of the total Austrian parcel volume, 62% of the parcel volume in the private customer segment and 29% in the business parcel segment (B2B) (Source: Branchenradar CEP Services in Austria 2022).

The Group companies of Austrian Post also have a good market position on an international level. When it comes to parcel deliveries, Austrian Post is the top player in Slovakia, Hungary, Croatia, Serbia, Montenegro, and Bosnia and Herzegovina. Austrian Post is also one of the top 2 market participants in Turkey.

## 1.3 Economic Environment

The slump in the previous year was followed by the anticipated recovery of the global economic market in 2021. This was reflected in a 5.9% increase in gross domestic product (GDP). The year before, the global economy had contracted by 3.5% due to the effects of the pandemic. A full recovery, however, is considered uncertain due to the prevalence of the Omicron variant and the associated restrictions. Rising energy and commodity prices, coupled with supply bottlenecks, are fuelling inflation and volatility in the financial market. Due to these hurdles and the existing uncertainty, experts at the International Monetary Fund (IMF) expect to see more moderate growth of 4.4% and 3.8% for 2022 and 2023 respectively. (IMF, January 2022)

In Europe, GDP dropped by 6.4% in 2020, before increasing by 5.2% in 2021. The IMF expects GDP to increase again in 2022 and 2023, namely by 3.9% and 2.5% respectively. Driving factors in the European market include the near doubling of fossil fuel prices in 2021, which has pushed energy prices up, and mounting inflation. (IMF, January 2022)

In Austria, the national economy was able to mount a solid recovery from the effects of the pandemic in the spring and summer of last year. Growth slowed, however, in the second half of the year due to renewed stay-at-home orders, supply bottlenecks and rising energy and commodity prices. Increasing private consumption and mounting investment following the lifting of restrictions and the associated barriers to production are expected to trigger an economic upswing in 2022. After Austrian GDP recovered by 4.1% in 2021, a further upward trend is predicted to be on the cards. GDP is expected to grow by 5.2% in 2022 and by 2.5% in 2023. (WIFO, December 2022)

This growth also characterised other markets in which Austrian Post operates in 2021. As far as Germany is concerned, the IMF estimates that economic growth came to 2.7% in 2021 after dropping by -4.6% in the previous year as a result of the crisis. An increase of 3.8% and 2.5% is expected for 2022 and 2023 respectively. The IMF calculates GDP growth of 6.5% for the European emerging markets in 2021 after the decline of –1.8% in the previous year. An increase of 3.5% and 2.9% is predicted for 2022 and 2023 respectively. (IMF, January 2022)

Turkey's economic growth prior to the pandemic was heavily reliant on externally financed credit and demand stimulation. Rapid credit growth at state-owned banks, dollarisation and rising inflation put pressure on the Turkish lira, which is why the economy entered the pandemic in a vulnerable position and was hit very hard in the first half of the year. Government intervention and administrative and regulatory measures allowed it to recover in the second half of the year. (IMF, June 2021) This allowed the economy to report growth of 1.8% in 2020, making Turkey an exceptional case in the sense that it reported higher GDP than before the pandemic. The side effect of this growth came in the form of persistently high inflation. According to the IMF, GDP increased by 11.0% in 2021. Looking ahead to 2022 and 2023, the IMF expects GDP to increase by 3.3% and inflation to level off. (IMF, January 2022)

# 1.4 Industry Environment

In addition to the overall economic environment, the business development of Austrian Post is impacted mainly by the following international trends, which pose risks but also offer new opportunities.

Electronic substitution continues in the addressed Letter Mail sector. This global trend impacts all postal companies and is essentially beyond the company's control. In particular, customers in the public sector are trying to reduce mail volumes; as a result, Austrian Post continues to expect an ongoing decline. A steady decline in volume can be expected, especially against the backdrop of new e-government solutions. Generally, the business with direct mail items heavily depends on the economic situation, the particular sector and the level of advertising activity on the part of companies. The COVID-19 pandemic has, on the one hand, accelerated the trend towards e-substitution while, on the other, the restrictions imposed due to the pandemic and the lockdown measures have had a negative economic impact on volumes, as well as on the business activities of major customers.

Parcel volumes in the private customer segment are increasing due to the growing importance of online shopping. The COVID-19 pandemic is creating an extraordinary level of additional volume due to the lockdown of bricks-and-mortar retailers. There is still a gap to be filled in e-commerce in the CEE/SEE markets, and in Turkey, which tends to lead to a more dynamic market environment.

On the other hand, the development of the international parcel and freight business depends largely on general economic trends as well as on international trade flows and related price developments. Competitive intensity and price pressure remain high in this area. Trade flows and the required logistics services are becoming increasingly globalised.

Another important market trend is the increasing importance of non-financial issues in the areas of Economy & Customers, Environment & Climate and People & Social. This is accompanied by increasing transparency requirements imposed on companies with regard to sustainability. Increased awareness of sustainability is also leading to growing demand for the resource-friendly transport of goods. Austrian Post has been responding to this demand for ten years now by offering carbon neutral delivery and the gradual decarbonisation of logistics in its home market of Austria, the quest being to improve the carbon footprint of both Austrian Post and its customers. In addition to improving efficiency and compensating for emissions, using alternative technologies is particularly important for Austrian Post. The ambitious goal is to ensure that all last-mile deliveries in Austria are emission-free by 2030. This means only using vehicles with alternative drive systems or not using motorised vehicles at all.

## 1.5 Legal Framework

The legal framework for Austrian Post's business operations is mainly based on the Austrian Postal Market Act, which has been in effect since 1 January 2011:

- Austrian Post has been Austria's universal service provider since the complete liberalisation of the market, thus guaranteeing the provision of high-quality postal services throughout Austria. As required by law, the regulatory authority (Post Control Commission) examined, most recently in 2021, whether other postal companies are capable of providing the universal postal services defined in the statutory universal service obligation. This is not the case.
- Universal service is limited primarily to mail posted at the legally defined access points, e.g. post offices or letter boxes, on the basis of general terms and conditions (not individually negotiated). The aim is to ensure the basic provision of postal services to the Austrian population and economy. Postal services for mail items brought to logistics centres by large customers are not included in the universal service, with the exception of newspapers.
- An amendment to the Postal Market Act took effect on 27 November 2015, enabling Austrian Post to offer not only letters (with strict delivery time standards) but also non-priority letters as part of its universal services with delivery times of up to four days on a regular basis. Since 1 July 2018, Austrian Post has offered the ECO Letter as part of its universal services and has expanded its product range accordingly. In the universal service, senders therefore have the option of choosing between a delivery time of two to three days for items that are not time-sensitive and the quicker PRIO letter, which continues to be delivered the day after the letter is posted.

# 2. BUSINESS DEVELOPMENT AND ECONOMIC SITUATION





## 2.1 Changes to the Scope of Consolidation

The Turkish company Aras Kargo a.s. was fully consolidated on 25 August 2020. This limits the comparability of the individual items from the previous year.

The transaction involving the takeover of ING's retail banking business in Austria by bank99 was closed on 1 December 2021. Austrian Post now holds a 90% stake in bank99.

A complete overview of all changes to the scope of consolidation in the 2021 financial year can be found in the consolidated financial statements under Note 4.2.

## 2.2 Financial Performance

### 2.2.1 Development of Revenue

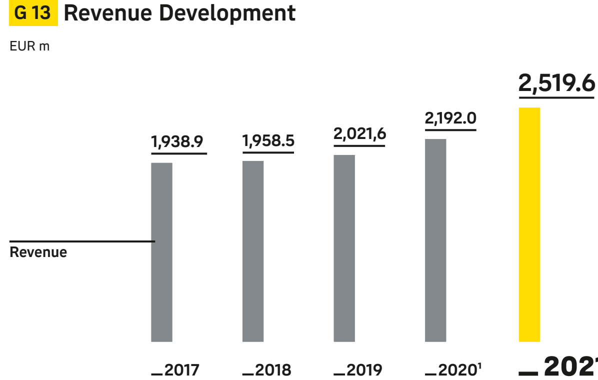
The Austrian Post Group's revenue rose by 14.9% to EUR 2,519.6m in 2021, with organic revenue growth of 5.7%. In the 2021 financial year, the Parcel & Logistics Division achieved revenue growth of 36.4% (organic growth of +14.2%) and the Mail Division showed stability with an increase of 0.1%. The Retail & Bank Division also reported a 10.8% increase in revenue to EUR 74.7m in the reporting period. G 13

2021 brought a major shift in the divisional breakdown, with the parcel business now playing more of a role. Revenue in the Parcel & Logistics Division increased from 41.5% in 2020 to what is now 49.0% of total revenue in the reporting period. On the one hand, the full consolidation of the Turkish company Aras Kargo with effect from 25 August 2020 brought revenue growth amounting to EUR 290.7m in the 2021 financial year. On the other hand, the 36.4% revenue increase in the Parcel & Logistics Division in the 2021 financial year was also driven by organic growth from online orders and positive special effects from logistics services.

The Mail Division's share of Austrian Post's revenue declined to 48.1% in the year under review (2020: 55.5%). Whereas in the previous year – which was still hit hard by negative COVID-19 effects – revenue dropped by 7.4%, a slight increase of 0.1% was witnessed in the 2021 reporting period. The current financial year also saw positive COVID-19 effects relating to special mailings. The overall downward trend in conventional mail as a result of e-substitution continues to progress, however. The direct mail business showed volatile development, with signs of a slight recovery in Direct Mail and Media Post following a marked slump in the previous year. On 1 April 2020, letter mail products and prices were adjusted, with a positive knock-on effect on revenue.

The Retail & Bank Division achieved a 2.9% share of revenue in the 2021 financial year with revenue totalling EUR 74.7m (+10.8%). bank99 was launched on the market on 1 April 2020. G 14 T 03

G 13 Revenue Development




[1] Change in the presentation of financial services, refer to Note 3.2

## T 03 Revenue by Division

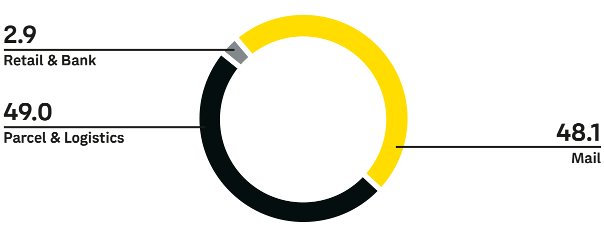
| EUR m | 2019[1] | 2020[2] | 2021 | Change 2020/2021 % | Change 2020/2021 EUR m |
|---|---|---|---|---|---|
| **REVENUE** | **2,021.6** | **2,192.0** | **2,519.6** | **14.9** | **327.6** |
| Mail | 1,320.1 | 1,222.7 | 1,224.2 | 0.1 | 1.5 |
| Parcel & Logistics | 632.5 | 913.6 | 1,245.7 | 36.4 | 332.2 |
| Retail & Bank | 80.5 | 67.4 | 74.7 | 10.8 | 7.3 |
| Corporate/Consolidation[3] | –11.5 | –11.7 | –25.0 | <–100 | –13.3 |
| Working days in Austria | 251 | 252 | 252 | – | – |

[1] Adjusted to the new segment structure as at 1 January 2020
[2] Change in the presentation of financial services, refer to Note 3.2

A regional breakdown of Austrian Post's revenue in the 2021 financial year shows that 79.4% of revenue was generated in Austria. International markets account for 20.6% of Austrian Post's revenue in 2021. Turkey accounted for an 11.5% share and the Southeast and Eastern Europe region for 6.5%. 2.5% of revenue was generated in Germany. G 15

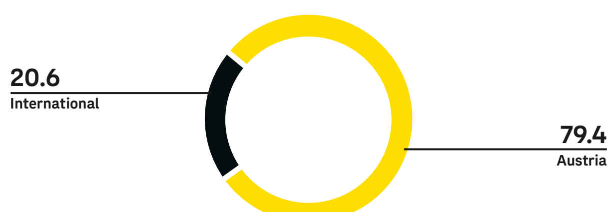
## G 14 Revenue by Division 2021

in %




## G 15 Revenue by Region 2021

in %



## T 04 Development of Revenue in the Mail Division

| EUR m | 2019[1] | 2020 | 2021 | Change 2020/2021 % | Change 2020/2021 EUR m |
|---|---|---|---|---|---|
| **REVENUE** | **1,320.1** | **1,222.7** | **1,224.2** | **0.1** | **1.5** |
| Letter Mail & Business Solutions | 816.0 | 781.8 | 771.6 | –1.3 | –10.3 |
| Direct Mail | 372.0 | 320.9 | 329.3 | 2.6 | 8.4 |
| Media Post | 132.1 | 120.0 | 123.4 | 2.8 | 3.3 |
| Revenue intra-Group | 2.9 | 3.1 | 3.0 | –2.8 | –0.1 |
| **TOTAL REVENUE** | **1,323.0** | **1,225.8** | **1,227.2** | **0.1** | **1.4** |
| thereof revenue with third parties | 1,316.9 | 1,216.7 | 1,214.6 | –0.2 | –2.0 |

[1] Adjustment to segment reporting as of 1 January 2020

Revenue in the Mail Division amounted to EUR 1,224.2m in 2021, 63.0% thereof can be attributed to the Letter Mail & Business Solutions area, 26.9% to Direct Mail and 10.1% to Media Post. G 17 T 04

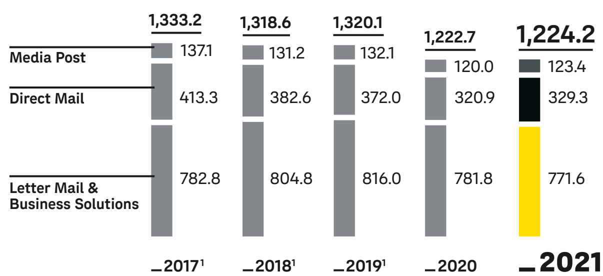
At EUR 771.6m, the revenue generated in the Letter Mail & Business Solutions area in the 2021 financial year fell short of the prior year's level by 1.3%. The declining volume trend resulting from the substitution of letters by electronic forms of communication continued. After a turbulent 2020 marred by COVID-19, which saw a 7% drop in the letter mail volume due to stringent lockdown measures, the volume decline for the current period came to 4%. The development remains characterised by the difficult overall conditions. Special mailings due to COVID-19 measures and the adjustments to letter mail products and prices with effect from 1 April 2020 had a positive impact on revenue. The Business Solutions area showed a decline compared to the previous year.

Revenue in the Direct Mail segment increased by 2.6% to EUR 329.3m in the 2021 reporting year. The same period of the previous year saw a decline of 13.7%. In the Direct Mail business, the branch closures imposed by the authorities in response to COVID-19 had a particularly negative impact. The current situation is a volatile one, and direct mail will continue to decline as part of a structural transformation process.

The revenue from Media Post, i.e. the delivery of newspapers and magazines, rose by 2.8% year-on-year to EUR 123.4m. This increase is mainly due to the decline in the previous year (–9.1%). G 16

## G 16 Mail Revenue by Product Group

EUR m




[1] Adjustment to segment reporting from 1 January 2020

## G 17 Share of Mail Revenue by Product Group 2021

in %

## T 05 Development of Revenue in the Parcel & Logistics Division

| EUR m | 2019[1] | 2020 | 2021 | Change 2020/2021 % | Change 2020/2021 EUR m |
|---|---|---|---|---|---|
| **REVENUE** | **632.5** | **913.6** | **1,245.7** | **36.4** | **332.2** |
| Premium Parcels | 352.9 | 568.0 | 822.2 | 44.8 | 254.2 |
| Standard Parcels | 217.5 | 274.0 | 313.2 | 14.3 | 39.2 |
| Other Parcel Services | 62.1 | 71.5 | 110.3 | 54.2 | 38.7 |
| Revenue intra-Group | 0.7 | 1.0 | 0.9 | -7.9 | -0.1 |
| **TOTAL REVENUE** | **633.2** | **914.5** | **1,246.6** | **36.3** | **332.1** |
| thereof revenue with third parties | 623.6 | 905.3 | 1,227.6 | 35.6 | 322.3 |

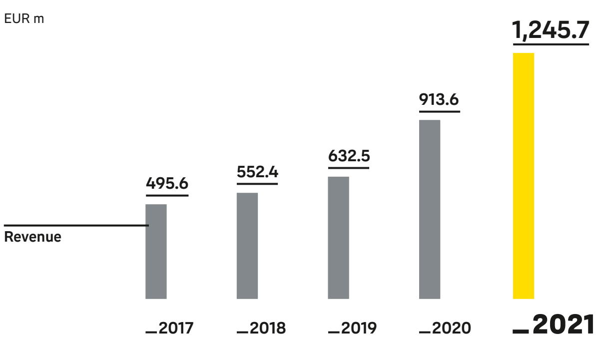
[1] Adjustment to segment reporting as of 1 January 2020

Revenue in the Parcel & Logistics Division increased by 36.4% to EUR 1,245.7m in 2021, with organic growth of 14.2%.

Parcel volumes in Austria showed weaker growth after substantial increases in the comparable period of the previous year (2020: +30%) and came in at the forecast value of 11% in 2021. The increase in parcel volumes was also less pronounced compared to the previous year in the Southeast and Eastern European market at 16% (2020: +27%). In Turkey, Austrian Post recorded a moderate increase in parcel volumes of 5% as against the strong previous year (2020: +37%). The positive development in the Parcel & Logistics Division is based, among other things, on the ongoing e-commerce trend in all markets. The COVID-19 pandemic has had a long-term impact on online retail. The Turkish subsidiary Aras Kargo, which has been included in the consolidated financial statements as a fully consolidated subsidiary since 25 August 2020, also made a positive contribution of EUR 290.7m to revenue development in 2021. The reporting period also included positive special effects from logistics services amounting to around EUR 30m.

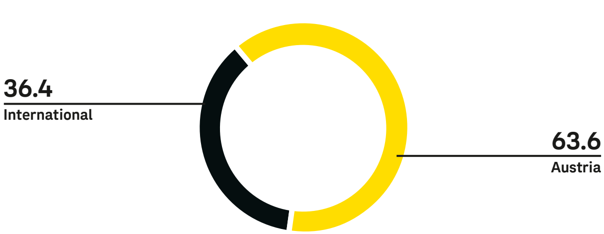
### G 18 Revenue Parcel & Logistics Division

EUR m




### G 19 Parcel Revenue by Region 2021

in %




G 18 T 05

The trend towards faster parcel delivery continues. In total, 66.0% of the division's revenue in the reporting period was generated in the Premium Parcels segment (delivery on the working day after posting). This corresponds to an increase of 44.8% to EUR 822.2m in the 2021 financial year.

The Standard Parcels segment accounted for 25.1% of total revenue for the division. In the 2021 financial year, this segment recorded a 14.3% increase in revenue to EUR 313.2m.

The other parcel services segment, which comprises various additional logistics services and accounts for 8.9% of divisional revenue, generated EUR 110.3m in revenue in 2021, up by 54.2% thanks to positive special effects.

An analysis by region shows that in 2021, 63.6% of divisional revenue was generated in Austria, with an increase of 18.5% compared to the same period of the previous year. 36.4% of the division's revenue was generated by subsidiaries' international business, with 23.3% generated in Turkey and 13.1% in Southeast and Eastern

## T 06 Development of Revenue in the Retail & Bank Division

| EUR m | 2019[1] | 2020[2] | 2021 | Change 2020/2021 % | Change 2020/2021 EUR m |
|---|---|---|---|---|---|
| **REVENUE** | **80.5** | **67.4** | **74.7** | **10.8** | **7.3** |
| Branch Services | 80.4 | 44.8 | 41.8 | –6.8 | –3.0 |
| Result from Financial Services | 0.0 | 22.6 | 32.9 | 45.8 | 10.3 |
| Other | 0.1 | 0.1 | 0.1 | 0.9 | 0.0 |
| Revenue intra-Group | 182.3 | 183.4 | 186.3 | 1.6 | 2.9 |
| **TOTAL REVENUE** | **262.8** | **250.8** | **261.0** | **4.1** | **10.2** |
| thereof revenue with third parties | 80.5 | 67.3 | 74.4 | 10.5 | 7.1 |

[1] Adjustment to segment reporting as of 1 January 2020
[2] Change in the presentation of financial services, refer to Note 3.2

Europe. Revenue growth in the highly competitive Southeast and Eastern Europe region came to 13.6 % in 2021, driven by increased parcel volumes due to the COVID-19 pandemic. G 19

Revenue in the Retail & Bank Division increased by 10.8% from EUR 67.4m to EUR 74.7m in the 2021 financial year. Branch Services fell by 6.8% from EUR 44.8m to EUR 41.8m in the current reporting period due to the absence of various service fees from the former banking partner, which were still included in the figures for the previous year, as well as lower revenue from the sale of merchandise. The branch products developed in the opposite direction, showing a slight increase due to additional orders. Income from financial services of EUR 32.9m showed a positive development in the 2021 financial year. bank99 entered the market on 1 April 2020, and the transaction to take over ING's retail banking business in Austria was closed in December 2021. This means that, by the end of 2021, bank99 already boasted more than 200,000 customers. G 20 T 06

### G 20 Retail & Bank Division 2021

in %


GROUP MANAGEMENT REPORT
CONSOLIDATED FINANCIAL STATEMENTS

## T 07 Financial Performance of the Group

| EUR m | 2019 | 2020[1] | 2021 | Change 2020/2021 % | Change 2020/2021 EUR m |
|---|---|---|---|---|---|
| **REVENUE** | **2,021.6** | **2,192.0** | **2,519.6** | **14.9** | **327.6** |
| Other operating income | 131.5 | 64.1 | 95.2 | 48.5 | 31.1 |
| Raw materials, consumables and services used | –495.7 | –596.2 | –715.7 | –20.0 | –119.5 |
| Expenses for financial services | – | –2.8 | –5.4 | –96.4 | –2.7 |
| Staff costs | –976.7 | –1,041.4 | –1,160.1 | –11.4 | –118.7 |
| Other operating expenses | –361.3 | –314.4 | –363.8 | –15.7 | –49.4 |
| Results from financial assets accounted for using the equity method | –0.6 | 1.5 | 0.6 | –58.6 | –0.9 |
| **EBITDA** | **318.7** | **302.8** | **370.4** | **22.3** | **67.6** |
| Depreciation and amortisation | –116.3 | –139.8 | –159.6 | –14.1 | –19.7 |
| Impairment losses | –1.7 | –2.3 | –6.1 | <–100 | –3.7 |
| **EBIT** | **200.6** | **160.6** | **204.7** | **27.5** | **44.1** |
| Financial Result | 10.7 | 1.4 | 11.7 | >100 | 10.2 |
| **EARNINGS BEFORE TAX** | **211.3** | **162.1** | **216.4** | **33.5** | **54.4** |
| Income Tax | –66.8 | –46.8 | –58.0 | –24.1 | –11.3 |
| **PROFIT FOR THE PERIOD** | **144.5** | **115.3** | **158.4** | **37.4** | **43.1** |
| **ATTRIBUTABLE TO:** | | | | | |
| Shareholders of the parent company | 146.4 | 118.3 | 152.3 | 28.7 | 34.0 |
| Non-controlling interests | –1.9 | –3.0 | 6.1 | >100 | 9.1 |
| **EARNINGS PER SHARE (EUR)[2]** | **2.17** | **1.75** | **2.25** | **28.7** | **0.50** |

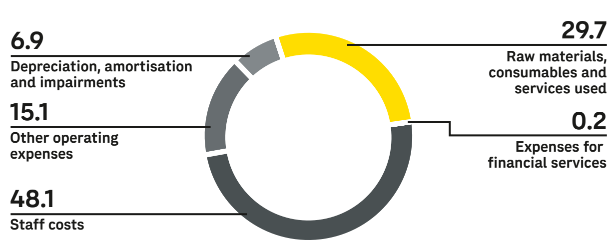
[1] Change in the presentation of financial services, refer to Note 3.2
[2] Undiluted earnings per share in relation to 67,552,638 shares

### 2.2.2 Earnings Development

The structure of expenses of Austrian Post is characterised by a high share of staff costs. Accordingly, 48.1% of total operating expenses incurred by Austrian Post in 2021 were accounted for staff costs. The second largest expense item, which constituted 29.7% of operating expenses, was raw materials, consumables and services used, a large part thereof related to out-sourced transport services. Furthermore, 15.1% could be attributed to other operating expenses and 6.9% to write-downs. The item Expenses for financial services accounts for 0.2% of total operating expenses. G 21

**G 21 Structure of Expenses** 2021

in %




The individual income statement items can only be compared with the previous year to a limited extent due to the full consolidation of the Turkish company Aras Kargo with effect from 25 August 2020.

Staff costs in the 2021 financial year amounted to EUR 1,160.1m, up by 11.4% or EUR 118.7m. On a comparable basis, i.e. excluding Aras Kargo, staff costs were up by 7.1% overall or EUR 72.8m in a year-on-year comparison.

Operational staff costs expenses rose in a year-on-year comparison due to the full consolidation of the Turkish company Aras Kargo, as well as additional expenses resulting from the increased parcel business. The Austrian Post Group had an average of 27,275 employees (full-time equivalents) in 2021, compared to an average of 22,966 employees in the same period of the previous year (+18.8%). Once again, the increase is mainly due to the full consolidation of Aras Kargo, as well as to increased demand for employees in logistics. Excluding

Aras Kargo, the average number of employees in 2021 increased by 1.3% or 277 full-time equivalents.

In addition to operational staff costs, staff costs of Austrian Post generally also include various non-operating expenses such as severance payments and changes in provisions, which can be attributed primarily to the specific employment situation of civil servant employees. Non-operating staff costs rose compared to the previous year, mainly as result of staff-related provisions for under-utilisation.

Raw materials, consumables and services used increased by 20.0% to EUR 715.7m. On a comparable basis, i.e. excluding Aras Kargo, the cost of materials was up by 5.6% or EUR 30.3m on the previous year's level. The increase is mainly due to higher transport expenses as a result of the huge parcel volumes and higher sales commission.

Other operating income rose by 48.5% to EUR 95.2m in 2021. On a comparable basis, i.e. excluding Aras Kargo, Other operating income was up by 39.9% or EUR 23.5m on the previous year's level, and included effects resulting from the takeover of ING's retail banking business in Austria. Other operating expenses also rose by 15.7% to EUR 363.8m. On a comparable basis, i.e. excluding Aras Kargo, Other operating expenses were up by 11.2% or EUR 34.1m on the previous year's level. In the reporting period, this item mainly included the options for the acquisition of the remaining 20% of the shares in Aras Kargo, as well as provisions set up in connection with data protection proceedings.

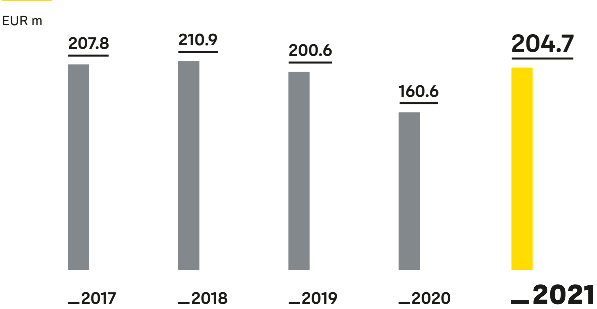
EBITDA of EUR 370.4m was EUR 22.3% above the previous year (EUR 302.8m), corresponding to an EBITDA margin of 14.7%. The increase in EBITDA is a result of the excellent parcel revenue development in all markets.

Depreciation, amortisation and impairment losses in the reporting period totalled EUR 159.6m, compared with EUR 139.8m in the previous year. The increase is mainly attributable to investments in new parcel logistics infrastructure locations and the full consolidation of Aras Kargo. Impairment losses of EUR 6.1m were above the previous year's level of EUR 2.3m.

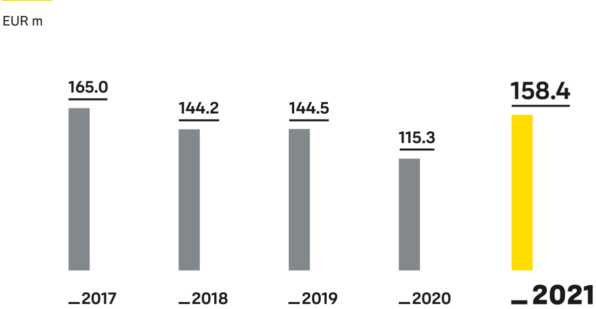
EBIT of EUR 204.7m was up by 27.5% from the previous year. The EBIT margin amounted to 8.1%, allowing EBIT to exceed the 2019 pre-pandemic level. G 22

The Group's financial result of EUR 11.7m was EUR 10.2m above the level seen in 2020 and mainly related to foreign currency effects. After deducting income tax of EUR 58.0m, the profit for the period therefore came to EUR 158.4m (+37.4%). Basic earnings per share were EUR 2.25 compared to EUR 1.75 in the same period of the previous year. G 23 T 07

G 22 **EBIT**




G 23 **Profit for the Period**



## T 08 EBIT by Division

| EUR m | 2019[1] | 2020 | 2021 | Change 2020/2021 % | Change 2020/2021 EUR m | 2021 margin[2] |
|---|---|---|---|---|---|---|
| **EBIT** | **200.6** | **160.6** | **204.7** | **27.5** | **44.1** | **8.1%** |
| Mail | 196.7 | 164.4 | 155.2 | –5.6 | –9.2 | 12.6% |
| Parcel & Logistics | 37.8 | 73.5 | 118.1 | 60.6 | 44.5 | 9.5% |
| Retail & Bank | –4.6 | –43.8 | –39.2 | 10.4 | 4.6 | – |
| Corporate/Consolidation[3] | –29.4 | –33.5 | –29.3 | 12.7 | 4.2 | – |

[1] Adjustment to segment reporting as of 1 January 2020
[2] Margin of the divisions related to total earnings
[3] Also includes the intra-group apportionment procedure

Earnings (EBIT) rose from EUR 160.6m to EUR 204.7m (+27.5%) in the 2021 financial year, and were characterised primarily by the improved earnings trend in the Parcel & Logistics Division. Both the domestic business, with higher parcel volumes and positive special effects, and the international parcel business showed very encouraging development. The full consolidation of the Turkish company Aras Kargo has been making a positive contribution to Group net profit since 25 August 2020.

In terms of divisional result, the Mail Division achieved an EBIT of EUR 155.2m in 2021. This corresponds to a drop of 5.6% to EUR 9.2m. In the current reporting period, the adjustments to letter mail products and prices with effect from 1 April 2020, as well as special mailings in connection with the COVID-19 pandemic, had a positive effect, while the high intensity of fixed costs in the letter mail business and negative effects in the form of provisions had the opposite effect.

The Parcel & Logistics Division achieved revenue growth in an environment of intense competitive pressure, generating EBIT of EUR 118.1m in 2021. This corresponds to an increase of 60.6% or EUR 44.5m compared to the same period of the previous year. All markets reported increased earnings due to excellent revenue development. The full consolidation of the Turkish company Aras Kargo, which was hit by negative currency translation effects due to pressure on the Turkish lira in the second half of the year, had a significant impact on the increase in earnings, but showed excellent development in operational terms. The parcel business in Austria also showed positive development on the basis of revenue. Positive special effects were achieved through logistics services relating to the pandemic.

The Retail & Bank Division reported EBIT of minus EUR 39.2m in 2021, as against minus EUR 43.8m in the previous year. The ramp-up of the financial services business had a positive effect on the result, which improved by 10.4% or EUR 4.6m. The result for 2021 also includes a negative special effect in the form of a staff-related provision that was recognised primarily in the first quarter of 2021.

EBIT in the Corporate Division (including consolidation and intra-Group cost allocation) changed from minus EUR 33.5m to minus EUR 29.3m due to positive income from the sale of properties. The Corporate Division provides non-operating services which are essential for the purpose of the administration and financial control of a corporate group. In addition to conventional governance tasks, these activities include the management and development of properties not required for operations, the management of significant financial investments, the provision of IT services, the development of new business models and the administration of the Internal Labour Market of Austrian Post. T 08

# 2.3 Assets and Financial Position

**T 09 Balance Sheet as at 31 December**

| EUR m | 31 Dec. 2019[1] | 31 Dec. 2020 | 31 Dec. 2021 | Structure 31 Dec. 2021 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Property, plant and equipment | 1,056.5 | 1,137.2 | 1,206.5 | 25.2% |
| Intangible assets and goodwill | 96.2 | 158.3 | 143.8 | 3.0% |
| Investment property | 73.0 | 74.4 | 76.3 | 1.6% |
| Financial assets accounted for using the equity method | 11.4 | 11.4 | 8.2 | 0.2% |
| Inventories, trade and other receivables | 403.6 | 484.6 | 519.1 | 10.8% |
| Other financial assets | 298.7 | 116.1 | 37.0 | 0.8% |
| thereof securities/money market investments | 240.6 | 110.6 | 31.4 | – |
| Financial assets from financial services | 50.9 | 589.5 | 2,715.8 | 56.7% |
| Cash and cash equivalents | 52.6 | 108.2 | 85.8 | 1.8% |
| Assets held for sale | 0.1 | 0.5 | 0.1 | 0.0% |
| | **2,042.9** | **2,680.2** | **4,792.6** | **100%** |
| **EQUITY AND LIABILITIES** | | | | |
| Equity | 700.7 | 655.0 | 672.2 | 14.0% |
| Provisions | 617.4 | 632.5 | 687.9 | 14.4% |
| Other financial liabilities | 309.5 | 351.6 | 404.4 | 8.4% |
| Trade and other payables | 415.3 | 508.2 | 484.6 | 10.1% |
| Financial liabilities from financial services | 0.0 | 532.9 | 2,543.5 | 53.1% |
| | **2,042.9** | **2,680.2** | **4,792.6** | **100%** |

[1] Change in the presentation of financial services

## 2.3.1 Balance Sheet Structure

Austrian Post relies on a solid balance sheet and financing structure. This is demonstrated by the excess liquidity and the solid investment of cash and cash equivalents at the lowest possible risk.

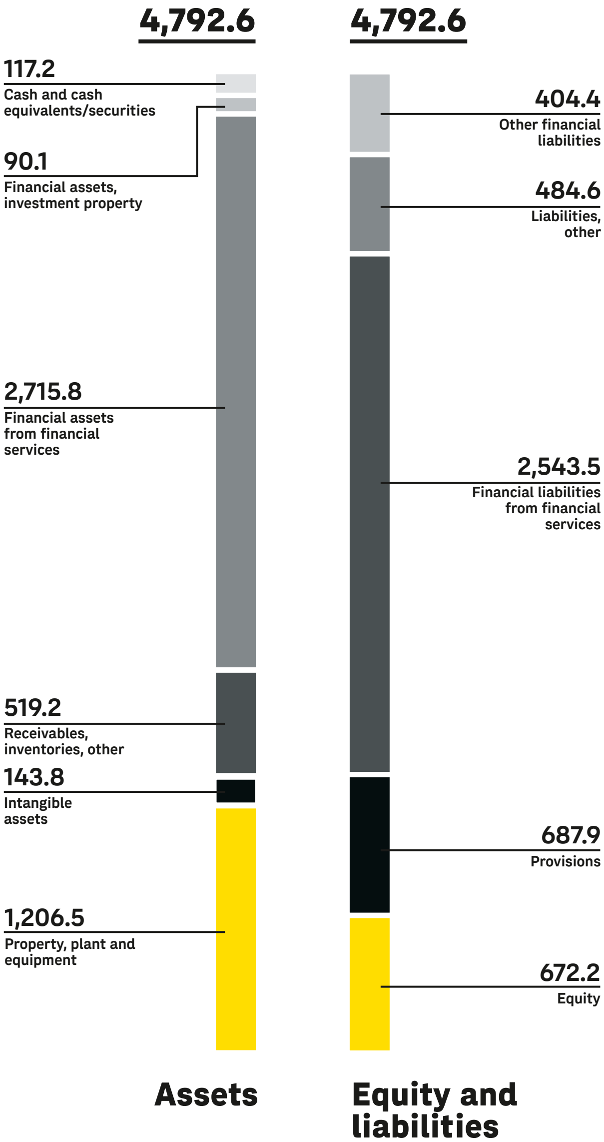
Austrian Post's total assets amounted to EUR 4,792.6m as at 31 December 2021. On the asset side, property, plant and equipment amounting to EUR 1,206.5m is one of the largest balance sheet items and includes right-of-use assets in connection with leases in the amount of EUR 331.3m. In addition, there were intangible assets and goodwill from company acquisitions, which are reported at EUR 143.8m as at 31 December 2021. The balance sheet shows receivables of EUR 391.0m, which include current trade receivables of EUR 303.8m. Other financial assets amounted to EUR 37.0m as at 31 December 2021. Financial assets from financial services amounted to EUR 2,715.8m at the end of 2021 and mainly result from the business activities of bank99.

Austrian Post held securities and money market investments that are included in other financial assets amounting to EUR 31.4m at the end of the year (excl. bank99). The securities and money market investments held by Austrian Post carry an investment grade rating or comparable credit rating, which is why it can be assumed that these assets can be liquidated in the short term. The balance sheet shows that Austrian Post had cash and cash equivalents in the amount of EUR 85.8m as at 31 December 2021. Cash and cash equivalents including money market and securities investments, and excluding the cash and cash equivalents of bank99, amounted to EUR 117.2m as at 31 December 2021. bank99's cash and cash equivalents amounted to EUR 1,218.2m at the end of 2021. Including bank99, cash and cash equivalents amounted to EUR 1,335.4m as at 31 December 2021.

On the equity and liabilities side of the balance sheet, the equity of the Austrian Post Group amounted to EUR 672.2m as at 31 December 2021 (equity ratio of 14.0%). Furthermore, provisions of EUR 687.9m are shown

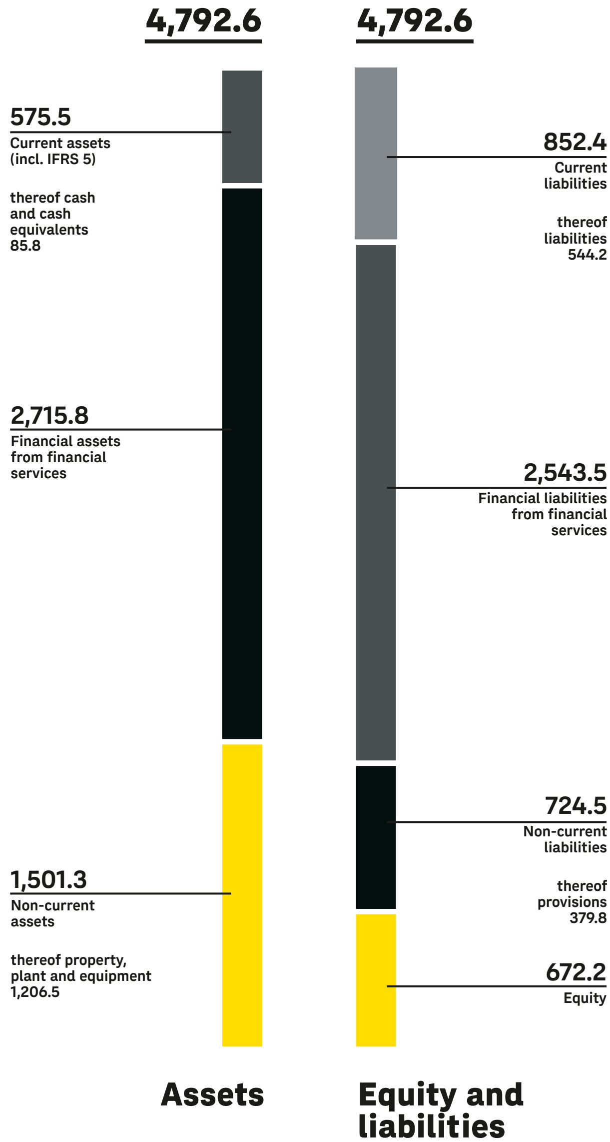
**G 24** Balance Sheet Structure by Item — **31 Dec. 2021**

EUR m




**G 25** Balance Sheet Structure by Maturity — **31 Dec. 2021**

EUR m




on the equity and liabilities side as at the end of December 2021. Around 75% of the provisions were staff-related provisions, with EUR 202.2m attributable to provisions for underutilisation. A further EUR 200.4m relates to legally and contractually required provisions for social capital (severance payments and anniversary bonuses) and EUR 102.7m to other staff-related provisions. Other provisions amounted to EUR 182.6m and included obligations for possible compensation payments in connection with credited recovery claims from non-wage labour costs paid in previous periods. In total, 45% of the provisions at Austrian Post have a maturity of more than three years, 10% of more than one year. 45% of the provisions are current provisions with a maturity of less than one year. Other financial liabilities amounted to EUR 404.4m and included non-current lease liabilities of EUR 281.4m. As at 31 December 2021, trade and other payables of EUR 484.6m included current trade payables of EUR 237.2m. Financial liabilities from financial services amounting to EUR 2,543.5m result primarily from the business activities of bank99 (deposit and investment business of bank99's customers). G 24 T 09

The analysis of the balance sheet structure by maturity shows that 31% of total assets, or EUR 1,501.3m, are accounted for by non-current assets. At EUR 1,206.5m, property, plant and equipment plays a significant role within non-current assets. Financial assets from financial services account for 57% of total assets, or EUR 2,715.8m. This item mainly includes cash and cash equivalents and balances with central banks, as well as receivables from customers. The largest current asset items (incl. IFRS 5), constituting 12% or EUR 575.5m, are trade and other receivables in the amount of EUR 376.7m and cash and cash equivalents in the amount of EUR 85.8m.

On the equity and liabilities side, total assets are made up of equity (14%), non-current liabilities (15%), financial liabilities from financial services (53%) and current liabilities (18%). Non-current liabilities in the amount of EUR 724.5m primarily include provisions totalling EUR 379.8m and other financial liabilities in the amount of EUR 281.4m. Financial liabilities from financial services of EUR 2,543.5m include liabilities to customers of EUR 2,532.9m. Current liabilities in the amount of EUR 852.4m are dominated by EUR 544.2m in liabilities and provisions totalling EUR 308.2m. G 25

## 2.3.2 Cash Flow

Cash flow from earnings amounted to EUR 442.4m in the 2021 financial year, compared with EUR 328.3m in the previous year (+34.8%). Cash flow from operating activities amounted to EUR 493.3m in the reporting period after EUR 732.6m in the previous year. The biggest effects here included the changes in the core banking assets of bank99 (financial assets/liabilities from financial services) of EUR 193.2m; these amounted to EUR 522.2m in the previous year. Core banking assets include the change in the balance sheet items Financial assets from financial services and Financial liabilities from financial services, excluding cash, cash equivalents and balances with central banks, meaning that they encompass bank99's deposit and investment business.

Cash flow from investing activities amounted to EUR 255.1m in 2021 after EUR 7.0m in the previous year. The increase was mainly due to the takeover of ING's retail business in Austria and the cash and cash equivalents acquired in the process. The purchase / sale of securities / money market investments was lower in the current reporting year than in the previous year, as the returns from fixed-term deposits were lower in 2021 than in 2020.

Austrian Post relies on operating free cash flow as an indicator in order to assess the financial strength of its operating business and to cover the dividend for

### T 10 Cash Flow

| EUR m | 2019[1] | 2020[2] | 2021 |
|---|---|---|---|
| Gross cash flow | 333.7 | 328.3 | 442.4 |
| **CASH FLOW FROM OPERATING ACTIVITIES** | **327.4** | **732.6** | **493.3** |
| thereof core banking assets | 0.0 | 522.2 | 193.2 |
| Cash flow from investing activities | –290.7 | 7.0 | 255.1 |
| thereof maintenance CAPEX | –71.5 | –67.8 | –81.2 |
| thereof growth CAPEX | –81.5 | –75.5 | –80.1 |
| thereof cash flow from acquisitions/divestments | –6.8 | 37.0 | 337.4 |
| thereof acquisition/disposal of securities/money market investments | –124.0 | 130.2 | 80.0 |
| thereof other cash flow from investing activities | –6.8 | –16.9 | –1.0 |
| Free cash flow | 36.7 | 739.6 | 748.4 |
| **OPERATING FREE CASH FLOW[3]** | **150.5** | **125.7** | **217.9** |
| Cash flow from financing activities | –183.4 | –153.1 | –123.3 |
| thereof dividends | –141.0 | –141.2 | –120.0 |
| Change in cash and cash equivalents | –146.7 | 583.6 | 617.0 |

[1] Change in the presentation of financial services
[2] Change in the presentation of financial services, refer to Note 3.2
[3] Free cash flow before acquisitions / securities / money market investments, growth CAPEX and core banking assets; 2019: excl. payments of EUR 32.8m from the Neutorgasse real estate project and credited repayment claims for social security contributions on pay for previous periods of service amounting to EUR 65.7m

the financial year. Excluding the change in core banking assets, operating free cash flow amounted to EUR 217.9m in the current reporting period, compared to EUR 125.7m in the previous year.

Cash flow from financing activities came to minus EUR 123.3m in the 2021 financial year and mainly included distributions of EUR 120.0m. T 10

The analysis of the development of cash, securities and money market investments in 2021 shows the following picture: as at January 2021, Austrian Post's cash and cash equivalents amounted to EUR 797.7m; excluding cash and cash equivalents relating to bank99, the figure would come to EUR 218.9m. In 2021, cash flow generated from operating activities amounted to EUR 493.3m. After deducting core banking assets of EUR 193.2m and payments for maintenance CAPEX of EUR 81.2m in the 2021 financial year, the operating free cash flow amounts to EUR 217.9m. The planned dividend payment for the 2021 financial year of EUR 128.4m (proposal to be made to the Annual General Meeting on 21 April 2022) can be covered by the operating free cash flow in full. After taking into account the growth CAPEX of EUR 80.1m and the cash flow from financing activities, as well as the acquisitions and divestments, cash and cash equivalents as at 31 December 2021 amounted to EUR 1,335.4m after including the core banking assets. Cash and cash equivalents including money market and securities investments, and excluding the cash and cash equivalents of bank99, amounted to EUR 117.2m as at 31 December 2021. G 26

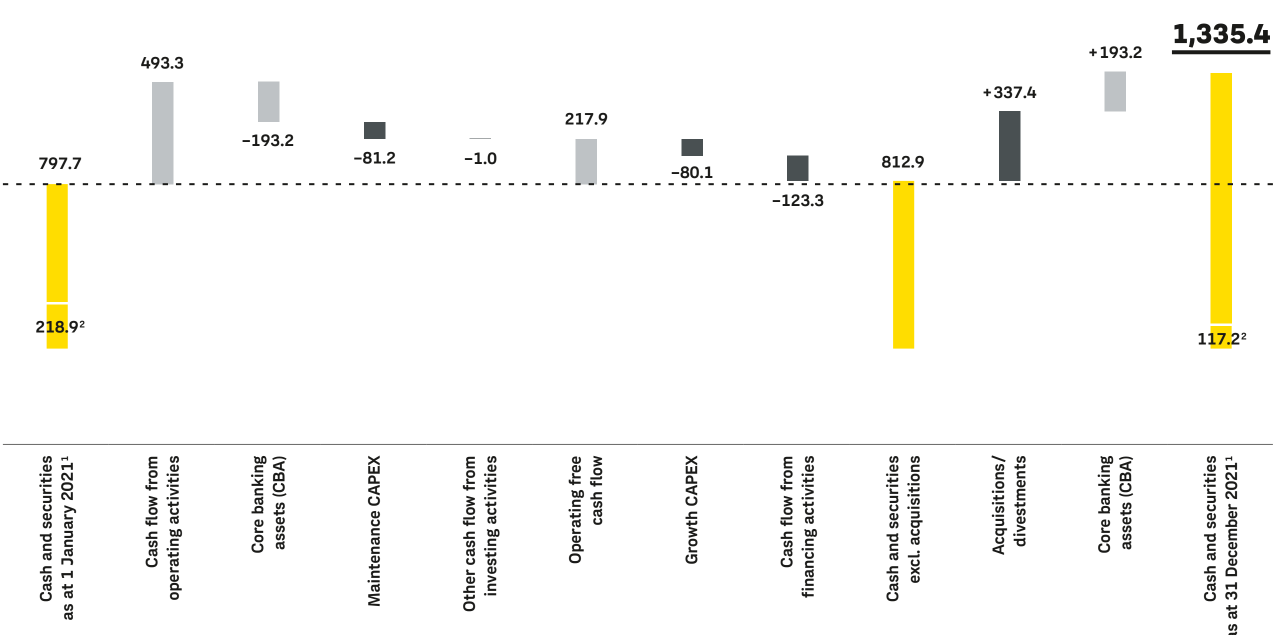
### 2.3.3 Net Liquidity/ Net Financial Debt

The Austrian Post Group reported net financial debt of EUR 663.4m at the end of 2021. The change of EUR 502.0m compared to the previous year was due to an increase in interest-bearing debt and a drop in interest-bearing assets. The increase in interest-bearing debt is mainly due to an increase in liabilities to banks, as well as to the increase in provisions for underutilisation. The drop in interest-bearing assets can be traced back to the sale of investment fund units, as well as to the decrease in fixed-term deposits and cash and cash equivalents. T 11

The ratio of net debt/EBITDA came to 1.71 as against 1.52 in the previous year.

**G 26 Cash Flow Development 2021**

EUR m




[1] Cash, money market investments and securities incl. cash and cash equivalents of bank99
[2] Cash, money market investments and securities excl. cash and cash equivalents of bank99

**T 11** Net Liquidity / Net Financial Debt

| EUR m | 31 Dec. 2019[1] | 31 Dec. 2020[1] | 31 Dec. 2021 |
|---|---|---|---|
| + Other financial liabilities | 309.0 | 347.7 | 390.6 |
| + Interest-bearing liabilities | 0.0 | 11.7 | 11.7 |
| + Interest-bearing provisions | 369.2 | 377.6 | 404.4 |
| **INTEREST-BEARING DEBT** | **678.2** | **737.0** | **806.6** |
| – Other financial assets | –298.6 | –116.0 | –37.0 |
| – Non-current interest-bearing receivables | –1.0 | –1.6 | –5.9 |
| – Current interest-bearing receivables | 0.0 | –8.6 | –14.5 |
| – Cash and cash equivalents | –55.5 | –108.2 | –85.8 |
| **INTEREST-BEARING ASSETS** | **–355.1** | **–234.5** | **–143.2** |
| – Assets held for sale | 0.0 | –0.5 | –0.1 |
| **NET DEBT[2]** | **323.1** | **502.0** | **663.4** |
| **NET DEBT/EBITDA[2]** | **0.99** | **1.52** | **1.71** |

[1] Change in the presentation of financial services, refer to Note 3.2
[2] The company bank99 was not included in the calculations as the content of these indicators is only relevant for the logistics business

As part of its dividend policy, Austrian Post aims to achieve a payout ratio of at least 75% of the net profit attributable to its shareholders in the coming years, provided that the successful business performance continues and that no extraordinary circumstances arise.

## 2.3.4 Capital Expenditures and Acquisitions

Austrian Post Group's capital expenditures came to EUR 274.8m in total in the 2021 financial year. In the reporting period, EUR 260.8m was invested in property, plant and equipment and investment property, with EUR 14.1m being invested in intangible assets, EUR 92.0m thereof related to the addition of right-of-use assets in accordance with IFRS 16.

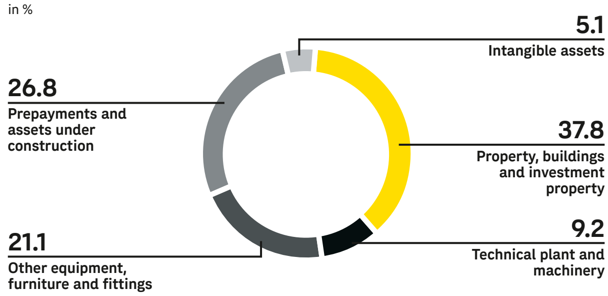
Other equipment, furniture and fittings constituted 21.1% of Austrian Post's capital expenditure programme. In addition to ongoing capital expenditures in the vehicle fleet, this area included in particular equipment and furnishings for branch offices and various types of hardware. Property, buildings and investment property constituted 37.8% in the reporting period, while prepayments and assets under construction constituted 26.8% of the CAPEX programme, primarily for the parcel expansion programme and delivery vehicles. In addition, 9.2% can be attributed to technical plant and machinery in the logistics centres. Intangible assets constituted 5.1%. G 27

A substantial share of capital expenditures were made in the parcels segment in connection with the capacity programme to expand the logistics infrastructure.

A detailed profitability assessment is carried out for investments in both new as well as replacement assets. Investments in replacement assets are made if either the newer technology enables increased productivity achieving an ongoing reduction in costs for the company's own or external staff or in the purchase of transport services, or if the investments come at the optimal time, i.e. the lifecycle costs (in particular maintenance costs) exceed the cost of newer equipment.

**G 27** Investments by Category **2021**

in %



Capital expenditures are approved and the funds are released by a committee both during various planning phases as well as in the course of the procurement phase. Depending on the size of the expenditures, this committee is made up of divisional managers, one or all members of the Management Board and/or the Supervisory Board of Austrian Post. In addition to actual and target comparisons, a follow-up review is conducted for capital expenditures at the conclusion of the investment phase, in particular with regard to major projects.

In addition to the return on investment (ROI), which serves as the main decision-making parameter for capital expenditures and acquisitions, the amortisation period and the present value of the capital expenditures are also taken into consideration, both in the planning phase as well as when monitoring key performance indicators.

The cash inflow for the acquisition and disposal of subsidiaries as well as for financial assets accounted for using the equity method amounted to EUR 336.5m in 2021 after a cash outflow of EUR 1.1m in 2020. The main component of this figure in the reporting period relates to the takeover of ING's retail business in Austria. In general, every acquisition is preceded by a consistent Group-wide selection process. Decisions are made on the basis of a due diligence test followed by an evaluation based on a discounted cash flow method and, if applicable, validation of the plausibility of the determined values based on comparisons.

# 2.4 Value-based Key Performance Indicators

## 2.4.1 Capital Employed

The capital employed of the Austrian Post Group increased from EUR 1,053.1m in the previous year to EUR 1,126.9m as at 31 December 2021. The increase is due to investments in property, plant and equipment, and there was also an increase in tax assets compared to the previous year. The drop in non-interest-bearing debt is mainly due to the drop in non-interest-bearing liabilities (such as trade payables). This was offset by the increase in current non-interest-bearing other provisions. T 12

Austrian Post aims to optimise the capital employed based on industry-specific circumstances. In light of this, capital expenditures are made extremely selectively and systematically in order to, in particular, facilitate productivity increases and profitable growth. Goodwill is tested for impairment on an ongoing basis and is written down accordingly if there is any indication of the same.

The main focus of Austrian Post's receivables management is the continuous monitoring of outstanding receivables. The management is regularly informed about the level of outstanding receivables in order to be able to take appropriate measures. Payment terms may be switched without undue delay to advanced payment or payment in cash or a bank guarantee may be requested if the customer is designated as a risk.

**T 12 Capital Employed**

| EUR m | 31 Dec. 2019[1] | 31 Dec. 2020 | 31 Dec. 2021 |
|---|---|---|---|
| + Property, plant and equipment, intangible assets and goodwill | 1,147.5 | 1,277.6 | 1,313.5 |
| + Investment property | 73.0 | 74.4 | 76.3 |
| + Financial assets accounted for using the equity method | 11.4 | 11.4 | 8.2 |
| + Inventories | 14.3 | 15.5 | 16.5 |
| + Trade and other receivables, financial assets from financial services and tax assets[2] | 319.2 | 415.2 | 432.8 |
| – Non interest-bearing debt | –649.7 | –741.0 | –720.4 |
| **CAPITAL EMPLOYED[3]** | **915.7** | **1,053.1** | **1,126.9** |

[1] Change in the presentation of financial services, refer to Note 3.2
[2] Less interest-bearing receivables
[3] The company bank99 was not included in the calculations as the content of these indicators is only relevant for the logistics business

### 2.4.2 Ratios

The EBITDA margin of Austrian Post rose from 13.8% in 2020 to 14.7% in 2021. The EBIT margin came to 7.3% in 2020, with the margin increasing to 8.1% in 2021. The return on equity changed from 20.6% to 29.5% in the 2021 financial year. The return on capital employed improved from 19.4% in the previous year to 21.0% in the 2021 financial year. The improved earnings (EBIT) compared to the previous year more than compensated for the increase in average capital employed. T 13

**T 13 Ratios**

| in % | 2019 | 2020 | 2021 |
|---|---|---|---|
| EBITDA margin[1] | 15.8 | 13.8 | 14.7 |
| EBIT margin[2] | 9.9 | 7.3 | 8.1 |
| ROE[3] | 25.9 | 20.6 | 29.5 |
| ROCE[4] | 27.4 | 19.4 | 21.0 |

[1] EBITDA margin = EBITDA/revenue
[2] EBIT margin = EBIT/revenue
[3] Return on equity = Profit for the period/(equity as at 1 January, minus dividend payment)
[4] Return on capital employed = EBIT/average capital employed; the company bank99 was not included in the calculations as the content of these indicators is only relevant for the logistics business

## 2.5 Employees

The average number of employees at Austrian Post in 2021 was 27,275 full-time equivalents. This corresponds to an increase of 4,309 full-time equivalents compared to the previous year, largely due to the full consolidation of the Turkish company Aras Kargo (+4,032 full-time equivalents). The majority of the Group's employees (a total of 17,654 full-time equivalents) work for Österreichische Post AG. T 14

**T 14 Employees by Division**

| in % | 2020 | 2021 | Interest 2021 |
|---|---|---|---|
| Mail | 865 | 886 | 3.2% |
| Parcel & Logistics | 4,829 | 9,003 | 33.0% |
| Retail & Bank | 2,077 | 1,970 | 7.2% |
| Corporate | 1,724 | 2,012 | 7.4% |
| **OPERATING DIVISIONS** | **9,494** | **13,872** | **50.9%** |
| Logistics Network | 13,472 | 13,404 | 49.1% |
| **GROUP** | **22,966** | **27,275** | **100%** |

# 3. RESEARCH AND DEVELOPMENT / INNOVATION MANAGEMENT

An essential key to sustainable success in changing markets is the development and market launch of innovative products and business models and the expansion of the existing product portfolio within the core business. In particular, the demands associated with sustainability and changing lifestyles mean that Austrian Post has to constantly question and improve its own processes and services. As a result, Austrian Post is always working on adding and improving its products and services, optimising existing processes and work flows and opening up completely new business areas on the basis of in-house research and development measures. The investments and innovations include not only moves to expand and improve services, but also the logistical backbone of locations and vehicles. Innovative solutions are explored and developed either in-house or together with business partners. In many cases, this leads to new market standards for the entire logistics sector. Two further lockdowns imposed due to the COVID-19 pandemic in 2021 have reinforced existing market trends with effects for the long term. The ongoing boom in online retail continued to affect Austrian Post this year.

Combining the central management of innovation activities with decentralised innovation teams working in different business areas within Austrian Post remains a successful approach. Central innovation management promotes the innovation work of the business areas by providing opportunities for regular networking at events, as well as internal and external programmes – examples include the partnership with the VERBUND Accelerator Programme 2021 or the Sustainability Data Science Hackathon of Österreichische Beteiligungs AG. Austrian Post identifies market requirements and future trends in a timely manner and triggers initiatives in response. The company always keeps an eye on innovative start-ups and entrepreneurs in order to identify possible external opportunities, such as new partnerships. This allows Austrian Post to strengthen its long-term competitive position and drive innovation forward in the industry.

Austrian Post also has a long history of partnerships with reputable Austrian universities, technical colleges and other research facilities. Key partners include the Austrian Research Promotion Agency, the Climate and Energy Fund and the Rail Infrastructure Society (Schieneninfrastrukturgesellschaft). The objective of these partnerships is to further intensify our focus on innovation and develop products and services that are based on sound scientific research findings. When it comes to innovation, key factors include investment in state-of-the-art technologies and continual improvement and expansion of the Austrian Post infrastructure. One important project in this area is the "Theory meets Practice" initiative, which analyses the latest marketing and economic trends in collaboration with educational facilities and business partners. The purpose of this initiative is to provide scientific results based on a research question in order to provide added value for Österreichische Post AG and its business partners. Austrian Post also wants this initiative to provide customers with fresh insights which will strengthen our partnerships.

Numerous new products and services in the core business led to new offerings and improvements in the user experience for Austrian Post customers in the 2021 financial year. Examples include the pick-up service for business customers as a convenient parcel delivery solution using the popular online marketplace willhaben or the concept of a modern self-service branch – the branch of the future.

While a series of projects are initiated and executed by the divisions' product management teams, a centralised development of end-customer services is carried out to secure service leadership, with the aim of utilising the latest technologies to improve core services and to create and research new business models on the end-customer side. The online services provided by Austrian Post are characterised by a high level of security, flexibility, efficiency and trustworthiness.

The "in-home delivery" pilot project is looking at a new and innovative approach to deliveries which will allow staff to deliver parcels inside the homes of our customers. In addition to being convenient for our customers, the service also aims to increase the first-time delivery success rate, resulting in fewer trips to the post office. Austrian Post secured a subsidy from the Rail Infrastructure Society (Schieneninfrastruktur-Dienstleistungsgesellschaft) to run this trial, which has been exceedingly popular.

In 2021, the crypto stamp again attracted attention among stamp collectors, offering a completely new security feature for the first time thanks to the NFC chip and crypto technology. New designs – popular in the blockchain community – such as the whale, the cat and the rhino made further coveted objects available to collectors. Collectors of conventional stamps also, however, got their money's worth, for example with a special scented stamp or the stamp designed to resemble, and made from, FFP2 masks. The Austrian Post KartenStudio card design function allows customers not only to design and send postcards featuring individual photos, as in the past, but also to design greeting cards to mark a wide variety of occasions.

The Mail Division of Austrian Post continued with its systematic innovation journey in 2021, too. One particular highlight was a company-wide Idea Challenge, in which 68 qualified ideas were submitted by innovators from across the company. Selected ideas have already been implemented in the current financial year – for example, a solution for the sustainable organisation of sporting events. One focus last year was on direct mail, where creative market concepts were developed to take account of changing needs and digital options. By way of example, Austrian Post's own comparison portal daskuvert.at was launched with more than 50 million online offers. The digital Direct Mail portfolio was expanded further to include digital out-of-home (DOOH) advertising slots. The physical Direct Mail offering is being constantly expanded to include digital direct mail channels, and Austrian Post is forging ahead with its provision of digital access to core products in the letter and direct mail market. A number of initiatives have been launched to provide customers with digital access to direct mail products – one example is the "Einfach Werben" product, a self-service tool that can be used to design, print and send direct mail items. The Group's willingness to be bold and put concepts to the test, and then to implement them systematically if the response is positive, is particularly worthy of mention.

ELLA, Austrian Post's new online business customer portal, also went live in April. This state-of-the-art self-service tool makes organising all business customer issues even more direct, straightforward and flexible. It allows orders, invoices and contracts to be managed, enquiries and complaints to be submitted in a targeted manner, newspaper approvals to be applied for quickly and a wide range of online services to be used.

The Business Solutions segment is the leading provider of innovative, physical and digital business process solutions. The focus is on efficient business solutions in the areas of business process outsourcing, input and output management, document logistics services and digital information process automation.

Another solution module, robotic process automation (RPA), was created last year for business customers, making the automation of information processes extremely efficient. Ongoing innovations in artificial intelligence, document management solutions and hybrid delivery offerings allows this business segment to continue with smooth and state-of-the-art operations for Austria's leading companies, even in these times of dynamic change.

With regard to Logistics Solutions, Austrian Post continuously develops tailor-made customer solutions for warehousing and fulfilment as well as various value-added services, such as two-person handling, delivery at specified times (e.g. same-day delivery) or sustainable packaging solutions. In the 2021 financial year, Logistics Solutions was able to demonstrate its solutions expertise in an impressive manner. PCR tests, which play such an important role in fighting the pandemic, owe their internationally acclaimed success in Vienna and other regions to the logistical back-bone provided by Austrian Post.

Together with ACL advanced commerce labs, customers are offered a perfect partnership to help them expand and extend their logistics value chain. This enables Logistics Solutions and, as a result, Austrian Post to offer customers everything from the online shop to customer service, from front-end to back-end, all from a single source. Focusing our innovation work on the topics of automation and predictive analytics supports the increased demand among customers for efficiency, flexibility and resilience. Austrian Post is therefore able to provide its customers with bespoke solutions ranging from online shops, special IT solutions, warehousing, fulfilment and end-customer delivery to cash management solutions.

In the area of processes and procedures, a major focus of research and development is strengthening sustainability. Within this context, Austrian Post is making constant investments in measures to improve carbon-neutral and pollution-free delivery. One particular highlight is the commissioning of the first LNG truck that runs on liquefied natural gas. These trucks are intended to serve as a carbon-friendly transitional solution until new technologies such as electric trucks and hydrogen trucks are ready to go into operation. An ambitious outdoor and green space concept for the expansion of the Vorarlberg logistics centre in Wolfurt bear testimony to how the company takes sustainability aspects into account when expanding its capacities.

As part of its "Green Packaging" project, which was launched in 2020, Austrian Post is collaborating with the University of Applied Sciences in Upper Austria on sustainable and reusable packaging solutions. As part of this initiative, Austrian Post managed to join forces with some of Austria's biggest mail order companies for branded goods for a joint project to be implemented in the spring of 2022.

Of particular significance from a sustainability perspective is Austrian Post's project looking into providing emission-free deliveries in Graz, Austria's second-largest city. Austrian Post is using a 100% electric delivery fleet of electric bikes and vehicles to provide emission-free deliveries of letters, parcels, print media and direct mail to Graz residents without compromising on the established level of service quality. Behind the scenes, measures to make efficient charging infrastructure available and to establish a city hub were important components in Austrian Post's strategy that were made possible thanks to systematic research working hand-in-hand with universities. The model of emission-free delivery is to be rolled out across the whole country in as early as 2030.

The "City Logistics" programme was also continued. Delivery on foot using pedestrian trucks switched to standard operations via micro logistics centres (city hubs) in decentralised locations. The electric bikes tested for parcel delivery were also tested in the delivery of letters. This novel concept allows Austrian Post to make a significant contribution to reducing carbon and noise emissions in urban areas.

Austrian Post consistently seeks out funding opportunities for innovation and investment. The funding management team, part of CSR & Environmental Management department (CSR = Corporate Social Responsibility), advises and supports all the areas concerned and also coordinates the research tax credits.

This was another area impacted by the COVID-19 pandemic, as shown by the Ministry of Finance reacting quickly with significant stimulus measures to combat the economic impact of state-ordered lockdowns. The COVID-19 investment subsidy scheme continues to play a significant role in this area. Within this context, Austrian Post was able to submit a large number of applications for investments across the Group and secure funding for investments in green processes and digitalisation in particular, where considerable subsidies are available. These investments benefit the economic policy objective of this instrument in the long term, namely to support the domestic economy by increasing the propensity to invest.

Austrian Post's research activities are also being rewarded by further funding commitments from the Austrian Research Promotion Agency. In the exploratory project "Green Diversity Linz", for example, innovative landscaping technologies are being developed with various partners for the Austrian Post construction project near the central railway station, supporting a sustainable energy supply and counteracting the over-heating of the office and residential district in the summer. The behaviour of small shipments in the sorting process is also being investigated as part of a project in collaboration with Graz University of Technology in order to develop a simulation approach that can be used to optimise the development of corresponding machinery. Another project that was able to secure funding featuring Austrian Post as a consortium partner in cooperation with the Fraunhofer Institute, among others, is the "Öffi-Packerl" project, in which the transportation of parcels between pick-up stations in public transport by public transport users will be tested from 2022 onwards.

The above-mentioned projects provide a selection, but not an exhaustive list, of research projects.

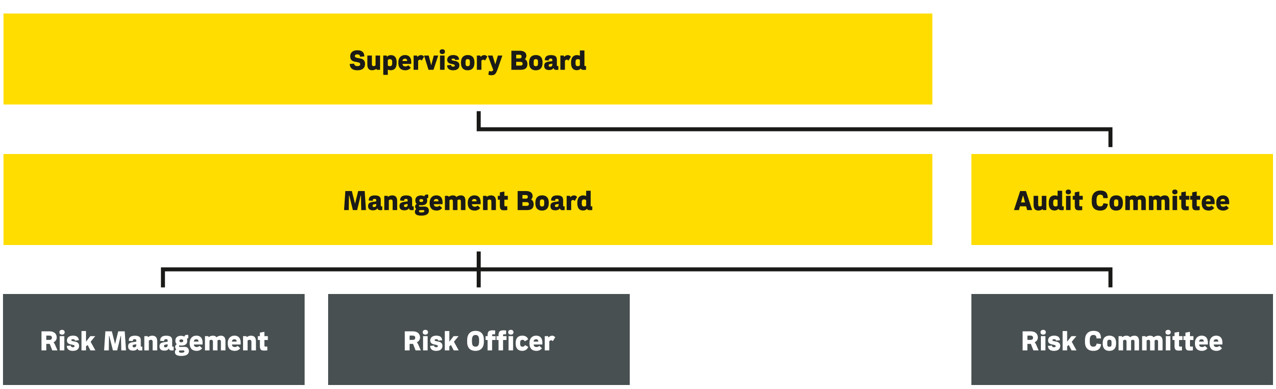
# 4. OPPORTUNITIES AND RISKS



## 4.1 Risk Management System

Austrian Post operates a comprehensive risk management system integrating all business units and subsidiaries. This risk management system complies with the COSO standard “Enterprise Risk Management – Integrated Framework” in the version dated June 2017. The objective of risk management is to identify risks at an early stage and to analyse and evaluate them before going on to take appropriate measures designed to ensure that the company meets its business targets. Risks are identified, evaluated, monitored and documented in their overall context by a Group-wide risk management system in accordance with uniform principles. The Management Board defines the risk strategy and policy of the company and sets out a framework for the risk management system. G 28

**G 28 Governance Structure of Risk Management**

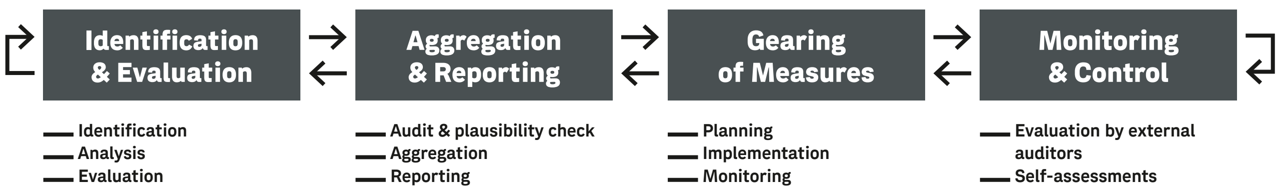



Austrian Post’s risk policy focuses on safe-guarding and sustainably increasing enterprise value and is incorporated into the corporate and sustainability strategy. Austrian Post is exposed to numerous risks.

As a result, Austrian Post is prepared to take risks provided that the resulting portfolio of opportunities and risks is well-balanced and that they remain commensurate with the company’s legal circumstances and fundamental ethical values. The goals of safe-guarding and achieving a sustainable increase in enterprise value must not be jeopardised.

For those risks that cannot be avoided, controlling measures are taken to safeguard the company’s assets and achieve a sustainable increase in shareholder value.

G 29 **Risk Management Process**




The most important steps in the risk management process are presented below:

1 — **Identification and Evaluation** Risks are defined as the potential deviation from business targets. For each identified risk, a decision is made on who is responsible for evaluating, managing and monitoring that risk. Every six months, the risk management officers in the individual areas of the company assist in analysing and updating the risk situation. Within the context of analysis and evaluation, risks are depicted in scenarios and are subsequently quantified to the greatest possible extent with respect to the dimensions of potential consequences and probability of occurrence. Non-quantifiable risks are evaluated on the basis of pre-defined qualitative criteria. In addition, the central risk management team provides periodic support to the individual business areas in the form of proactive risk assessments and workshops with regard to their risks. The results of the identification and evaluation process are documented in a specially designed risk management software.

2 — **Aggregation and Reporting** The central risk management team gathers information and reviews the identified and evaluated risks. The financial impacts of potential overlap are taken into account in the aggregation process. The overall risk position of the Austrian Post Group is determined by using statistical methods. The risk portfolio is also analysed by a Risk Management Committee and is subject to a plausibility check. The Risk Management Committee is composed of representatives from governance functions, including Corporate Social Responsibility, and operational functions. The results are integrated in the half-year report of the central risk management team to the Management Board focusing on risks and their development. Risks which arise unexpectedly are immediately reported to the Management Board on an ad-hoc basis. The Supervisory Board and Audit Committee are also regularly informed about the risk situation.

3 — **Gearing of Measures** The control of risks is based on defining appropriate measures aimed at avoiding or reducing risks or otherwise transferring them to third parties. The business areas examine the potential measures on the basis of a cost-benefit analysis, and subsequently implement them. These measures are monitored and adjusted within the context of the biannual analysis. The Austrian Post Group operates internal insurance management to systematically deal with insurable risks. Its primary responsibility is to continuously optimise the insurance situation and processes relating to the handling and settling of claims.

4 — **Monitoring and Control** In conformity with the Austrian Corporate Governance Code, the reliability and performance of the risk management system are subject to annual evaluation by the auditor. Moreover, the concept, suitability and effectiveness of the risk management system are evaluated, monitored and controlled on a regular basis. G 29

# 4.2 Material Risks

Austrian Post's risks and opportunities result from the overall risk environment and from the trends and changes that the company is exposed to or confronted with.

## 4.2.1 Environmental, Social and Governance (ESG) Risks

Austrian Post has been pursuing sustainability objectives for more than ten years now. This is reflected in the integrated group & sustainability strategy. ESG issues are a top priority; the "$CO_2$ NEUTRAL DELIVERY" initiative is a good example. As a result, Austrian Post welcomes and supports climate and environmental protection measures. Certain environmental protection efforts could, however, exert mounting regulatory pressure on unaddressed products or intensify the trend towards digitalisation. Both could lead to declining letter mail and direct mail volumes. As a result, Austrian Post is on a quest to raise awareness, in dialogue with stakeholders, regarding the actual environmental impact of printed products, but also to address the carbon footprint of digital solutions. This is why life cycle assessments are being performed not only on physical products and product groups, but also on digital offerings.

ESG endeavours and climate change could have an impact on staff and work processes and lead to cost increases.

While increased awareness of supply chain responsibility translates into increased due diligence, there is still a risk that any misconduct in the supply chain could result in a loss of reputation.

A detailed list of further ESG risks and the measures designed to reduce them can be found in the Sustainability Report.

## 4.2.2 Mail Market

Traditional letter mail is being increasingly replaced by electronic media. The trend towards the electronic substitution of letters and especially towards electronic delivery will continue in future. This development, which is being facilitated by legislation, could lead to a significant decline in mail volumes and may thus negatively impact earnings. A one-percentage-point revenue decrease in the Letter Mail segment implies a negative revenue effect of about EUR 6m per annum, which in turn reduces earnings in the short and medium term for the most part due to the fixed cost structure of the company's operations. There is a possibility that a change in legal regulations with regard to the delivery of governmental mail would mean that some of these mail items will no longer be delivered by Austrian Post. Further acceleration in the substitution of letter mail by electronic media is expected as a result of the entry into force of the e-Government Act and further digitisation measures implemented by the federal government. Austrian Post counteracts the volume decline resulting from this substitution by developing new products and services. Diversification of business operations helps to minimise or spread risks in individual sectors.

The business with direct mail items is influenced by the overall economic development and strongly depends on the intensity of advertising activities by companies. However, bricks-and-mortar retailers, the most important customer group for direct mail items, will continue to be confronted with structural trends. An increasing market consolidation is perceptible, whereas bricks-and-mortar retailers continue to suffer due to the strong growth of the e-commerce market. In turn, this could result in a reduction in advertising materials and direct mail volumes which would have a negative impact on earnings. In addition, digital advertising and uncertainties regarding GDPR may reduce physical mailings.

In addition to the factors mentioned above, stronger competition could also have a negative impact on the development of letter mail and direct mail volumes.

### 4.2.3 Turkey / Aras Kargo

Austrian Post holds an 80% stake in the Turkish parcel services provider Aras Kargo a.s. Due to what is currently a difficult situation in Turkey, there is a risk that economic parameters, in particular, and the national legislation could develop to Austrian Post's detriment. The exchange rate and the inflation trend are the most important economic parameters. While the exchange rate is reflected in Austrian Post's result due to currency translation, inflation developments can have an impact on the local business. Another risk relates to the development in staff costs. Like the core business in Austria, Aras Kargo's business is staff-intensive. This means that adverse developments in staff costs could have a negative impact on earnings. There is also a risk that the trend towards increased competition or forced internal delivery by large mail order companies will continue.

### 4.2.4 Parcel Market

Similar trends are also being observed in the Austrian parcel market. Competition remains intense due to continued dynamic growth in the parcel market driven by the ongoing e-commerce boom. This gives rise to price and volume risks and could lead to shifts in market share. Furthermore, strong parcel growth is driven by large online mail order companies that are still growing at a disproportionately high rate compared to the market itself. Notable losses in volume and the accompanying effects on revenue and earnings may arise due to the internal delivery service established by a major customer along with the associated potential further increases in activities carried out by customers themselves.

### 4.2.5 Staff Costs And Structure Of Employment Contracts

The business model of Austrian Post is characterised by a high staff cost structure. A one-percentage-point change in wages and salaries corresponds to average costs of EUR 9m per annum and potential provision requirements. Furthermore, a large number of the Austrian Post Group employees have the status of civil servants, which means that they are subject to public sector employment laws, amendments to which could have an additional negative impact. This leads to peculiarities with respect to the way these employees are deployed in line with existing labour regulations. Due to prevailing legal regulations, the company is not allowed to make capacity adjustments for a part of its staff in the event of volume decreases. Similarly, no adjustments in wage or salary levels are permitted in case of less favourable market conditions. Therefore, on balance, public sector employment regulations result in less cost flexibility. Against the backdrop of a liberalised market, the Austrian Post Group increasingly faces limited flexibility in making a good usage of the civil servants it employs.

Due to developments in the COVID-19 pandemic, there is a risk of increased staff absences, which could disrupt smooth business operations. Austrian Post has implemented a variety of measures to minimise this risk.

### 4.2.6 Logistics And Infrastructure Costs

The shift in mail volumes from letter mail to parcels is resulting in adjustments in the logistics process. There is a risk that the efficiency/productivity increases that the company is striving to achieve will be delayed. Furthermore, in addition to delivery by Austrian post itself, parcel delivery also involves cooperation with freight companies. Due to the increase in parcel volumes and the associated rise in demand for freight services, the company is exposed to the risk of cost increases.

### 4.2.7 bank99

bank99 has been on the market for almost two years now. The aim is to more or less break even in 2023, and the acquisition of ING's retail banking business in Austria marks a major step towards achieving this objective.

Going forward, the development of bank99's revenue and earnings will depend on two main factors: how the customer business develops and how the interest rate environment develops. With regard to the development of the customer business, there is a risk that the product range offered will not be as popular among customers as expected. Adverse interest rate developments could also have a negative impact on earnings. All of these risk aspects could lead to the earnings reported by bank99 not developing in tandem with Austrian Post's expectations.

Austrian Post has issued a letter of comfort to secure bank99's capital resources. There is a risk that, in the event of a crisis, Austrian Post will have to provide additional capital to restore the overall capital ratio.

### 4.2.8 Financial Risks

Detailed information on financial instruments and the associated financial risks can be found in Note 10 of the Notes to the Consolidated Financial Statements.

### 4.2.9 Technical And Cyber Risks

To a significant degree, the Austrian Post Group is dependent upon the use of complex technical systems. Its postal services heavily rely on the support provided by data processing systems, modern communications media and other technical equipment. Against this backdrop, the Austrian Post Group has made extensive investments in recent years designed to modernise its distribution and delivery network. In this regard, the performance of the company is closely linked with the functioning of a small number of key sites. In the case of a temporary or permanent technical system failure, or should unauthorised data access or data manipulation occur, for instance as a result of cybercrime, this could potentially lead to disruptions in Austrian Post's business operations, a loss of reputation and customer defections and cause additional expenses. Safety and security measures and guidelines aiming to reduce technical and cyber risks have been defined as a means of ensuring smooth business operations. The Austrian Post Group pursues an outsourcing strategy to fulfil its computing and data processing requirements. Austrian Post ensures the availability of outsourcing resources by concluding appropriate contractual agreements and through its targeted service level management. Contractual partners are required to show proof of relevant and valid certification.

### 4.2.10 Regulatory And Legal Risks

The Austrian Post Group operates with a large number of products and services in a highly complex legal and regulatory environment, which is characterised, for example, by the Postal Market Act, data protection provisions, tax regulations, capital market and competition law.

As a result, despite Austrian Post exercising the greatest possible care, it is impossible to rule out a scenario in which other authorities, e.g. tax authorities, supervisory authorities or courts, take a different legal view and this results in a need for back-payments, penalties or compensation payments.

## 4.3 Significant Opportunities

The risk management system aims to identify, analyse and evaluate opportunities as well as risks early on, and to exploit the corresponding opportunities by taking appropriate measures. The identification, evaluation, management and reporting of opportunities takes place in line with the previously mentioned process. Significant opportunities for Austrian Post are presented below. They are allocated to specific strategic areas based on the new integrated corporate and sustainability strategy, which was updated in 2020. The strategy consists of three cornerstones: "Defending Market Leadership and Profitability in the Core Business", "Profitable Growth in Near Markets" and "Development of Retail and Digital Offerings for Private Customers and SMEs". Sustainability is at the core of the new integrated corporate and sustainability strategy, flanked by the three cornerstones referred to above.

In the first strategic pillar – **Defending Market Leadership and Profitability in the Core Business** – the expansion and adaptation of Austrian Post's product portfolio in the Mail and Parcel Divisions in accordance with customer requirements is considered to be an opportunity. Various value-added physical and electronic services are continuously expanding the range of services offered by Austrian Post. Ongoing e-substitution has already been taken into account within Austrian Post's planning, in which case the more moderate decline in mail volumes in Austria compared to original expectations is seen as an opportunity. Opportunities predominantly arise as a result of the growth of e-commerce. In this respect, Austrian Post stands out due to its new, quick and lean solutions for online orders. Austrian Post has clear competitive advantages with respect to its quality and cost structure. Furthermore, measures to optimise staff and logistics costs could provide positive impetus.

In the second strategic pillar – **Profitable Growth in Near Markets** – opportunities arise primarily from Austrian Post's equity investment portfolio. The foreign investees operate primarily in the parcel sector and are also reaping the benefits of increasing e-commerce. The subsidiary Aras Kargo offers particularly substantial potential due to the size and development potential of the Turkish market.

In the third strategic pillar – **Development of Retail and Digital Offerings for Private Customers and SMEs** – potential lies, by way of example, in the development of online and self-service offerings as well as in new business models in the area of e-commerce; in particular, Austrian Post has an opportunity to participate in the dynamic online retail trend through its subsidiary Post E-Commerce. In addition, bank99 also opens up opportunities, particularly thanks to the takeover of ING's retail banking business in Austria. The emerging trend towards rising interest rates could contribute to the bank's positive development over the next few years.

For information on ESG-related opportunities, please also refer to the non-financial Report.

## 4.4 Overall Assessment of the Group's Risk Situation

The company continuously monitors the above described risks and opportunities. In response, appropriate measures are carried out and initiatives launched. Overall, the instability created by the pandemic is expected to increase in both a positive and a negative sense. A look at the company's main opportunities and risks shows that, while the issues that Austrian Post is facing are changing and shifting, the company's opportunities and risks are stable overall. As a result, there is no threat to the company's survival from today's perspective.

# 5. OTHER LEGAL DISCLOSURES



## 5.1 Internal Control System and Risk Management with Regard to the Accounting Process

As an international postal and logistics services provider, the Austrian Post Group is subject to a variety of operational risks in carrying out its business operations. The company deals with these risks proactively. The focus on its core business activities along with decades of experience in the business have enabled the Austrian Post Group to identify risks at an early stage, evaluate them and quickly implement suitable precautionary measures. Austrian Post also boasts long-standing experience in financial services as a contractual partner of a bank and, since 2020, with its own bank, which also involves compliance with the particularly stringent requirements that apply to bank risk management and internal control systems. A standardised risk management system has been set up for the entire Austrian Post Group, encompassing all organisational units and important Group companies as well as an internal control system for all important processes. The internal control and risk management systems for Austrian Post's banking activities, specifically, have been expanded and adapted again in line with the special requirements that apply to banks. The internal control system serves as part of the risk management system and encompasses risk-oriented procedures integrated into business operations. Section 82 of the Austrian Stock Corporation Act (AktG) also includes the obligation to establish an accounting and internal control system that meets the company's requirements. The accounting, financial and sustainability reporting processes, in particular, as well as the upstream business processes are considered here. The particular business unit is responsible for carrying out controls.

### 5.1.1 Controlling Environment

The standardised methods of accounting and valuation applied throughout the Group are contained in the Group manual. Revisions to IFRS are monitored by Group Accounting on an ongoing basis and are regularly published on a Group-wide basis. In addition to the Group manual, there are guidelines and specialised concepts on selected Group processes, particularly changes in the scope of consolidation.

Group companies compile comprehensive and appropriate IFRS Reporting Packages in a timely manner on the basis of the standardised accounting and valuation rules in force. The IFRS Reporting Packages serve as the starting point for further processing within the context of the system-supported Group consolidation. Group Accounting is responsible for preparing the consolidated financial statements. Its duties and responsibilities mainly focus on the structured transfer of the reported data stemming from Group companies, the carrying out of consolidation and elimination measures, the analytical processing of the data compiled in the consolidated accounts and the corresponding preparation of internal and external financial reports. The process governing the preparation of the consolidated financial statements is based upon a schedule requiring strict adherence.

### 5.1.2 Risk Assessment

The internal control system is set up in a risk-oriented manner. The existing interface between the internal control system and the compliance and risk management system ensures a coordinated approach between the two areas.

The effectiveness of the internal control system is also regularly evaluated by Group Auditing.

### 5.1.3 Control Measures

The consolidated financial statements of Austrian Post are compiled on a monthly basis and use a simultaneous consolidation method carried out in SAP SEM-BCS. The compilation of the notes to the accounts and the calculation of deferred taxes are also performed in SAP SEM-BCS. Centralised processes for data entry and data changes have been defined for the master data area (comprising SAP SEM positions, SAP Group account charts and customer data). SAP R/3 is predominantly used to compile the monthly accounts. The transition to IFRS is accomplished employing parallel (dual) SAP accounting. The transfer of reporting data to SAP SEM-BCS is undertaken using an automated upload. For monitoring and control purposes, the consolidated financial statements are subject to an EBIT-based reconciliation. In this process, reconciliation from individual financial statements to Group financial statements is carried out, taking into account bookings as well as eliminations in the Group.

Multitiered quality assurance measures are implemented to avoid the incorrect presentation of transactions with the objective of accurately compiling IFRS Reporting Packages for consolidation purposes. In turn, Group Accounting takes the financial accounts compiled by the Group companies and subjects them to several levels of comprehensive plausibility and data quality checks. The carrying out of quality checks at all levels is a prerequisite for the authorisation to publish the Group's consolidated financial statements.

### 5.1.4 Information and Communication

Preliminary data from the consolidated financial statements are provided to top management levels to enable them to fulfil their monitoring and control duties. The following reports are issued in the context of preparing the consolidated financial statements: report to the Supervisory Board, monthly report, report on the performance of subsidiaries, data analysis and evaluation. The quarterly reports to the Supervisory Board are primarily provided for the Management Board and Supervisory Board of Österreichische Post AG. Other internal reports are also prepared containing detailed comments on selected financial statement items, earnings reconciliations and performance indicators in addition to the reports for the Supervisory Board and the legally stipulated notes, annual report, interim financial reports and non-financial reporting. These are made available to the relevant management levels so that they can perform their monitoring and control functions in addition to strategic and operational management, particularly with regard to due and proper accounting and reporting. The monthly report provides an overview of key financial and performance indicators of the company, also at segment level. Group Controlling prepares a monthly report which contains information on the business development of Austrian Post's Group companies. In addition to the reporting on key financial indicators, the Audit Committee also receives a report every six months regarding the current status of the internal control system and the audits carried out. Communications with shareholders of Österreichische Post AG take place in accordance with the stipulations contained in the Austrian Corporate Governance Code. Communications are conveyed through the Investor Relations website (post.at/ir) as well as through direct discussions with investors. Published information is made available to all investors simultaneously. In addition to these publications, investors are also provided with extensive additional information on the Austrian Post Investor Relations website, including investor presentations, information on the Austrian Post share, published inside information and the financial calendar.

### 5.1.5 Monitoring

The key focus of Austrian Post's operational risk management is the identification, evaluation and control of major risks which arise from the company's core business. This process is coordinated by key managers of the divisions. The Austrian Post Group is structured into the divisions operating on the market, the Mail Division, the Parcel & Logistics Division and the Retail & Bank Division, as well as the Corporate Division, which additionally provides Group administration services. The Group companies within the Austrian Post Group are assigned to the various divisions in accordance with the particular focus of their business activities. The major business risks in these operational units are continuously identified and monitored, serving as the basis for determining appropriate risk management measures. Additional key instruments to control and counteract risks include Group-wide guidelines on risk management and the internal control system for dealing with major risks, planning and control processes as well as ongoing reporting. These guidelines encompass, for example, definition and monitoring of limits and procedures designed to limit financial risks and strict adherence to the principle of having dual control to oversee all business transactions. In addition, regular reviews of the reliability, regularity and legality of the accounting process and reporting system are carried out by Group Auditing. The planning and control processes serve as an early warning system, and simultaneously as the basis to evaluate the effectiveness of the controlling measures being implemented. In addition to the Report to the Entire Management Board containing the main indicators, there are also monthly performance reviews on operating units, which continue on a hierarchical manner in line with the integrated planning and reporting processes.

## 5.2 Information Pursuant to Section 243a of the Austrian Commercial Code (UGB)

The share capital of Österreichische Post AG amounts to EUR 337,763,190 and is divided into 67,552,638 non-par value shares with a nominal value of EUR 5 per share. There are no voting rights restrictions or syndicate agreements that the company is aware of.

Through Österreichische Beteiligungs AG (ÖBAG), the Republic of Austria has a 52.8% shareholding in Österreichische Post AG, based on the number of outstanding shares (a total of 67,552,638). Austrian Post is not aware of any other shareholders holding more than 10% of the company's shares.

To the company's best knowledge, there are no shareholders owning shares with special controlling interests. Employees who are shareholders of Österreichische Post AG exercise their voting rights on an individual basis. There are no rules with regards to the appointment or dismissal of members of the Management Board or the Supervisory Board, or as regards to changes to be made to the company's Articles of Association which can be directly inferred from legal regulations.

**Authorised Capital** In accordance with Section 5a of the Articles of Association of Österreichische Post AG, the Management Board is authorised until 16 June 2025, subject to approval of the Supervisory Board, to increase the share capital, in accordance with Section 169 of the Austrian Stock Corporation Act (AktG), by up to EUR 16,888,160 through the issuance of up to 3,377,632 new, ordinary bearer shares (non-par value shares) in exchange for cash and/or contributions in kind, and in some cases also by excluding shareholder subscription rights. This amendment to the Articles of Association was entered in the commercial register on 6 August 2020.

**Conditional Capital** In accordance with Section 5b of the Articles of Association of Österreichische Post AG, the share capital of the company was increased by up to EUR 16,888,160 by issuing up to 3,377,632 non-par value shares in accordance with Section 159 of the Austrian Stock Corporation Act (AktG). The capital increase may only be carried out for the purpose of granting rights of exchange and subscription rights to creditors of financial instruments pursuant to Section 174 of the Austrian Stock Corporation Act (AktG). The Management Board is authorised, contingent upon approval of the Supervisory Board, to set the further conditions associated with conducting the conditional increase in capital. This amendment to the Articles of Association was entered in the commercial register on 6 August 2020.

**Share Buy-Back Programme** The Annual General Meeting of Austrian Post held on 11 April 2019 authorised the Management Board pursuant to Section 65 Para 1 (4) and (8), Para 1a and 1b of the Austrian Stock Corporation Act (AktG) to acquire non-par value bearer or registered shares of the company, with this to amount to up to 10% of the company's share capital over a period of 30 months starting on 11 April 2019, thus until 10 October 2021, on or outside stock exchanges, and only from individual shareholders or a single shareholder, especially ÖBAG, at a lowest equivalent value of EUR 20 per share, and at a highest equivalent value of EUR 60 per share.

Trading in treasury shares is excluded as the objective of the purchase. The authorisation can be exercised in part or in full or several amounts and for the purposes of realising one or more objectives by the company, a subsidiary (Section 228 Para 3 of the Austrian Commercial Code [UGB]) or by a third party acting on a paid commission basis on behalf of the company. The acquisition by the Management Board may especially be performed in cases in which the shares are to be offered to employees, senior managers and members of the Management Board of the company or of one affiliated with it in conjunction with an employee participation programme, a stock option programme and/or a private foundation, whose primary purpose is to hold and manage the shares for one or more of the aforementioned persons (such as an employee share participation foundation in accordance with Section 4d Para 4 of the Austrian Income Tax Act [EStG]).

The Management Board of Österreichische Post AG can resolve to make this purchase on a stock exchange. In such cases, the Supervisory Board has to be subsequently informed of this resolution. A purchase not made via an exchange requires the prior approval of the Supervisory Board. In a case of a purchase not made on the exchange, this purchase can be undertaken in a way excluding the proportionate right of sale (reverse exclusion of subscription rights).

The Management Board is authorised for a term of five years starting with approval of the resolution pursuant to Section 65 Para 1b of the Austrian Stock Corporation Act (AktG), with the approval of the Supervisory Board but without requiring the Annual General Meeting's passing of a resolution, to pass a resolution stipulating that treasury shares are to be sold or used in a way other than their sale via an exchange or through a public offer, appropriately adhering to the rules established for the exclusion of subscription rights held by shareholders, especially with respect to shares to be offered to employees, senior managers and/or members of the Management Board of the company or of one affiliated with it in conjunction with an employee participation programme or with a stock option programme and/or issued to a private foundation, whose primary purpose is to hold and manage the shares for one or more of the aforementioned persons (such as an employee share participation foundation in accordance with Section 4d Para 4 of the Austrian Income Tax Act [EStG]) and to determine the terms and conditions of the sale. The authorisation can be exercised in part or in full or several amounts and for the purposes of realising one or more objectives by the company, a subsidiary (Section 228 Para 3 of the Austrian Commercial Code [UGB]) or by a third party acting on a paid commission basis on behalf of the company.

The Management Board is also authorised to reduce the share capital with the consent of the Supervisory Board and, if necessary, this is to be undertaken through the withdrawal of treasury shares and does not require the Annual General Meeting's passing a resolution, in accordance with Section 65 Para 1 (8) last sentence and Section 122 of the Austrian Stock Corporation Act (AktG). The Supervisory Board is authorised to resolve upon amendments to the Articles of Association arising from the withdrawal of shares.

**Financial instruments as defined by Section 174 AktG** The Management Board was also authorised, with the consent of the Supervisory Board, to issue, up to 16 June 2025, financial instruments, as defined by Section 174 of the Austrian Stock Corporation Act (AktG), with these especially including convertible bonds, income bonds and profit participation rights, featuring a total nominal amount of up to EUR 250,000,000. This authorisation comprises the rights of exchange of and/or subscription rights for up to 3,377,632 shares of the company and/or is configured in a way permitting the shares to be reported as equity. This issuance is to be allowed to be undertaken in one or more tranches and in a variety of combinations, also incorporating the direct rendering of a guarantee for the issuance of financial instruments by an affiliated company, and with this extending to the granting of rights of exchange and/or subscription rights for the shares of the company.

To satisfy rights of exchange and/or subscription, the Management Board is entitled to make use of conditional capital or treasury shares, or a combination of both.

The price and terms of issuance of financial instruments are to be set by the Management Board with the approval of the Supervisory Board. The setting of this price has to adhere to recognised financial and mathematical methods of calculation and the share price of the company, within the context of a recognised pricing procedure.

The Management Board is authorised to exclude shareholders' subscription rights to the financial instruments, as stipulated in Section 174 of the Austrian Stock Corporation Act (AktG), contingent upon approval of the Supervisory Board.

There are no significant contractual agreements to which the company is a party, which would take effect, cause major changes or expire in the event of a change in ownership resulting from a takeover.

No compensation agreements exist between the members of the Management Board and Supervisory Board or with employees in case of a public takeover offer.

## 5.3 Non-Financial Information

Sustainability, diversity and customer centricity are key elements of Austrian Post's strategy. Every strategic measure and every single project has to be checked for its contribution to sustainability, diversity and customer orientation. This is coupled with a comprehensive master plan for sustainability within Austrian Post which is to be developed further over the next ten years.

Austrian Post is obliged to publish a non-financial statement in accordance with the requirements set out in the Sustainability and Diversity Improvement Act (NADiVeG) pursuant to sections 267a and 243b UGB. Austrian Post meets this obligation by publishing it as a separate Non-financial Report (Sustainability Report). The Sustainability Report is prepared in accordance with the standards developed by the Global Reporting Initiative (GRI) in line with the "Core" option and also contains the disclosures required by law in accordance with Article 8 of the EU Taxonomy Regulation (EU 2020/852). Austrian Post's Sustainability Report is audited by an independent third party.

post.at/ir/c/corporate-sustainability

## 5.4 Events After the Reporting Period

The Austrian Ecosocial Tax Reform Act was passed in its third reading in the plenary session of the Austrian National Council on 20 January 2022. Among other things, it provides for a gradual reduction in the corporate tax rate from 25% to 23% (2023: 24%, 2024: 23%). The impact on deferred taxes is explained in the notes to the consolidated financial statements in Note 16.

Events after the reporting period that are material for assessment on the balance sheet date as at 31 December 2021, such as pending court cases or claims for damages and other obligations or impending losses, which have to be recognised in accordance with IAS 10 have been included in the consolidated financial statements.

# 6. OUTLOOK FOR 2022



The impact of the COVID-19 pandemic also left its mark on a number of economic indicators in the second half of 2021. Supply bottlenecks and delays in the global value chain emerged, as did a trend towards rising inflation figures. These trends are expected to continue and have a negative impact on the flow of trade and goods in the mail and parcel business. Positive special effects from logistics services are likely to taper off in the course of 2022. The Austrian market is currently characterised by restrained consumer spending, and the Turkish market, which is important for Austrian Post, is also facing a difficult environment due to inflationary and currency pressures. In addition, inflation is likely to become more entrenched as a result of the conflict in Ukraine. Very challenging economic conditions can therefore be expected for 2022.

## Revenue Stable in 2022

Given the emerging economic challenges, Austrian Post is aiming for stable revenue performance for the full year 2022. This will require a gradual trend towards the economic environment and the propensity to consume returning to normal, but also an easing of the currency pressure on the Turkish lira.

In the Mail Division, business is expected to decline slightly in 2022. The volatile development witnessed over the past couple of years – caused by various restrictions imposed in response to the pandemic – will decrease overall. The volume of traditional letters is likely to continue to decline due to structural factors at a rate of around 5% p.a. in the coming quarters. Inflationary cost increases heighten the need for corresponding product and price adjustments. Slightly negative trends are also to be expected in Direct Mail and Media Post due to restrained advertising behaviour.

Revenue in the Parcel & Logistics Division has doubled over the last two years thanks to both organic and external growth. Volatile development is expected over the quarters in 2022, and the overall target is to match the previous year's level. It will, however, be especially difficult in the first half of the year to reach the peak values of the previous year as these were caused by non-recurring effects.

In 2021, the pandemic boosted e-commerce across the board and also increased competition. In the current year, the internal delivery service of a major customer in Austria will continue to rise and the positive effects from pandemic-related logistics services will decrease. The economic environment in the Turkish market is also expected to be challenging in the current year.

By contrast, revenue development in the Retail & Bank Division, which comprises bank99 since the latter was launched in April 2020, will improve in the 2022 financial year. In December 2021, the transaction to acquire ING's retail banking business in Austria was closed, laying a solid foundation for integration and growth.

## Group Net Profit in 2022

An earnings forecast for 2022 for Austrian Post is difficult given the current environment. There is reason to fear that we will see inflationary tendencies not only in the short term, but also in the longer term. This could have an impact not only on the cost situation, but also on the purchasing power and buying behaviour of consumers. After the exceptional tailwind seen in the parcel business in recent years, we now expect a consolidation and a decline in positive non-recurring effects.

Despite the emerging negative environment, Austrian Post is aiming for a Group result (EBIT) that is as close as possible to the level seen in the previous year (baseline EBIT 2021: EUR 205m). The assumption is that further lockdowns can be avoided in the retail sector and efficient letter and parcel logistics can be maintained.

## Continuous Investment Programme

The parcel growth seen in recent years shows how important it is to be able to ramp up the necessary logistics capacities quickly. The planning parameters for the expansion programme include the predicted annual volume increases in the individual regions and the planned steps towards carbon-neutral delivery. As a result, Austrian Post's investment programme will remain intact so that it can ensure high-quality service in terms of efficiency and speed. The measures are based on maintenance CAPEX in Austria, South-eastern and Eastern Europe and Turkey of approximately EUR 100m for the 2022 financial year. In addition, the company is once again planning growth CAPEX of around EUR 80m in Austria. The changes to logistics structures to enable climate-neutral delivery plays a key role in all investment projects.

Austrian Post's goal remains to combine growth with strong dividends. The growth opportunities that arise will be secured through appropriate structural investments. In addition, the aim is for the cash flow generated from operating activities to continue to cover the necessary basic investments, as well as allowing the company to maintain an attractive dividend policy. The Management Board will propose to the Annual General Meeting scheduled for 21 April 2022 the distribution of a dividend in the amount of EUR 1.90 per share. Thus, the company is continuing its attractive dividend policy on the basis of a solid balance sheet structure and generated cash flow. Austrian Post continues to pursue the objective of distributing at least 75% of the Group's net profit to its shareholders.

Vienna, 25 February 2022

The Management Board

**GEORG PÖLZL**
CEO
Chairman of the
Management Board

**WALTER OBLIN**
Deputy CEO
Mail & Finance

**PETER UMUNDUM**
Member of the Management Board
Parcel & Logistics

# CONSOLIDATED FINANCIAL STATEMENTS

# CONSTANTLY IMPROVING.

EQUITY totalled EUR 672.2m.
This results in an equity ratio of 14.0%.

**Find out more on page 155**

# CONSOLIDATED INCOME STATEMENT

for the 2021 financial year

| EUR m | Note | 2020 adjusted[1] | 2021 |
|---|---|---|---|
| Revenue | (9.) | 2,192.0 | 2,519.6 |
| thereof results from financial services | (10.) | 22.5 | 32.6 |
| thereof results from effective interest | | 0,0 | 1.8 |
| Other operating income | (13.) | 64.1 | 95.2 |
| **TOTAL OPERATING INCOME** | | **2,256.1** | **2,614.8** |
| Raw materials, consumables and services used | (11.) | –596.2 | –715.7 |
| Expenses for financial services | (10.) | –2.8 | –5.4 |
| Staff costs | (12.) | –1,041.4 | –1.160.1 |
| Depreciation, amortisation and impairment losses | (17., 18., 19., 20.) | –142.2 | –165.6 |
| Other operating expenses | (13.) | –314.4 | –363.8 |
| thereof impairment losses in accordance with IFRS 9 | | –2.0 | –6.9 |
| **TOTAL OPERATING EXPENSES** | | **–2,097.0** | **–2,410.7** |
| Results from financial assets accounted for using the equity method | (21.) | 1.5 | 0.6 |
| **EARNINGS BEFORE FINANCIAL RESULT AND INCOME TAX (EBIT)** | | **160.6** | **204.7** |
| Financial income | | 10.9 | 28.0 |
| Financial expenses | | –9.5 | –16.3 |
| **FINANCIAL RESULT** | (14.) | **1.4** | **11.7** |
| **PROFIT BEFORE TAX** | | **162.1** | **216.4** |
| Income tax | (16.) | –46.8 | –58.0 |
| **PROFIT FOR THE PERIOD** | | **115.3** | **158.4** |
| **ATTRIBUTABLE TO:** | | | |
| Shareholders of the parent company | (26.) | 118.3 | 152.3 |
| Non-controlling interests | (26.) | –3.0 | 6.1 |

## EARNINGS PER SHARE (EUR)

| | | | |
|---|---|---|---|
| **BASIC EARNINGS PER SHARE** | (15.) | **1.75** | **2.25** |
| **DILUTED EARNINGS PER SHARE** | (15.) | **1.75** | **2.25** |

[1] Adjustments see Note 3.2 Changes in Accouting Methods and Adjustment of Prior-Year Figures

CONSOLIDATED FINANCIAL STATEMENTS

INFORMATION

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

**for the 2021 financial year**

| EUR m | Notes | 2020 | 2021 |
|---|---|---|---|
| **PROFIT FOR THE PERIOD** | | **115.3** | **158.4** |
| **ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO THE INCOME STATEMENT:** | | | |
| Currency translation differences – investments in foreign businesses | (26.) | –3.9 | –32.0 |
| **TOTAL ITEMS THAT MAY BE RECLASSIFIED** | | **–3.9** | **–32.0** |
| **ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO THE INCOME STATEMENT:** | | | |
| At fair value through other comprehensive Income (FVOCI) – equity instruments | (30.) | –1.0 | 0.1 |
| Revaluation of defined benefit obligations | (27.) | –2.8 | –6.3 |
| Tax effect of revaluation | (16.) | 0.4 | 1.5 |
| **TOTAL ITEMS THAT WILL NOT BE RECLASSIFIED** | | **–3.4** | **–4.6** |
| **OTHER COMPREHENSIVE INCOME** | | **–7.2** | **–36.6** |
| **TOTAL COMPREHENSIVE INCOME** | | **108.1** | **121.8** |
| **ATTRIBUTABLE TO:** | | | |
| Shareholders of the parent company | (26.) | 111.5 | 122.2 |
| Non-controlling interests | (26.) | –3.5 | –0.4 |

# CONSOLIDATED BALANCE SHEET

as at 31 December 2021



| EUR m | Notes | 31 Dec. 2020 adjusted[1] | 31 Dec. 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Goodwill | (17.) | 61.4 | 62.0 |
| Intangible assets | (18.) | 96.9 | 81.8 |
| Property, plant and equipment | (19.) | 1,137.2 | 1,206.5 |
| Investment property | (20.) | 74.4 | 76.3 |
| Financial assets accounted for using the equity method | (21.) | 11.4 | 8.2 |
| Other financial assets | (24.) | 5.4 | 5.6 |
| Other receivables | (23.) | 10.6 | 14.3 |
| Deferred tax assets | (16.) | 48.0 | 46.6 |
| | | **1,445.3** | **1,501.3** |
| **FINANCIAL ASSETS FROM FINANCIAL SERVICES** | (24.) | | |
| Cash, cash equivalents and central bank balances | | 578.9 | 1,218.2 |
| Receivables from customers | | 1.7 | 1,402.3 |
| Investments | | 0.3 | 73.5 |
| Other | | 8.7 | 21.9 |
| | | **589.5** | **2,715.8** |
| **CURRENT ASSETS** | | | |
| Other financial assets | (24.) | 110.6 | 31.4 |
| Inventories | (22.) | 15.5 | 16.5 |
| Contract assets | (9.) | 4.4 | 3.1 |
| Trade and other receivables | (23.) | 369.1 | 376.7 |
| Tax assets | (16.) | 37.1 | 62.0 |
| Cash and cash equivalents | (25.) | 108.2 | 85.8 |
| | | **644.9** | **575.4** |
| **ASSETS HELD FOR SALE** | | 0.5 | 0.1 |
| | | **2,680.2** | **4,792.6** |

[1] Adjustments see Note 3.2 Changes in Accouting Methods and Adjustment of Prior-Year Figures

# CONSOLIDATED BALANCE SHEET

as at 31 December 2021

| EUR m | Notes | 31 Dec. 2020 | 31 Dec. 2021 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | (26.) | | |
| Share capital | | 337.8 | 337.8 |
| Capital reserves | | 91.0 | 91.0 |
| Revenue reserves | | 231.4 | 278.2 |
| Other reserves | | –32.8 | –62.6 |
| **EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY** | | **627.4** | **644.3** |
| **NON-CONTROLLING INTERESTS** | | **27.6** | **27.9** |
| | | **655.0** | **672.2** |
| **NON-CURRENT LIABILITIES** | | | |
| Provisions | (27.) | 360.4 | 379.8 |
| Other financial liabilities | (29.) | 274.1 | 281.4 |
| Other payables | (28.) | 50.4 | 59.4 |
| Contract liabilities | (9.) | 5.4 | 3.8 |
| Deferred tax liabilities | (16.) | 4.1 | 0.1 |
| | | **694.4** | **724.5** |
| **FINANCIAL LIABILITIES FROM FINANCIAL SERVICES** | (29.) | | |
| Borrowings from banks | | 11.8 | 2.3 |
| Liabilities to customers | | 519.5 | 2,532.9 |
| Other | | 1.5 | 8.3 |
| | | **532.9** | **2,543.5** |
| **CURRENT LIABILITIES** | | | |
| Provisions | (27.) | 272.1 | 308.2 |
| Tax liabilities | (16.) | 2.6 | 6.5 |
| Other financial liabilities | (29.) | 77.6 | 123.0 |
| Trade and other payables | (28.) | 416.4 | 386.1 |
| Contract liabilities | (9.) | 29.2 | 28.6 |
| | | **797.9** | **852.4** |
| | | **2,680.2** | **4,792.6** |

# CONSOLIDATED CASH FLOW STATEMENT

for the 2021 financial year



| EUR m | Notes | 2020 adjusted[1] | 2021 |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Profit before tax | | 162.1 | 216.4 |
| Depreciation, amortisation and impairment losses | | 142.2 | 165.6 |
| Results from financial assets accounted for using the equity method | (21.2) | –1.5 | –0.6 |
| Provisions non-cash | | 24.5 | 68.0 |
| Other non-cash transactions | (31.1) | 1.1 | –7.0 |
| **GROSS CASH FLOW** | | **328.3** | **442.4** |
| Trade and other receivables | | –35.8 | –20.6 |
| Inventories | | 0.3 | –1.1 |
| Contract assets | | 2.8 | 1.3 |
| Provisions | | –33.2 | –18.5 |
| Trade and other payables | | 11.7 | –23.7 |
| Contract liabilities | | 1.2 | –1.7 |
| Financial assets/liabilities from financial services | (31.1) | 522.2 | 193.2 |
| Interest received from financial services | | 0.0 | 3.0 |
| Interest paid from financial services | | –1.2 | –3.4 |
| Taxes paid | | –63.7 | –77.6 |
| **CASH FLOW FROM OPERATING ACTIVITIES** | | **732.6** | **493.3** |
| **INVESTING ACTIVITIES** | | | |
| Acquisition of intangible assets | | –24.5 | –14.9 |
| Acquisition of property, plant and equipment / investment property | | –143.3 | –161.2 |
| Sale of property, plant and equipment / investment property | | 5.1 | 9.7 |
| Acquisition of subsidiaries / non-controlling interests / business units | (4.2) | –0.3 | 336.5 |
| Acquisition of financial assets accounted for using the equity method | | –0.8 | 0.0 |
| Sale of other financial instruments | | 38.1 | 0.9 |
| Acquisition of financial investments in securities / money market investments | | –90.0 | –10.0 |
| Sale of financial investments in securities / money market investments | | 220.2 | 90.0 |
| Loans granted | (31.1) | 0.1 | –0.1 |
| Dividends received from financial assets accounted for using the equity method | (21.1) | 0.3 | 0.0 |
| Interest received and income from securities | | 2.1 | 4.2 |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | **7.0** | **255.1** |
| **FREE CASH FLOW** | | **739.6** | **748.4** |

[1] Adjustments see Note 3.2 Changes in Accouting Methods and Adjustment of Prior-Year Figures

# CONSOLIDATED CASH FLOW STATEMENT

**for the 2021 financial year**

| EUR m | Notes | 2020 adjusted[1] | 2021 |
|---|---|---|---|
| **FINANCING ACTIVITIES** | | | |
| Repayment of long-term financial liabilities (incl. current maturities of long-term debt) | | –41.0 | –50.9 |
| Changes of short-term financial liabilities | (31.1) | 29.2 | 38.5 |
| Dividends paid | | –141.2 | –120.0 |
| Interest paid | | –5.1 | –5.2 |
| Payments from non-controlling interests | (4.3) | 5.0 | 14.3 |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | **–153.1** | **–123.3** |
| Currency translation differences in cash and cash equivalents | | –2.9 | –8.1 |
| **CHANGE IN CASH AND CASH EQUIVALENTS** | | **583.6** | **617.0** |
| Cash and cash equivalents at 1 January | | 103.5 | 687.1 |
| **CASH AND CASH EQUIVALENTS AT 31 DECEMBER** | (31.1) | **687.1** | **1,304.1** |

[1] Adjustments see Note 3.2 Changes in Accouting Methods and Adjustment of Prior-Year Figures

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 2020 financial year

| EUR m | Share capital | Capital reserves | Revenue reserves | Other reserves: IAS 19 reserve | Other reserves: FVOCI reserve | Other reserves: Currency translation reserve | Equity attributable to shareholders of the parent company | Non-controlling interests | Equity |
|---|---|---|---|---|---|---|---|---|---|
| **BALANCE AS AT 1 JANUARY 2020** | **337.8** | **91.0** | **303.3** | **–25,6** | **–14.2** | **–2.1** | **690.3** | **10.4** | **700.7** |
| Profit for the period | 0.0 | 0.0 | 118.3 | 0.0 | 0.0 | 0.0 | 118.3 | –3.0 | 115.3 |
| Other comprehensive income | 0.0 | 0.0 | 0.0 | –2.4 | –1.0 | –3.3 | –6.8 | –0.5 | –7.2 |
| **TOTAL COMPREHENSIVE INCOME** | **0.0** | **0.0** | **118.3** | **–2.4** | **–1.0** | **–3.3** | **111.5** | **–3.5** | **108.1** |
| Dividends paid | 0.0 | 0.0 | –140.5 | 0.0 | 0.0 | 0.0 | –140.5 | –0.7 | –141.2 |
| Acquisition of non-controlling interests | 0.0 | 0.0 | 0.7 | 0.0 | 0.0 | 0.0 | 0.7 | –0.2 | 0.4 |
| Obligation to acquire non-controlling interests | 0.0 | 0.0 | –32.6 | 0.0 | 0.0 | 0.0 | –32.6 | 0.0 | –32.6 |
| Payments to subsidiaries with non-controlling interests | 0.0 | 0.0 | –2.0 | 0.0 | 0.0 | 0.0 | –2.0 | 7.0 | 5.0 |
| **TRANSACTIONS WITH OWNERS** | **0.0** | **0.0** | **–174.4** | **0.0** | **0.0** | **0.0** | **–174.4** | **6.1** | **–168.3** |
| Step acquisition of a subsidiary | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 14.5 | 14.5 |
| Disposal of financial assets | 0.0 | 0.0 | –15.9 | 0.0 | 15.9 | 0.0 | 0.0 | 0.0 | 0.0 |
| **OTHER CHANGES** | **0.0** | **0.0** | **–15.9** | **0.0** | **15.9** | **0.0** | **0.0** | **14.5** | **14.5** |
| **BALANCE AS AT 31 DECEMBER 2020** | **337.8** | **91.0** | **231.4** | **–28.0** | **0.6** | **–5.4** | **627.4** | **27.6** | **655.0** |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

**for the 2021 financial year**

| EUR m | Share capital | Capital reserves | Revenue reserves | Other reserves: IAS 19 reserve | Other reserves: FVOCI reserve | Other reserves: Currency translation reserve | Equity attributable to shareholders of the parent company | Non-controlling interests | Equity |
|---|---|---|---|---|---|---|---|---|---|
| **BALANCE AS AT 1 JANUARY 2021** | **337.8** | **91.0** | **231.4** | **–28.0** | **0.6** | **–5.4** | **627.4** | **27.6** | **655.0** |
| Profit for the period | 0.0 | 0.0 | 152.3 | 0.0 | 0.0 | 0.0 | 152.3 | 6.1 | 158.4 |
| Other comprehensive income | 0.0 | 0.0 | 0.0 | –4.6 | 0.1 | –25.6 | –30.1 | –6.5 | –36.6 |
| **TOTAL COMPREHENSIVE INCOME** | **0.0** | **0.0** | **152.3** | **–4.6** | **0.1** | **–25.6** | **122.2** | **–0.4** | **121.8** |
| Dividends paid | 0.0 | 0.0 | –108.1 | 0.0 | 0.0 | 0.0 | –108.1 | –10.7 | –118.8 |
| Acquisition of non-controlling interests | 0.0 | 0.0 | 2.9 | 0.0 | 0.0 | 0.0 | 2.9 | –2.9 | 0.0 |
| Payments to subsidiaries with non-controlling interests | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 14.3 | 14.3 |
| **TRANSACTIONS WITH OWNERS** | **0.0** | **0.0** | **–105.2** | **0.0** | **0.0** | **0.0** | **–105.2** | **0.7** | **–104.5** |
| Disposal of financial assets | 0.0 | 0.0 | –0.2 | 0.0 | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 |
| **OTHER CHANGES** | **0.0** | **0.0** | **–0.2** | **0.0** | **0.2** | **0.0** | **0.0** | **0.0** | **0.0** |
| **BALANCE AS AT 31 DECEMBER 2021** | **337.8** | **91.0** | **278.2** | **–32.6** | **0.9** | **–31.0** | **644.3** | **27.9** | **672.2** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 2021 FINANCIAL YEAR



## 1. Reporting Entity

Österreichische Post AG and its subsidiaries are logistics and service companies in the mail, parcel, branch network and financial services segments. The business activities of the Austrian Post Group include the provision of postal and parcel services, specialised logistics such as express mail delivery and value logistics, sales of telecommunications products and retail goods in the branch network and the provision of financial services. Moreover, the service offering also encompasses fulfilment services, various online services such as the e-letter and cross-media solutions, data and output management as well as document collection, digitalisation and processing, amongst other services.

The headquarters of Austrian Post is located in Vienna, Austria. The mailing address is Österreichische Post AG, Rochusplatz 1, 1030 Vienna. The company is registered in the company register at the Vienna Commercial Court under the registry number FN 180219d.

## 2. Summary of Accounting Principles

The consolidated financial statements of Austrian Post for the 2021 financial year have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as of 31 December 2021, as adopted by the European Union, and the additional requirements of section 245a of the Austrian Commercial Code (UGB).

The consolidated financial statements of Austrian Post consist of the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and the notes to the consolidated financial statements.

The consolidated financial statements are prepared in euros. All amounts are stated in millions of euros (EUR m) unless otherwise indicated. When aggregating rounded amounts and percentages, rounding differences may occur due to the use of automated calculation aids.

# 3. Changes in Accounting and Valuation Methods and Adjustment of Prior-Year Figures

## 3.1 Revisions to International Financial Reporting Standards

### 3.1.1 MANDATORY APPLICATION OF NEW AND REVISED IFRS

No new standards were to be applied as a mandatory requirements for the first time in the 2021 financial year. The following amended standards were made mandatory for the first time:

| Mandatory Application of Revised Standards | | Effective date EU[1] |
|---|---|---|
| IFRS 16 | Covid 19-related rent concessions | 1. June 2020 |
| IFRS 9/IAS 39/IFRS 7/ IFRS 4/IFRS 16 | Interest Rate benchmark Reform – Phase 2 | 1 Jan. 2021 |
| IFRS 4 | Insurance Contracts – deferral of IFRS 9 | 1 Jan. 2021 |

[1] To be applied in the financial year beginning on or after the effective date.

The following standards have been endorsed by the European Union. However, mandatory application of these standards will only take place in the future. The Austrian Post Group has nevertheless opted to apply them early.

| Early Application of Revised Standards | | Endorsement EU | Effective date EU[1] |
|---|---|---|---|
| IFRS 16 | Covid 19-related rent concessions after 30 June 2021 | 30 Aug. 2021 | 1 April 2022 |

[1] To be applied in the financial year beginning on or after the effective date.

The application of the amended standards did not have any material impact on the Austrian Post Group.

The interest rate benchmark reform – Phase 2 also does not have any material impact on the Austrian Post Group. This is because the Group does not use foreign currency interest rates for which successor interest rates have already been defined and whose replacement process has already made considerable progress as part of the global IBOR reforms. Foreign currencies are not used in the financial services segment. The EURIBOR, which already complies with the Benchmark Regulation, is used as the interest rate benchmark for the business denominated in euros. The development of the reforms is being monitored on an ongoing basis; to date, there have been no effects or changes in risk management due to immateriality.

### 3.1.2 STANDARDS PUBLISHED BUT NOT YET APPLIED AND STANDARDS THAT HAVE NOT YET ENTERED INTO FORCE IN THE EU

The following standards and interpretations have been endorsed or are in the process of endorsement by the European Union. However, mandatory application of these standards will only take place in the future. With the exception of the amendment to IAS 12, there are no plans for the early adoption of the following standards.

| New Standards not yet applied | | Endorsement EU | Effective date EU[1] |
|---|---|---|---|
| IFRS 17 | Insurance Contracts (incl. amendments to IFRS 17) | 19 Nov. 2021 | 1 Jan. 2023 |

| Revised Standards not yet applied | | Endorsement EU | Effective date EU[1] |
|---|---|---|---|
| IAS 1 | Classification of Liabilities as Current or Non-current | to be decided | planned 1 Jan. 2023 |
| IAS 1/IFRS Practice Statement 2 | Disclosure of Accounting Policies | to be decided | planned 1 Jan. 2023 |
| IAS 8 | Definition of Accounting Estimates | to be decided | planned 1 Jan. 2023 |
| IFRS 3 | Business Combinations | 28 Jun. 2021 | 1 Jan. 2022 |
| IAS 16 | Property, Plant and Equipment | 28 Jun. 2021 | 1 Jan. 2022 |
| IAS 37 | Provisions, Contingent Liabilities and Contingent Assets | 28 Jun. 2021 | 1 Jan. 2022 |
| Miscellaneous | Improvements to IFRS (2018–2020) | 28 Jun. 2021 | 1 Jan. 2022 |
| IAS 12 | Deferred tax on assets and liabilities arising from a single transaction | to be decided | planned 1 Jan. 2023 |
| IFRS 17 | Initial application of IFRS 17 and IFRS 9 – comparative information | to be decided | planned 1 Jan. 2023 |

[1] To be applied in the financial year beginning on or after the effective date.

The new and revised standards not yet applied are unlikely to have a material impact on the consolidated financial statements of Austrian Post. The amendment to IAS 12, which has not yet entered into force in the EU, has already been applied accordingly in the context of the interpretation since the introduction of IFRS 16 Leases on 1 January 2019.

## 3.2 Changes in Accounting Methods and Adjustment of Prior-Year Figures

In order to present the provision of financial services within the Austrian Post Group as transparently as possible, the presentation method was changed in the 2021 financial year and the previous year's figures were adjusted accordingly.

In the consolidated balance sheet, receivables from banks resulting from financial services that relate to payment transactions and have an original maturity of up to three months are now reported under cash and cash equivalents and balances with central banks from financial services.

Income from financial services and expenses for financial services will now be reported separately in the consolidated income statement.

In the consolidated cash flow statement, interest from financial services is now reported separately as part of cash flow from operating activities.

The impact of this adjustment on the restated consolidated balance sheet as at 31 December 2020, the consolidated income statement for the 2020 financial year and the consolidated cash flow statement for the 2020 financial year is as follows:

## Adjustments to the Consolidated Balance Sheet as at 31 December 2020

| EUR m | 31 Dec. 2020 | Adjustment | 31 Dec. 2020 adjusted |
|---|---|---|---|
| **ASSETS** | | | |
| **FINANCIAL ASSETS FROM FINANCIAL SERVICES** | | | |
| Cash, cash equivalents and central bank balances | 568.1 | 10.8 | 578.9 |
| Receivables from banks | 10.8 | –10.8 | 0.0 |
| Receivables from customers | 1.7 | 0.0 | 1.7 |
| Investments | 0.3 | 0.0 | 0.3 |
| Other | 8.7 | 0.0 | 8.7 |
| | **589.5** | **0.0** | **589.5** |

## Adjustments to the Consolidated Income Statement for the 2020 Financial Year

| EUR m | 2020 | Adjustment | 2020 adjusted |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Revenue | 2,189.2 | 2.8 | 2,192.0 |
| thereof income from financial services | 19.7 | –19.7 | 0.0 |
| thereof results from financial services | 0.0 | 22.5 | 22.5 |
| Other operating income | 64.1 | 0.0 | 64.1 |
| **TOTAL OPERATING INCOME** | **2,253.3** | **2.8** | **2,256.1** |
| Raw materials, consumables and services used | –596.2 | 0.0 | –596.2 |
| Expenses for financial services | 0.0 | –2.8 | –2.8 |
| Staff costs | –1,041.4 | 0.0 | –1,041.4 |
| Depreciation, amortisation and write-downs | –142.2 | 0.0 | –142.2 |
| Other operating expenses | –314.4 | 0.0 | –314.4 |
| **TOTAL OPERATING EXPENSES** | **–2,094.2** | **–2.8** | **–2,097.0** |

## Adjustments to the Consolidated Cash Flow Statement for the 2020 Financial Year

| EUR m | 2020 | Adjustment | 2020 adjusted |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Profit before tax | 162.1 | 0.0 | 162.1 |
| Depreciation, amortisation and write-downs | 142.2 | 0.0 | 142.2 |
| Results from financial assets accounted for using the equity method | –1.5 | 0.0 | –1.5 |
| Provisions non-cash | 24.5 | 0.0 | 24.5 |
| Other non-cash transactions | 0.0 | 1.1 | 1.1 |
| **GROSS CASH FLOW** | **327.1** | **1.1** | **328.3** |
| Trade receivables and other receivables | –35.8 | 0.0 | –35.8 |
| Inventories | 0.3 | 0.0 | 0.3 |
| Contract assets | 2.8 | 0.0 | 2.8 |
| Provisions | –33.2 | 0.0 | –33.2 |
| Trade and other payables | 11.7 | 0.0 | 11.7 |
| Contract liabilities | 1.2 | 0.0 | 1.2 |
| Financial assets/liabilities from financial services | 522.2 | 0.0 | 522.2 |
| Interest paid from financial services | 0.0 | –1.2 | –1.2 |
| Taxes paid | –63.7 | 0.0 | –63.7 |
| **CASH FLOW FROM OPERATING ACTIVITIES** | **732.6** | **0.0** | **732.6** |

# 4. Scope of Consolidation

## 4.1 Principles of Consolidation

All companies in which Austrian Post has a controlling interest (subsidiaries) are fully consolidated in the consolidated financial statements of Austrian Post Group. Full consolidation of the subsidiary begins at the point in time when Austrian Post gains control and ends when control is terminated. First-time inclusion in the consolidated financial statements is carried out in accordance with the acquisition method as stipulated in IFRS 3. The acquisition costs correspond to the fair value of the consideration transferred (in particular cash and cash equivalents, other assets transferred and contingent consideration). The identifiable assets acquired and liabilities assumed are measured at fair value on the acquisition date. In a step acquisition, the previously held equity interest is remeasured at fair value on the acquisition date and the resulting profit or loss is recognised in the income statement. Non-controlling interests are initially recognised based on their proportionate share of the acquiree's identifiable net assets on the acquisition date. Changes in the Group's stake in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Positive differences resulting from first-time inclusion are recognised as goodwill, whereas negative differences are reported immediately in profit and loss. Auxiliary acquisition costs are recognised in profit and loss.

Companies which are jointly managed according to IFRS 11 (joint ventures) as well as companies in which a significant influence can be exercised (associates pursuant to IAS 28) are included in the consolidated financial statements using the equity method. Pursuant to the equity method, investments are recognised at cost and subsequently increased or reduced by the respective changes in equity in proportion to the particular stake held by Austrian Post. Negative changes in equity are recognised in excess of other non-current interests (e.g. loans) at amortised cost inasmuch as they in substance form part of the net investment in the associate or joint venture.

All intercompany assets, liabilities and equity as well as income, expenses and intercompany profits in connection with business transactions between subsidiaries are eliminated as part of the consolidation process.

## 4.2 Changes to the Scope of Consolidation

In addition to Österreichische Post AG, 28 domestic (31 December 2020: 27) and 13 foreign (31 December 2020: 15) subsidiaries are included in the consolidated financial statements. In addition, one domestic (31 December 2020: two) and one foreign (31 December 2020: one) entity are consolidated according to the equity method.

The following changes were made to the scope of consolidation and transactions with non-controlling interests in the 2021 financial year:

| Company name | Interest from | Interest to | Date of transaction | Comment |
|---|---|---|---|---|
| **MAIL** | | | | |
| D2D – direct to document GmbH, Vienna | 70.00% | 100.00% | 26 Feb. 2021 | Acquisition in stages |
| adverServe digital advertising Services Deutschland GmbH, Hamburg | 100.00% | 0.00% | 30 Nov. 2021 | Initial consolidation |
| adverServe digital advertising Services Schweiz GmbH, Zurich | 100.00% | 0.00% | 30 Nov. 2021 | Initial consolidation |
| **RETAIL & BANK** | | | | |
| bank99 AG, Vienna | 80.00% | 90.00% | 15 Nov. 2021 | Capital increase |
| ING SPV bank99 AG & Co. KG, Frankfurt | 0.00% | 100.00% | 1 Dec. 2021 | Acquisition |
| ING SPV bank99 AG & Co. KG, Frankfurt (bank99 AG, Vienna)[1] | 100.00% | 0.00% | 1 Dec. 2021 | Merger |

[1] The subsidiary listed first was merged with the Group company listed in paranthesis and is therefore no longer included in the scope of consolidation.

## MAIL

**D2D – direct to document GmbH** With the closing of the transaction for the acquisition of the remaining 30% of the shares on 26 February 2021, the Austrian Post Group now holds 100% of the shares, meaning that it has attained control over D2D – direct to document GmbH. The company has been included in the consolidated financial statements of Austrian Post as a fully consolidated company since this date. Previously, the company was classified as an associate within the meaning of IAS 28 and was accounted for using the equity method because the Austrian Post Group did not have control, but exerted significant influence only based on the corporate governance at the company. D2D – direct to document GmbH is a digital and transactional printing company based in Austria. The acquisition opens up numerous opportunities for the Austrian Post Group to continue to establish itself as a full-service provider in the print outsourcing segment.

The main identifiable assets at the time control was obtained were property, plant and equipment (excluding right-of-use assets in accordance with IFRS 16) in the amount of EUR 2.9m and current trade and other receivables in the amount of EUR 2.5m. In addition, customer relationships of EUR 0.9m were recognised as part of the purchase price allocation process. The main liabilities acquired were current other financial liabilities (excluding lease liabilities in accordance with IFRS 16) of EUR 2.0m and current trade and other payables of EUR 1.6m. Current trade and other receivables as well as current trade and other payables include receivables from and liabilities to Group companies. Right-of-use assets and lease liabilities from non-Group leases were recognised in the amount of EUR 2.1m. This means that the total net identifiable assets acquired and liabilities assumed at the date on which control was obtained came to EUR 2.6m.

The purchase price for the acquisition of the remaining 30% of the shares amounted to EUR 1.1m. The step acquisition process involved calculating the fair value of the entire share held by the Austrian Post Group. This largely matched the share previously accounted for using the equity method. The acquisition resulted in goodwill of EUR 2.3m, which is the result of the earnings expectations related to the company in connection with Austrian Post's mail business.

| EUR m | Fair values |
|---|---|
| **DETERMINATION OF GOODWILL** | |
| Total amount of consideration transferred | 1.1 |
| Fair value of previously-held share | 3.8 |
| Total net identifiable assets acquired and liabilities assumed | 2.6 |
| **GOODWILL** | **2.3** |
| **BREAKDOWN OF CASH INFLOW / OUTFLOW** | |
| Total amount of consideration transferred in cash | 1.1 |
| **NET CASH OUTFLOW** | **1.1** |

Since the inclusion of D2D – direct to document GmbH in the consolidated financial statements of Austrian Post, the company has generated revenue of EUR 3.6m. If the company had already been a subsidiary since the beginning of the year, the Group's revenue would have amounted to EUR 2,520.7m. The company's net profit for the period was of minor significance in the 2021 financial year.

**AdverServe digital advertising Services Deutschland GmbH** and **adverServe digital advertising Services Schweiz GmbH** The two immaterial companies in liquidation were deconsolidated.

## RETAIL & BANK

**bank99 AG** bank99 AG needed capital to finance the planned acquisition of the retail banking business of the Austrian branch of ING-DiBa AG. At the Extraordinary General Meeting held on 15 November 2021, the two shareholders Österreichische Post AG and Schelhammer Capital Bank AG passed a resolution on a non-proportional capital increase. This increased Österreichische Post AG's stake in bank99 AG from 80% to 90%.

**ING SPV bank99 AG & Co KG** On 12 July 2021, bank99 AG signed the purchase agreement for the acquisition of the retail banking business of the Austrian branch of ING DiBa AG, Frankfurt. In this agreement, it was agreed that the part of ING DiBa AG's business to be transferred would be spun off to create a new German limited partnership, ING SPV bank99 AG & Co KG, Frankfurt, with bank99 AG as its general partner. The closing of the transaction on 1 December 2021 marked the acquisition of the limited partner share by bank99 AG. This resulted in the consolidation of shares at the level of only one shareholder and subsequently in the accretion of the business operations to bank99 AG.

The acquisition of the retail banking business of ING DiBa Austria allows bank99 AG to expand its existing customer offering to include lending and investment products on the asset side. Prior to the merger, the two banks focused on complementary customer and product groups. The merger with ING DiBa means that bank99 AG can now offer a balanced and attractive range of products on both the asset and liability side to branch-based and digitally savvy customers throughout Austria, allowing it to forge ahead on its growth trajectory.

The takeover of the business operations mainly comprised receivables from customers, liabilities to customers, employees and the software required for operations.

In addition, the "Transitional Services Agreement" was concluded, in which the seller undertakes to provide services that are necessary to continue the bank's operations for a certain period of time during the transitional phase (IT services, data centre, etc.). ING DiBa AG received EUR 2.7m for this as part of the purchase price.

The total net identifiable assets acquired and liabilities assumed at the date on which control was obtained, as well as the acquisition gain were determined as presented below:

| EUR m | Fair values |
|---|---|
| **NON-CURRENT ASSETS** | |
| Intangible assets | 6.2 |
| Property, plant and equipment | 2.0 |
| **FINANCIAL ASSETS FROM FINANCIAL SERVICES** | |
| Cash, cash equivalents and central bank balances | 364.2 |
| Receivables from customers | 1,388.1 |
| Other | 14.4 |
| **CURRENT ASSETS** | |
| Trade receivables and other receivables | 1.5 |
| **NON-CURRENT LIABILITIES** | |
| Provisions | –0.9 |
| **FINANCIAL LIABILITES FROM FINANCIAL SERVICES** | |
| Banking clients deposits | –1,718.5 |
| Other | –7.6 |
| **CURRENT LIABILITIES** | |
| Provisions | –3.9 |
| Trade and other payables | –4.8 |
| **TOTAL NET IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED** | **40.7** |
| | |
| **DETERMINATION OF GOODWILL** | |
| Total amount of consideration transferred | 26.6 |
| Total net identifiable assets acquired and liabilities assumed | 40.7 |
| **BADWILL** | **–14.1** |
| | |
| **BREAKDOWN OF CASH INFLOW/OUTFLOW** | |
| Total amount of consideration transferred | 26.6 |
| Acquired cash | 364.2 |
| **NET CASH INFLOW** | **337.6** |

Customer relationships in the amount of EUR 1.8m and software in the amount of EUR 4.4m were recognised in the course of the preliminary purchase price allocation.

The acquired receivables from customers amounting to EUR 1,388.1m correspond to the fair values on the acquisition date. Cash, cash equivalents and balances with central banks amounting to EUR 364.2m were also acquired. The gross amount of receivables from customers came to EUR 1,414.6m and the contractual cash flows not expected to be collected amounted to EUR 11.3m.

Off-balance sheet items in the form of guarantees amounting to EUR 0.1m and irrevocable loan commitments amounting to EUR 41.6m were also acquired.

The negative goodwill recorded under other operating income reflects the fact that ING DiBa AG wanted to leave the Austrian market by the end of 2021. Furthermore, the necessary restructuring expenses are to be assumed by bank99 AG and are not taken into account under the PPA due to the provisions of IFRS 3.

As the closing date was close to the reporting date, and given that the final closing balance sheet will only be final after the dispute period in 2022 agreed in the purchase agreement, the amounts stated for the identifiable assets acquired and liabilities assumed are provisional.

In the period from the acquisition date until 31 December 2021, the business generated income from financial services amounting to EUR 2.6m. The contribution to the result cannot be calculated because administrative expenses are not recognised or reported separately. If the business had been part of the Group from the beginning of the year, Group revenue would have amounted to EUR 2,551.5m and the net profit for the period to EUR 119.4m.

Costs of EUR 4.8m in connection with the transaction were recognised in the income statement under other operating expenses.

## 4.3 Non-controlling Interests

Subsidiaries with non-controlling interests comprise the following companies:

| | Non-controlling interests | | Interest in % | |
|---|---|---|---|---|
| EUR m | 31 Dec. 2020 | 31 Dec. 2021 | 31 Dec. 2020 | 31 Dec. 2021 |
| Aras Kargo Yurtiçi ve Yurtdişi Taşimacilik A.Ş. | 16.6 | 10.5 | 20.00 | 20.00 |
| bank99 AG | 9.3 | 15.9 | 20.00 | 10.00 |
| ACL advanced commerce labs GmbH, Graz | 1.3 | 1.4 | 30.00 | 30.00 |
| sendhybrid ÖPBD GmbH, Graz | 0.7 | 0.8 | 49.00 | 49.00 |
| M&BM Express OOD | –0.3 | –0.6 | 24.00 | 24.00 |
| **NON-CONTROLLING INTERESTS** | **27.6** | **27.9** | | |

A non-proportional capital increase was implemented at bank99 AG in the 2021 financial year. The share of non-controlling interests fell from 20% to 10%. Accordingly, EUR 2.9m was reclassified from non-controlling interests to equity attributable to shareholders of the parent company. In the 2021 financial year, a total of EUR 14.3m was contributed to bank99 AG by the minority shareholder.

The table below shows information on subsidiaries with significant non-controlling in-terests before intercompany eliminations:

## 2020 Financial Year adjusted[1]

| EUR m | Aras Kargo a.s. | bank99 AG[1] |
|---|---|---|
| **PERCENTAGE OF NON-CONTROLLING INTERESTS** | 20.0% | 20.0% |
| Non-current assets | 93.1 | 20.5 |
| Financial assets from financial services | 0.0 | 580.9 |
| Current assets | 94.4 | 9.5 |
| Non-current liabilities | 28.4 | 11.1 |
| Financial liabilites from financial services | 0.0 | 521.2 |
| Current liabilities | 76.2 | 31.9 |
| **NET ASSETS** | **82.9** | **46.7** |
| Net assets of non-controlling interests | 16.6 | 9.3 |
| | | |
| Revenue/result from financial services | 101.5 | 22.6 |
| Profit for the period | 12.6 | –29.9 |
| Other comprehensive income | 0.5 | 0.0 |
| **TOTAL COMPREHENSIVE INCOME** | **13.1** | **–29.9** |
| Profit attributable to non-controlling interests | 2.5 | –6.0 |
| Other comprehensive income attributable to non-controlling interests | 0.1 | 0.0 |
| | | |
| Cash flow from operating activities | 20.5 | 504.9 |
| Cash flow from investing activities | –0.5 | –11.1 |
| Cash flow from financing activities | –2.5 | 34.2 |
| Currency translation differences in cash and cash equivalents | –2.9 | 0.0 |
| **CHANGE IN CASH AND CASH EQUIVALENTS** | **14.5** | **528.0** |

Adjustments see Note 3.2 Changes in Accouting Methods and Adjustment of Prior-Year Figures

The information on the revenue and results of Aras Kargo a.s. relates to the period since the company's inclusion in the consolidated financial statements as at 25 August 2020.

## 2021 Financial Year

| EUR m | Aras Kargo a.s. | bank99 AG |
|---|---|---|
| **PERCENTAGE OF NON-CONTROLLING INTERESTS** | **20.0%** | **10.0%** |
| Non-current assets | 61.5 | 39.7 |
| Financial assets from financial services | 0.0 | 2,707.8 |
| Current assets | 60.5 | 13.9 |
| Non-current liabilities | –17.1 | –18.8 |
| Financial liabilites from financial services | 0.0 | –2,541.5 |
| Current liabilities | –52.5 | –42.1 |
| **NET ASSETS** | **52.3** | **159.0** |
| Net assets of non-controlling interests | 10.5 | 15.9 |
| | | |
| Revenue/result from financial services | 290.7 | 32.9 |
| Profit for the period | 51.6 | –24.6 |
| Other comprehensive income | –32.7 | 0.0 |
| **TOTAL COMPREHENSIVE INCOME** | **50.8** | **–24.6** |
| Profit attributable to non-controlling interests | 10.3 | –4.9 |
| Other comprehensive income attributable to non-controlling interests | –6.5 | 0.0 |
| | | |
| Cash flow from operating activities | 55.7 | 172.0 |
| Cash flow from investing activities | –5.7 | 331.6 |
| Cash flow from financing activities | –59.7 | 135.7 |
| Currency translation differences in cash and cash equivalents | –8.1 | 0.0 |
| **CHANGE IN CASH AND CASH EQUIVALENTS** | **–17.7** | **639.4** |

Dividends of EUR 9.9m (2020: EUR 0.0m) were allocated to the non-controlling interests in Aras Kargo a.s. in the 2021 financial year.

# 5. Currency Translation

The consolidated financial statements are prepared in euros, the functional currency of Österreichische Post AG. The functional currency is determined by the primary economic environment in which the entity mainly generates and uses cash and cash equivalents. The euro is the functional currency for Group companies in Austria and in countries of the European Economic and Monetary Union. The functional currency of the remaining companies is the respective local currency.

**Foreign Currency Transactions in the Functional Currency** Group companies record business transactions in their financial statements in the functional currency at the exchange rate on the transaction date. Monetary items are subsequently measured at the European Central Bank's reference exchange rate applicable on the bal-ance sheet date. Exchange gains and losses are recognised in profit or loss.

**Translation of a Foreign Operation** The modified closing rate method is used to translate the financial statements of subsidiaries whose functional currency is not the euro. The balance sheet items with the exception of equity are translated at the European Central Bank's reference exchange rate on the balance sheet date and equity items are translated using the historical rate on the acquisition or origination date. Expenses and income were translated using the average reference exchange rate for the financial year up to and including the 2020 financial year. From the 2021 financial year onwards, expenses and income are translated using the average reference exchange rate for the relevant month in order to comply with IAS 21 even in cases involving more pronounced exchange rate fluctuations, especially with regard to the development of the Turkish lira. The resultant currency translation differences are recognised directly in equity.

The exchange rates used in currency translation changed as follows in relation to the euro:

| | Reference rate at balance sheet date | | Average annual rate | |
|---|---|---|---|---|
| 1 EUR | 31 Dec. 2020 | 31 Dec. 2021 | 2020 | 2021 |
| Bosnian Convertible Mark | 1.9558 | 1.9558 | 1.9558 | 1,9558–1,9558 |
| Bulgarian Lev | 1.9558 | 1.9558 | 1.9558 | 1,9558–1,9558 |
| Croatian Kuna | 7.5519 | 7.5156 | 7.5384 | 7,4924–7,5783 |
| Serbian Dinar | 117.5802 | 117.5821 | 117.5797 | 117,5601–117,5835 |
| Turkish Lira[1] | 9.1131 | 15.2335 | 9.2761 | 8,5785–15,4045 |
| Hungarian Forint | 363.8900 | 369.1900 | 351.2494 | 349,9373–367,4991 |

[1] For the Turkish lira, the average exchange rate for 2020 refers to the periode from 1 September 2020 to 31 December 2020.

# 6. Accounting Policies

The annual financial statements of subsidiaries included in the consolidated financial statements are based on standard accounting and measurement methods (together the accounting policies). The Management Board must make judgements in the application of accounting policies. The summary of the significant accounting policies also includes disclosures on the use and impact of these judgements.

## 6.1 Presentation of the Provision of Financial Services within the Consolidated Financial Statements

In the interests of ensuring the transparent presentation of the consolidated financial statements, the specific line items resulting from the financial services business are presented separately in the consolidated income statement, the consolidated balance sheet and the consolidated cash flow statement.

### 6.1.1 FINANCIAL ASSETS AND LIABILITIES FROM FINANCIAL SERVICES

In the consolidated balance sheet, financial assets and liabilities from financial services include, in particular, those items that result directly from the deposit, lending and investment business of bank99 AG or arise from the settlement of what are known as P.S.K. orders (for example payment of pensions, unemployment benefit and similar benefits in the name, and for the account, of third parties). Cash and cash equivalents, demand deposits held at banks and balances with central banks of bank99 AG are also reported in these line items. The items are presented in order of liquidity.

Assets and liabilities outside the deposit, lending and investment business are reported under other non-current and current assets and liabilities in accordance with their maturity (e.g. intangible assets and property, plant and equipment as well as contract assets and liabilities).

### 6.1.2 RESULT FROM FINANCIAL SERVICES

The result from financial services comprises:

- Income from financial services
- Expenses for financial services
- Impairment losses in accordance with IFRS 9
- The valuation and disposal result

**Income from Financial Services** forms part of revenue and includes all interest and commission income from the provision of financial services. In the consolidated income statement, the income is shown separately with an "thereof" note in the interests of ensuring the most transparent presentation possible.

**Interest Income** Interest income includes all interest income from the lending and in-vestment business. Interest income from financial assets and liabilities measured at amortised cost and financial assets measured at fair value through other comprehensive income is recognised using the effective interest method. Interest income also includes commission income which, as an integral part of the effective interest method, falls within the scope of IFRS 9. Interest income calculated using the effective interest method is disclosed separately in the consolidated income statement using an "thereof" note.

**Commission Income** Commission income includes fees and commission income from the financial services offered. At present, this mainly includes commission from the current account business, payment transactions, the lending business, the custody of securities, insurance brokerage and the disbursement of what are known as P.S.K. orders. To the extent that fees and commission from a contract are to be accounted for under IFRS 9 as part of the application of the effective interest method, IFRS 9 is applied to separate the contractual components. Fees and commission within the scope of application of IFRS 15 resulting from transaction-based services are recognised at a specific point in time/over time. Fees and commission from services relating to a particular period are recognised over the corresponding period. This relates, among other things, to flat-rate one-off fees from cooperation agreements with third-party providers.

**Expenses for Financial Services** Expenses from financial services include interest expenses and commission expenses from the provision of financial services and are present-ed as a separate item in the consolidated income statement.

**Interest Expense** Interest expense includes all interest expenses from the deposit business, as well as negative interest from the investment business. Interest expense from financial assets and liabilities measured at amortised cost and financial assets measured at fair value through other comprehensive income is recognised using the effective interest method.

**Commission Expense** Commission expense includes fees and commission expenses in connection with the financial services offered. At present, this mainly relates to commission from the current account business, payment transactions, the lending business and the custody of securities.

Impairment losses in accordance with IFRS 9 are reported under other operating expenses and the valuation and disposal result is reported in other operating income or other operating expenses.

### 6.1.3 PRESENTATION OF FINANCIAL SERVICES IN CASH FLOW

In the consolidated cash flow statement, the cash flows resulting from the deposit, lending and investment business are reported within cash flow from operating activities in the items Financial assets/liabilities from financial services, Interest received from financial services and Interest paid from financial services.

The item Financial assets/liabilities from financial services shows the change in financial liabilities from financial services and financial assets from financial services with the exception of cash and cash equivalents and balances with central banks. This item largely comprises all inflows and outflows of customer deposits, mortgage loans, consumer loans and current account overdrafts, securities and money market investments in the financial services business, as well as the change in other financial assets and liabilities resulting from the settlement of payment transactions. Cash and cash equivalents and balances with central banks are included in the item Cash and cash equivalents (see also Note 31.1).

The items Interest received from financial services and Interest paid from financial services only comprise the interest cash flows resulting from the deposit, lending and investment business.

Cash flows not relating to the deposit, lending and investment business, which also include inflows and outflows of commission and fees, as well as outflows for intangible assets and property, plant and equipment, are shown in the appropriate other items.

## 6.2 Revenue from Contracts with Customers

Revenue from contracts with customers is realised when the customer obtains control over the goods or services. Information on the type, amount, timing and uncertainty of revenue and cash flows for the main product groups of the Austrian Post Group is provided below.

**LETTER MAIL, DIRECT MAIL & MEDIA POST**

The Austrian Post Group performs services involving the collection, sorting and delivery of various letter mail items, direct mail and print media. Under IFRS 15, such performance obligations are considered to be fulfilled over time. On balance, the existing contracts or services to be provided in this business area are characterised by a very high degree of uniformity and very short lead times in providing the services. As a universal service provider, Österreichische Post AG is generally obligated to accept and deliver every mail item. As a rule, additional services (e.g. registered mail) are not classified as a distinct performance in the contractual context and are thus recognised together with the mail item as a single performance obligation. Overseas items are usually delivered to the recipients abroad in cooperation with international postal operators.

Statistical empirical values from, among other things, regularly conducted runtime measurements are used to measure the stage of completion of the contract activity. The amount of revenue to be realised is determined based on the ratio of costs incurred to date to the total costs of the delivery of letter mail, direct mail and print media (cost-to-cost method).

The collection of a mail item at an Austrian Post drop-off point (i.e. at the beginning of the performance obligation) triggers invoicing and thus the related recognition of revenue and a receivable. Pursuant to IFRS 15, a receivable must be recognised as soon as an unconditional claim to receive payment exists. By accepting the mail item at an Austrian Post drop-off point, Österreichische Post AG undertakes to provide a service within a short time and is simultaneously entitled to issue an invoice and receive payment from the customer. That portion of the performance obligation which has not yet been provided is recognised as deferred income and reported as a contract liability.

The transaction price is paid either by prepayment of the contracted transport service (sale of postage stamps or cash franking at the branch office), or in the case of business customers, after the fact with an average payment target of one or two months. Accordingly, receivables at Austrian Post do not normally have a significant financing component.

For prepayments received in connection with postage stamps and revenue from senders' franking machines, Austrian Post's performance yet outstanding is recognised as a deferral under contract liabilities. The outstanding performance is calculated based on empirical values (in the case of postage stamps) or by transferring historical data as part of the loading process (in the case of sender franking machines).

With respect to the sale of letter mail, direct mail and print media products to business customers, volume discounts are often agreed upon based on the revenue of a financial year. These discounts must be classified as variable consideration within the meaning of IFRS 15. Revenue from these sales is recognised in the amount of the price stipulated in the contract less the estimated volume discount. The expected volumes are estimated based on historical values and are updated every reporting date. Necessary adjustments are made cumulatively in the period in which the estimate is revised.

**BUSINESS SOLUTIONS**

Services in the Business Solutions area comprise the electronic delivery of mail items, data management, document scanning, online services and mailroom management.

These performance obligations are predominantly satisfied over time, with revenue also being recognised over time. The services are generally provided over a period of less than one month. As a rule, payment is made after performance with an average payment term of one or two months.

**PARCEL & LOGISTICS**

The Austrian Post Group collects, accepts, sorts and delivers various parcel and express mail items. Under IFRS 15, such performance obligations are considered to be fulfilled over time. A high degree of standardisation, shipment tracking and very short throughput times characterise the services performed in this business area. As a rule, additional services (e.g. cash on delivery) are not classified as a distinct performance in the contractual context and are thus recognised together with the parcel item as a single performance obligation. Österreichische Post AG uses various subcontractors and freight companies which take over parts of the delivery process within Austria. Overseas items are usually delivered to the recipients abroad in cooperation with international postal operators and parcel services providers.

Data from shipment tracking for each parcel is used to measure the stage of completion. The amount of revenue to be realised is determined based on the ratio of costs incurred to date to the total costs of the parcel delivery (cost-to-cost method).

The collection of a mail item at an Austrian Post drop-off point (i.e. at the beginning of the performance obligation) triggers invoicing and thus the related recognition of revenue and a receivable. Pursuant to IFRS 15, a receivable must be recognised as soon as an unconditional claim to receive payment exists. By accepting the mail item at an Austrian Post drop-off point, Österreichische Post AG undertakes to provide a service within a short time and is simultaneously entitled to issue an invoice and receive payment from the customer. That portion of the performance obligation which has not yet been provided is recognised as deferred income and reported as a contract liability.

With respect to the sale of parcels to business customers, volume discounts are often agreed upon based on the revenue of a financial year. These discounts must be classified as variable consideration within the meaning of IFRS 15. Revenue from these sales is recognised in the amount of the price stipulated in the contract less the estimated volume discount. The expected volumes are estimated based on historical values and are updated every reporting date. Adjustments are made in the period in which the estimate is revised.

**BRANCH SERVICES**

The services provided by the branch network include the sale/brokering of various items of merchandise and postal and telecommunication products.

Revenue from the sale of retail goods is recognised at a specific point in time when the goods are handed over to the customer. Payment of the transaction price is due immediately as soon as the customer purchases a retail good.

In addition, Austrian Post provides brokerage services, in particular for telecommunications contracts and products for its partner A1 Telekom Austria AG. Accordingly, this revenue is recognised at the time the brokerage service is provided (e.g. when the A1 customer signs a telecommunications contract or a mobile telephone is handed over to the A1 customer) in the amount of the commissions received (net method). Advance payments are contractually required in connection with the brokering of these products, which are reported as financing receivables under other receivables.

**FINANCIAL SERVICES**

For information on revenue from financial services, please refer to Note 6.1.2 Result from Financial Services.

## 6.3 Government Grants

Government grants are recognised at their fair value if there is reasonable assurance that they will be received and the conditions for the grant will be met. Grants are recognised in the income statement under other operating income in the periods in which the expenses to be compensated for, based on the purpose of the grant, are incurred. If the grants recognised are to be distributed over several periods, a deferred income item is recognised under trade payables and other liabilities. If the grant is for the acquisition or production of assets, the grants are also recognised as deferred income on the liabilities side (gross method) and are recognised across the periods that make up the useful life of the underlying asset.

## 6.4 Earnings per Share

Earnings per share are calculated by dividing the share of the profit for the period attributable to the shareholders of Österreichische Post AG by the weighted average of outstanding shares in the financial year. Shares newly issued or repurchased during a period are taken into account on a pro rata basis for the period in which they are outstanding. In order to calculate diluted earnings per share, the average number of shares and share of the profit for the period attributable to shareholders of Österreichische Post AG are adjusted for diluting effects.

A dilution of earnings per share is currently potentially possible due to the share-based remuneration programme of Österreichische Post AG. Since, however, there is currently no obligation to settle the amounts owed in the form of equity instruments, there are no dilutive effects from the current programmes. See Note 27.1 Share-based Payments.

## 6.5 Income Tax

**Disclosures on Tax Groups** The Austrian Post Group has used the option granted in Austria to form corporate tax groups for purposes of joint taxation. There are two groups of companies with the group parents: Österreichische Post AG and Post 001 Finanzierungs GmbH. All group members have their registered office in Austria.

In the tax groups, the group parent generally uses tax allocations to charge or credit the group members with the amounts of corporate income tax that are attributable to them. This includes offsetting positive and negative tax allocations of 25% of the taxable earnings (standalone method).

The Group taxation system results in a joint assessment of current income taxes and an offsetting of deferred tax assets and deferred tax liabilities within the corporate groups pursuant to IAS 12.74. The tax benefit from the goodwill amortisation (section 9 (7) of the Austrian Corporate Income Tax Act (Körperschaftsteuergesetz, "KStG") is recognised as a temporary difference in goodwill (IAS 12.32a).

**Disclosures on Income Taxes** Income taxes include current and deferred taxes. They are always presented in the consolidated income statement except to the extent that the taxes result from transactions that have been recognised in other comprehensive income (OCI) or in equity or they result from a business combination.

The Austrian Post Group is of the opinion that potential interest expenses and penalties in connection with income tax payments do not fulfil the definition of income taxes pursuant to IAS 12. Accordingly, any such amounts are generally recognised pursuant to the provisions of IAS 37.

**Measurement of Current Taxes** Current taxes include the expected tax payments or credits for the current year and the adjustments made in the current year to the expected subsequent tax payments or tax credits from previous years. The recognised amount represents the best possible estimate and includes withholding taxes from distributions.

In certain circumstances, current tax assets and liabilities can be presented at net. This is the case in the Austrian Post Group when the tax relates to income tax levied by the same taxation authority and the company has a legally enforceable right to offset tax assets and liabilities.

**Measurement of Deferred Taxes** Deferred taxes are measured using the balance sheet liability method for all temporary differences between the carrying amounts as per the IFRS consolidated financial statements and the corresponding tax bases. However, Austrian Post does not make use of the option to recognise deferred taxes in the following cases:

- Temporary differences arising from the initial recognition of an asset or liability other than in a business combination and which, at the time of the transaction, do not affect either the accounting profit or taxable profit (tax loss) (Initial Recognition Exemption, "IRE"), whereby, as an exception, the amendment to IAS 12 (on deferred taxes related to assets and liabilities arising from a single transaction), which is expected to come into force in the EU on 1 January 2023, has already been applied accordingly within the scope of the interpretation since the introduction of IFRS 16 Leases on 1 January 2019
- Temporary differences related to investments in subsidiaries, branches, associates and interests in joint arrangements to the extent that the parent is able to control the timing of the reversal of the differences and it is probable that the reversal will not occur in the foreseeable future
- Taxable differences in connection with the initial recognition of goodwill

Deferred tax assets from temporary differences from balance sheet items as well as from loss carryforwards are recognised to the extent to which a) sufficient deferred tax liabilities are available or b) it is probable based on a history of profit that taxable income will be available in the foreseeable future and the tax expense will thus be realisable. Deferred taxes are not recognised if a company has a history of recent taxable losses (in one of the last two years). The unrecognised deferred taxes are reassessed at each balance sheet date and if applicable, recognised if there is a reasonable belief that the tax benefit can be realised.

Deferred tax assets and liabilities can be presented at net under certain circumstances. The disclosures above under "Measurement of current taxes" apply analogously to deferred taxes.

Deferred taxes are measured based on the tax rates applicable in the individual countries at the balance sheet date or at the rates already announced as applicable for the period in which the deferred tax assets and tax liabilities will be realised. For subsidiaries in Austria, deferred taxes are measured using a corporate tax rate of 25%.

The following table shows the tax rates applied when calculating deferred income taxes for foreign companies:

| Country | 2020 | 2021 |
|---|---|---|
| Bosnia and Herzegovina | 10% | 10% |
| Bulgaria | 10% | 10% |
| Germany | 33% | 33% |
| Croatia | 18% | 10%–18% |
| Montenegro | 9% | 9%–12% |
| Serbia | 15% | 15% |
| Slovakia | 21% | 21% |
| Hungary | 9% | 9% |
| Turkey | 20% | 20%–23% |

## 6.6 Determination of Fair Value According to IFRS 13

The Austrian Post Group measures fair value pursuant to the principles in IFRS 13. This standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. In this context the following points, among others, are defined: the assets or liabilities that are being measured, the valuation premise for non-financial assets (assumption of highest and best use), the principle (or most advantageous) market for the asset or liability, the appropriate valuation technique (depending on the available data), the level in the measurement hierarchy to which these data (inputs) were assigned.

The input factors are classified as follows in the measurement hierarchy:

- Level 1: Quoted prices in active markets for identical assets or liabilities;
- Level 2: Market price quotations that are observable for the asset or liability, either directly or indirectly.
- Level 3: Input factors that are not observable on the market.

The Austrian Post Group uses market-based, cost-based and income-based valuation techniques, depending on the asset and the available inputs. The use of observable inputs is given the highest priority.

## 6.7 Impairment of Assets IAS 36

On each balance sheet date, an assessment is made as to whether there are indications of impairment of the carrying amounts of intangible assets, property, plant and equipment, and investment property. If such indications exist, an impairment test is conducted. In addition, intangible assets with indefinite useful lives and goodwill are subject to annual impairment tests irrespective of whether there are any such indications.

Goodwill and individual assets whose recoverable amount cannot be separately determined are tested for impairment at the level of the cash generating units (CGU). Goodwill that was originally determined using the partial goodwill method is extrapolated to 100% for impairment testing purposes using the current ownership rate.

The recoverable amount of the individual particular asset or CGU is determined during the impairment test and compared to the respective book value. The recoverable amount is the higher amount of the fair value less costs to sell and the value in use. If the recoverable amounts are determined by using net present value methods, the weighted average cost of capital (WACC) is used as the discount rate using the capital asset pricing model (CAPM). Appropriate surcharges are factored into the discount rate to reflect country, currency and price risks. If the cash inflows are denominated in foreign currencies, the recoverable amount in the foreign currency is determined and then converted into euros using the exchange rate on the balance sheet date. An impairment loss is recognised if the carrying amount is higher than the recoverable amount.

Corporate assets in accordance with IAS 36.100f are allocated to the CGUs to which they relate in the context of impairment testing. Within the Austrian Post Group, corporate assets relate primarily to the company headquarters. The logistics network production unit and the branch network also include corporate assets.

If the reasons for an impairment no longer exist, the impairment loss is reversed (except for goodwill). When reversing an impairment loss, the increased carrying amount may not exceed the cost. Impairment losses and reversals of impairment are recognised in the income statement under depreciation, amortisation and impairment losses or under other operating income.

## 6.8 Goodwill and Allocation to Cash Generating Units (CGU)

Goodwill is measured at cost less cumulative impairment losses. Goodwill from the acquisition of a foreign operation is carried in its functional currency and converted at the rate on the balance sheet date. Impairment losses are recognised in accordance with the principles described in Note 6.7 Impairment of Assets IAS 36. Reversals of impairment losses are not permitted. Goodwill is allocated to the respective cash generating units (CGU). Cash generating units are formed by aggregating assets at the lowest level at which cash flows are generated independently of other assets.

## 6.9 Intangible Assets

Purchased intangible assets are recognised at cost and amortised on a straight-line basis over three to ten years based on their economic lives or contract period. Customer relationships are amortised on a straight-line basis over a period of five to seven years based on their economic lives. Trademarks are generally assumed to have an indefinite useful life as there is no foreseeable end to their economic use. Intangible assets with indefinite useful lives are not amortised, but are subjected to annual impairment testing.

Internally generated intangible assets are recognised if the general recognition criteria and the special application guidance of IAS 38 are met. In this case, the creation process is divided into a research and a development phase. Initial recognition is in the amount of the directly attributable costs from the date on which the internally generated intangible asset meets the recognition criteria of IAS 38. At the Austrian Post Group, this primarily applies to internally developed software.

If there are indications of impairment, intangible assets are tested for impairment in accordance with the principles described in Note 6.7 Impairment of Assets IAS 36.

## 6.10 Property, Plant and Equipment

Property, plant and equipment are measured at cost less depreciation. Depreciation rates are based on expected economic lives. The economic lives remain unchanged from the previous year's estimates.

Depreciation is calculated on a straight-line basis based on the following Group-wide useful lives:

| Useful Lives | Years |
|---|---|
| Buildings | 10–50 |
| Buildings – right-of-use assets | 5–15 |
| Technical plant and machinery | 5–10 |
| Technical plant and machinery – right-of-use assets | 2–4 |
| Vehicle fleet | 2–8 |
| IT and technical equipment | 3–6 |
| Other equipment, furniture and fittings | 5–20 |

In individual cases, there are also right-of-use assets for which the useful lives exceed the ranges shown in the table (applies to the large majority of contractual relationships).

If there are indications of impairment, property, plant and equipment are tested for impairment in accordance with the principles described in Note 6.7 Impairment of Assets IAS 36. If there are indications that a recognised impairment no longer exists, the recoverable amount is reestimated, and if necessary, the impairment loss is reversed. When reversing an impairment loss, the increased carrying amount may not exceed the cost.

### LEASES

**Leases as the Lessee** The decisive criteria for the accounting recognition of a lease is whether the leased object is an identifiable asset, the lessee has the right to control the asset's use, and the lessee obtains the economic benefits from that use. For leases, rights-of-use to the leased objects are recognised at cost as assets and the present value of the payment obligations entered into are recognised as liabilities.

The present value of **lease liabilities** includes the following lease payments:

- Fixed payments less any lease incentives receivable
- Variable payments that are linked to an index or rate
- Expected residual value payments from residual value guarantees by the lessee
- Exercise prices of purchase options if exercise by the lessee is reasonably certain
- Penalties for the termination of leases, if the lease term takes into account that the lessee will exercise a termination option

The lease payments are discounted using the incremental borrowing rate.

The cost of **right-of-use assets** is comprised as follows:

- Amount of the initial measurement of the lease liability
- Lease payments made upon or prior to provision, less lease incentives received
- All initial direct costs incurred by the lessee
- Estimated costs for restoration obligations

Right-of-use assets are subsequently measured at amortised cost. The right-of-use assets are depreciated on a straight-line basis over the lease term. If ownership is transferred to the lessee at the end of the lease term or the cost of the right-of-use asset reflects that the lessee will probably exercise a purchase option, the asset is depreciated until the end of its economic life. If there are indications of a need for impairment losses then, depending on whether cash flows are directly attributable to the right-of-use asset, the value is written down to the lower fair value or, if the cash flows cannot be allocated individually, the cash generating unit (CGU) that contains the right-of-use asset is tested for impairment and, where appropriate, impairment losses are recognised at the level of this CGU.

Real estate leases in particular include extension and termination options. These conditions offer the Austrian Post Group the greatest possible flexibility. When determining the lease term, all facts and circumstances are taken into account that result in the exercise of extension options or the non-exercise of termination options. Real estate leases are allocated to Group-internal specified term categories in connection with the determination of the lease term.

Payments for short-term leases (less than twelve months) and leases whose underlying assets are of minor value, are recognised on a straight-line basis as an expense in profit or loss.

The provisions of IFRS 16 are not applied to leases of intangible assets.

Non-recoverable VAT amounts arising from liabilities in connection with leases are not a component of the lease payments and are recognised as an expense.

Deferred taxes are recognised on temporary differences in connection with right-of-use assets and lease liabilities.

**Leases as the Lessor** The Austrian Post Group is the lessor of a large number of properties. As lessor in an operating lease, Austrian Post recognises the assets at amortised cost in property, plant and equipment. The income from rent and leasing is reported for the period in which it is generated under other operating income. As lessor in a finance lease, Austrian Post recognises the asset under trade and other receivables at the amount of the net investment.

## 6.11 Investment Property

Investment property is property held to earn rental income and/or for capital appreciation, and which could be sold separately. In the case of an owner-occupied portion, the allocation is based on the percentage of use. Investment property is recognised and measured using the cost method. Depreciation is taken on a straight-line basis based on a useful life of 20 to 50 years.

The fair values of the investment properties presented in the notes to the consolidated financial statements were determined by experts at Österreichische Post AG as well as external experts in accordance with the requirements of IFRS 13. Measurement is primarily based on income-based approaches (in particular present value techniques). As a rule, the income approach is used, while the discounted cash flow method is applied for more complex properties. These are Level 3 measurements within the meaning of IFRS 13 (fair value hierarchy). The inputs used comprise in particular property-related data such as lettable space, vacancy rate, rental income and capitalisation rates. The annual rental income used in relation to the market value (gross initial yield) ranges from 3.4% to 13.0% (2020: 3.7% to 12.2%) and the capitalisation rates/property rates used range from 3.4% to 7.2% (2020: 3.5% to 7%).

Market-based approaches (in particular sales comparable approaches) are also used for undeveloped land and land under development. These are Level 2 measurements within the meaning of IFRS 13. The inputs used comprise in particular price information from comparable transactions in active markets.

## 6.12 Financial Assets Accounted for Using the Equity Method

Investees are accounted for using the equity method if there is significant influence over the company due to contractual rights or actual circumstances. The existence of significant influence is assessed based on the criteria in IAS 28.5 et seq.

In cases where the existence of significant influence cannot be clearly determined, the Management Board must make discretionary decisions. The focus is not primarily on formal criteria, but on whether there is an actual possibility to participate in the financial and operating policy decisions.

On each balance sheet date, an assessment is made as to whether there are indications of impairment of net investments in associates within the meaning of IFRS 9. If such indications exist, an impairment test is conducted. An impairment loss is recognised if the carrying amount of the net investment exceeds its recoverable amount. If the recoverable amount subsequently increases, the impairment loss is reversed by up to a maximum of the original impairment. The pro-rata portion of the impairment loss attributable to the carrying amount of the shares is presented in results from financial assets accounted for using the equity method. The presentation of impairment losses on the carrying amounts of other elements of net investment depends on the nature of these elements.

## 6.13 Inventories

Inventories are stated at the lower amount of historical cost and net realisable value on the balance sheet date. Any impairments resulting from obsolescence or reduced marketability are taken into account in determining the net realisable value. The stock value is measured according to the moving average price method.

## 6.14 Assets Held for Sale

Non-current assets are classified as held for sale if the associated carrying amount is principally recovered through a sales transaction rather than through continuing use. This condition is only considered to be met if the sale is highly probable and the non-current asset is available for immediate sale in its present condition. The sale of an asset is highly probable if the responsible level of management has decided upon a plan for the sale of the asset, has actively begun searching for a buyer and implementing the divestment plan and it can be assumed that the sales process will be completed within one year after such classification.

Non-current assets classified as held for sale are measured at the lower of the carrying amount and the fair value less costs to sell.

## 6.15 Provisions for Severance Pay and Anniversary Bonuses

**Provisions for Severance Pay** The Austrian Post Group's severance pay obligations include both a defined contribution as well as a defined benefit system.

Provisions for defined benefit obligations are recognised for statutory entitlements on the part of employees. As a general rule, civil servants are not entitled to severance payments. Within the Austrian Post Group, essentially only employees working for subsidiaries in Austria are entitled to severance pay when they reach the legal retirement age as well as when their employment contracts are terminated by the employer. The amount of the entitlement depends on the number of years of service and the salary drawn at the time of termination or retirement. The provisions are calculated on an actuarial basis using the projected unit credit method.

There are defined contribution obligations with respect to salaried employees working for Austrian subsidiaries whose employment commenced after 31 December 2002. These severance payment obligations are settled through the regular payment of corresponding contributions to an employee pension fund. Except for this, there is no other further obligation on the part of the Austrian Post Group; hence there is no requirement to recognise a provision.

**Provisions for Anniversary Bonuses** In some cases, the Austrian Post Group is obliged to pay Anniversary bonuses to employees who have served the Group for specified periods of time. These obligations apply in particular to employees of Österreichische Post AG. According to Austrian Post's employment rules, civil servants and salaried employees are given anniversary bonuses amounting to two monthly salaries after 25 years of service and four monthly salaries after 40 years. Civil servants with at least 35 years of service at the time of their retirement and who have already reached the age of 65 no later than their retirement date can also receive an anniversary bonus in the amount of four monthly salaries. Salaried employees subject to the first part of the collective wage agreement receive anniversary bonuses totalling one monthly salary for 20 years of service, one and one half monthly salaries for 25 years of service, two and one half monthly salaries for 35 years of service and three and one half monthly salaries after 40 years of service.

Provisions for anniversary bonuses are calculated based on the projected unit credit method analogous to the provisions for severance payments.

**Actuarial Parameters** In the course of the regular review and to ensure the best possible estimation of actuarial parameters used in determining provisions for severance pay and anniversary bonuses, the Austrian Post Group has defined company-specific parameters as the basis for calculating these provisions that were determined according to uniform Group guidelines.

The following average weighted parameters were used as the basis for calculating provisions for severance pay and anniversary bonuses:

| | Severance payment | | Anniversary bonuses | |
|---|---|---|---|---|
| | 2020 | 2021 | 2020 | 2021 |
| Discount rate | 1.78% | 2.29% | 0.75% | 1.00% |
| Salary/pension increase | 3.61% | 4.70% | 2.74%–3.23% | 3.48%–3.97% |
| Emplyee turnover rate | 1.44% | 0.89% | 2.71%–21.50% | 0.93%–18.07% |

The retirement age used for the calculation is based on the statutory provisions of the country concerned:

| Retirement age | 2020 | 2021 |
|---|---|---|
| Female employees | 58–65 | 58–65 |
| Male employees | 60–65 | 60–65 |
| Civil servants | 65 | 65 |

The average weighted duration of the defined benefit obligation amounts to 12 years for severance payments (2020: 14 years) and 10 years for Anniversary bonuses (2020: 11 years).

An index for senior, fixed rate corporate bonds (Mercer Pension Discount Yield Curve) serves as the basis for determining the discount rate and then the relevant interest rate is determined based on the duration of the individual obligations.

The biometric assumptions taken into account in actuarial calculations are based, for the Austrian Group companies, on the calculation bases published by the Austrian Actuarial Association (AVÖ) for pension insurance ("mortality tables"). The calculation bases published for pension insurance (AVÖ 2018-P insurance tables for calculating pensions) were used for the purposes of the calculation. Similar actuarial calculation bases are used in other countries.

The salary increases applied come from the derivation of expected future wage and salary increases. These are based on the average of past years and expected future salary increases. The calculation is carried out individually for each provision, taking into account the legal regulations and provisions under collective bargaining agreements, for example bi-annual salary increases for civil servants.

The employee turnover rates applied were determined depending on length of service and based on the empirical values for previous years.

The effects of changes in actuarial parameters lead to actuarial gains and losses, which are reported in other comprehensive income for provisions for severance pay and in staff costs for anniversary bonuses. The effects from changes in the interest rate and changes in future salary increases are included in the actuarial gains and losses from the change in financial assumptions. The reconciliation of the present value of the individual obligations is presented in Note 27.2 Provisions for Severance Pay and Anniversary Bonuses.

The interest expense from provisions for severance payments and anniversary bonuses are reported in the financial result. All other changes are reported as staff costs.

**Pension Obligations** The Austrian Post Group's pension obligations exclusively include defined contribution systems. There are no claims arising from defined benefit obligations at the Austrian Post Group.

There are defined contribution obligations to Management Board members. The obligations are met by the ongoing payment of corresponding contributions to a pension fund.

There are no pension commitments to civil servants or employees. Pension benefits to civil servants and salaried employees are principally provided by the Republic of Austria. Due to legal regulations, the Austrian Post Group is obligated to pay a pension contribution margin to the Republic of Austria. Since 1 January 2017, the contributions for civil servants (including the civil servants' own employee contributions) amount to a maximum of 25.10% of the remuneration paid to active civil servants depending on age and contribution basis and are reported as staff costs. Contributions on behalf of salaried employees are based on the currently valid provisions of the Austrian General Social Security Act (ASVG).

## 6.16 Provisions for Underutilisation

Provisions for employees who lose their jobs or who can no longer carry out their previous activities and can no longer be used to perform any other tasks are subsumed under the provision for underutilisation. These represent provisions for employees who were assigned to the organisational unit Post Internal Labour Market and whose employment contracts were classified as onerous within the meaning of IAS 37. Furthermore, the provisions for underutilisation apply to civil servants who are in the process of entering into retirement for reasons of physical disability, provisions for employees whose contracts cannot be terminated and who can be utilised within the company on a permanent basis on arm's length terms – but under terms that do not provide for a full recovery of associated staff costs – as well as provisions for employees involved in the programme for potential transfer to various federal ministries.

Provisions for the Austrian Post Internal Labour Market are recognised for future staff costs of employees whose contracts cannot be terminated (primarily civil servants) who lose their jobs within the context of ongoing internal organisational processes for adaptation to changing market conditions and whose services can no longer be utilised by the company or who can only be utilised to perform minor duties. These employment relationships represent onerous contracts within the meaning of IAS 37 for which the unavoidable costs of fulfilling the contractual obligations are higher than the expected economic benefit. The calculation of the amount allocated to provisions is based on the present value of the expenses incurred up until the employee's retirement based on the application of an average level of underutilisation and in consideration of a discount for employee turnover. If employees whose contracts cannot be terminated cannot be utilised within the company or leased to external companies under terms that do not provide for a full recovery of associated staff costs, the percentage of cost under-absorption is factored into the calculation of the provisions. All parameters are continually evaluated and adjusted to reflect changing conditions.

The provisions for underutilisation encompass future staff costs for civil servants who are in the process of entering into retirement for reasons of physical disability. The provisions are calculated as the present value of the future staff costs for the period of the average expected time until retirement is approved.

The provision for staff cost shortfalls is set up for future staff expenses relating to employees whose contracts cannot be terminated (primarily civil servants) and who can be utilised within the company on a permanent basis on arm's length terms – under terms that do not provide for a full recovery of associated staff costs. These employment relationships represent onerous contracts within the meaning of IAS 37 for which the unavoidable costs of fulfilling the contractual obligations are higher than the expected economic benefit. The amount of the provision is calculated as the present value of the cost shortfall associated with the employees concerned until their retirement. All parameters are continually evaluated and adjusted to reflect changing conditions.

The provision for underutilisation also includes provisions for employees involved in the programme for potential transfer to various federal ministries based on a framework agreement over the potential transfer of Austrian Post employees to federal ministries entered into with the federal government in October 2013. In this case, entitlements for employees who have already agreed to be transferred to federal public service will be assumed and correspondingly allocated for a specified period of time.

The present value of the individual provisions is calculated using a discount rate, expected future salary increases and a discount for employee turnover. These parameters are calculated according to the method described under Note 6.15 Provisions for Severance Pay and Anniversary Bonuses. The interest expense is recorded under staff costs.

The following parameters were used in calculating provisions for the Post Internal Labour Market, changes to which led – all other factors held constant – to the following changes in the provisions for the Post Internal Labour Market:

| Post Internal Labour Market | 2020 | 2021 | Change EUR m |
|---|---|---|---|
| Discount rate | 0.25% | 0.75% | –4.5 |
| Salary increase | 2.75% | 3.25% | 4.6 |
| Employee turnover discount | 14.00% | 10.30% | 7.1 |
| Rate of underutilisation | 75.70% | 72.70% | –6.5 |

The following parameters were used in calculating provisions for employees in the process of entering into retirement or in a programme for potential transfer to various federal ministries, and provisions for making staff members available:

| Other Underutilisation | 2020 | 2021 |
|---|---|---|
| Discount rate | 0.00%–0.50% | 0.00%–1.00% |
| Salary increase | 2.75% | 2.75%–3.25% |

## 6.17 Other Provisions

In accordance with IAS 37, legal or constructive obligations to third parties resulting from past events that are likely to require an outflow of economic benefits and which can be reliably estimated, are reported as other provisions. The provisions are recognised in the amount determined based on the best estimate possible when the annual financial statements are prepared. Provisions are not recognised if a reliable estimate is not possible. In the event that the present value of a provision determined on the basis of a market interest rate differs materially from the nominal value, the present value of the obligation is recognised.

Provisions for onerous contracts are recognised if the unavoidable costs required to fulfil the contractual obligations are higher than the expected economic benefit.

Pursuant to IAS 37, restructuring provisions are recognised upon development of a formal, detailed restructuring plan and the restructuring measures have already begun or the restructuring plan has been publicly announced before the balance sheet date.



## 6.18 Financial Instruments

### 6.18.1 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are used to limit and manage currency risks. Derivative financial instruments must be measured at fair value through profit or loss (FVTPL). Positive market values from derivative financial instruments are presented under other financial assets. Negative market values from derivative financial instruments are reported under other financial liabilities. The fair value of derivative transactions is calculated on the relevant reporting date using the mark-to-market method. This involves calculating the value that would be achieved if the hedging transaction were closed out. The calculation is based on observable market parameters such as currency forward rates.



### 6.18.2 FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are allocated to the appropriate measurement categories in accordance with the provisions of IFRS 7 under Note 30.1.1.

### CLASSIFICATION

In the Austrian Post Group, financial assets are classified in the following valuation categories:

- At amortised cost
- At fair value through other comprehensive income (FVOCI) – debt instruments
- At fair value through other comprehensive income (FVOCI) – equity instruments
- At fair value through profit or loss (FVTPL)

Classification at the time of initial recognition depends on the business model used to manage the financial asset as well as on the characteristics of the contractual cash flows.

Balances with central banks, receivables from customers, current account receivables, receivables from mortgage loans, consumer loans, receivables from banks and other financial assets from financial services, trade and other receivables, bank balances and money market investments are held by Austrian Post as part of a business model that aims to collect contractual cash flows. As the cash flow criterion is met for these assets, they are classified as measured at amortised cost.

Bonds that are held as part of a business model that aims to collect contractual cash flows and that fulfil the cash flow criterion are allocated to the category Measured at amortised cost. Bonds that are held within the context of a business model that aims both to collect the contractual cash flows and to sell the financial assets are included in the category fair value through other comprehensive income (FVOCI), insofar as the cash flow criterion is fulfilled. Securities that do not fulfil the cash flow criterion are allocated to the category fair value through profit or loss (FVTPL). The cash flow criterion is met if cash flows are generated that represent exclusively principal and interest payments on the outstanding principal amount.

In the case of investments in equity instruments (which are not held for trading purposes), the classification depends on whether Austrian Post Group irrevocably decided to account for these instruments at fair value through other comprehensive income (FVOCI) at the time of their initial recognition. If the FVOCI option in accordance with IFRS 9.4.1.4 is not exercised, the instruments are to be assigned to the category at fair value through profit or loss (FVPTL).

Derivative financial instruments must be assigned to the fair value through profit or loss measurement category (FVTPL).

In accordance with IFRS 9, financial liabilities are to be measured at amortised cost unless they fall under the exception stipulated in IFRS 9.4.2.1. All liabilities are measured at amortised cost in the Austrian Post Group. The liabilities held by the Austrian Post Group resulting from purchase obligations of non-controlling interests do not fall under the exemption provided in IFRS 9.4.2.1, meaning that they are to be allocated to the "at amortised cost" category.

#### MEASUREMENT AT INITIAL RECOGNITION

Financial assets and liabilities are generally recognised for the first time on the settlement date, i.e. the date on which the financial asset is transferred. At this point in time, the Austrian Post Group measures a financial asset or a financial liability at fair value, which as a rule, corresponds to the transaction price. In the case of a financial asset or financial liability measured at amortised cost or measured at fair value through profit or loss (FVOCI), the transaction costs directly relating to the acquisition of the asset or liability are also recognised. Trade receivables are recognised based on the requirements for revenue recognition in accordance with IFRS 15.

#### SUBSEQUENT MEASUREMENT AND PRESENTATION

Financial instruments measured at amortised cost are measured using the effective interest rate method. Gains or losses on disposal are recognised directly in the profit and loss statement in the same way as current income and valuation adjustments. The result from the subsequent measurement of liabilities resulting from purchase obligations of non-controlling interests is recognised in the consolidated income statement, with the expenses/income from revised estimates of future results being recognised under other operating expenses/income. Expenses/income from foreign currency valuation, as well as extraordinary inflation adjustments and the expense from the interest cost of the liability are reported as part of the financial result.

Debt instruments measured at fair value through other comprehensive income (FVOCI) are recognised at fair value at the respective balance sheet date. Changes in fair value are recognised in other comprehensive income (OCI) or in the FVOCI reserve. An exception to this is the foreign currency valuation, which is shown in the income statement. Current income and valuation adjustments are likewise recognised directly in the income statement. On the disposal of debt instruments measured at FVOCI, the amounts recognised in other comprehensive income are reclassified to the income statement.

Equity instruments recognised at fair value through other comprehensive income (FVOCI) are recognised at fair value at the respective balance sheet date. Changes in fair value are recognised in other comprehensive income (OCI) or in the FVOCI reserve the same as foreign currency measurement. When equity instruments measured at FVOCI are disposed of, the amounts recognised in other comprehensive income are not reclassified in the income statement; instead, associated amounts in the FVOCI reserve are reclassified to the revenue reserves. Current income is directly recognised in the income statement under the financial result.

Financial instruments measured at fair value through profit or loss (FVTPL) are recognised at fair value through profit or loss on the reporting date. All changes in the carrying amount as well as current income are recognised directly in the income statement under financial result for the logistics business and under other operating income for the financial services business.

The carrying amount of financial instruments assigned to the individual categories are presented under Note 30.1 Financial Instruments. Gains and losses resulting from the disposal of trade receivables in the amortised cost measurement category and impairment losses in accordance with IFRS 9 are to be listed as separate items in the income statement pursuant to IAS 1.82. Due to a lack of materiality, the impairment losses recognised in the financial result in accordance with IFRS 9, which relate to bank balances, money market investments and bonds from the logistics business measured at fair value through other comprehensive income (FVOCI), are not reported as a separate item in the income statement. Gains and losses resulting from the disposal of trade receivables in the amortised cost measurement category are also not recorded separately in the income statement due to a lack of materiality.

## IMPAIRMENT LOSSES

Impairments are recognised within the Austrian Post Group in the amount of the credit losses expected in accordance with IFRS 9. The specific method of impairment depends on the type of financial asset as well as on the occurrence of a significant increase in credit risk.

Debt instruments in the following valuation categories are subject to the impairment model of IFRS 9:

- At fair value through other comprehensive income (FVOCI) – debt instruments
- Measured at amortised cost

Contract assets to be recognised in accordance with IFRS 15 also fall within the scope of the impairment model under IFRS 9.

Thus, within the Austrian Post Group the following financial assets or contractual assets are to be measured based on the expected credit loss model in accordance with IFRS 9:

- Balances with central banks from financial services
- Receivables from customers from financial services
- Other financial assets from financial services
- Securities in the category measured at amortised cost
- Securities in the category measured at FVOCI
- Money market investments
- Trade receivables
- Other receivables incl. lease receivables
- Bank balances
- Contract assets

**Trade Receivables** Impairment losses are recognised for trade receivables in the amount of the expected credit losses over their term. The method applied by the Austrian Post Group is the simplified approach permitted under IFRS 9 to determine the expected credit losses in the form of an impairment matrix. Impairment losses are recognised by means of this matrix on the basis of historically observed default rates tiered according to (days past due) maturity. Forward-looking information is also evaluated and, if necessary, the default rates used are adjusted. In addition, trade receivables with a carrying amount of more than EUR 0.1m are considered on an item-by-item basis and scrutinised to recognise additional expected credit defaults over their term. Expected credit losses are determined separately for domestic and foreign customers as well as for international postal carriers.

**Miscellaneous Debt Instruments** Valuation allowances are recognised in the amount of the 12-month expected credit loss for all other debt instruments subject to the impairment model (Stage 1). However, if a significant increase in credit loss occurs, impairment losses are recognised in the amount of the lifetime expected credit losses (Stage 2). Qualitative criteria (e.g. dunning levels) and quantitative criteria (deterioration in the internal rating scale) are used to verify a significant increase in the default risk. Austrian Post Group assumes that a significant increase in credit risk exists when a trade receivable is more than 30 days overdue. In the case of trade receivables measured at amortised cost whose creditworthiness is negatively affected, the effective interest rate is to be applied to the amortised cost (i.e. after deducting impairment losses) instead of the gross carrying amount (Stage 3). The Austrian Post Group considers the creditworthiness of a debtor to be negatively affected if the following factors apply:

- The individual receivable is overdue >90 days
- Insolvency proceedings have been initiated

According to the method used, expected credit losses are determined for securities, balances with banks and money market investments based on the loan loss provisioning model. The expected credit loss is determined as the probability-weighted amount based on the probability of default (PD) and the loss given default (LGD). The company primarily relies on issuer-specific data supplied by Bloomberg to calculate the probability of default. To simplify things, global default rates such as those published by Standard & Poor's or Moody's are taken into account.

For **other receivables**, the Austrian Post Group decided to apply practical simplifications in line with IFRS 9.B5.5.35 based on the type and scope of the receivables and to methodically determine impairment losses by using an impairment matrix similar to the one used for trade receivables. The loss rates are derived partly based on historical empirical values and partly based on reasonable estimates. Forward-looking information is also evaluated and, if necessary, the default rates used are adjusted. In addition, trade receivables with a carrying amount of more than EUR 0.1m are considered on an item-by-item basis and scrutinised to recognise additional expected credit defaults over their term. The expected credit losses are determined separately for claims for damages and other miscellaneous receivables.

Impairment losses for lease receivables are measured in the amount of the lifetime expected credit loss. The Austrian Post Group applies the simplified approach permitted under IFRS 9. For lease receivables associated with a low default risk, an external rating is considered investment grade.

The probabilities of default **for receivables from customers from financial services** required to calculate the expected credit loss are calculated based on internal rating models. The necessary input parameters are based primarily on historical empirical values of comparable business models that are obtained externally.

**Modified Financial Assets** If the contractually stipulated cash flows of a financial asset are renegotiated or modified, an assessment is carried out as to whether the existing financial asset should be written off. If the renegotiation or modification does not lead to derecognition, the gross carrying amount is recalculated taking the modified cash flows into account. An assessment is likewise made at the time of modification and at the subsequent balance sheet dates as to whether there is a significant increase in the credit risk of the financial instrument. The occurrence of a significant increase in credit risk is assessed by comparing the credit risk at the respective balance sheet date with the risk at initial recognition. The transition of the impairment loss recognised for the lifetime expected credit losses to the amount of the 12-month expected credit losses takes place when the debtor shows significantly better performance and positive business prospects.

# 7. Future-related Assumptions and Estimation Uncertainties

The preparation of consolidated financial statements in accordance with IFRS requires management to make assumptions about future developments that materially influence the recognition and measurement of assets and liabilities, the reporting of other obligations on the balance sheet date and the recognition of income and expense for the financial year. In particular, the following future-related assumptions and estimates involve a risk that assets and liabilities may have to be adjusted in future financial years.

## 7.1 Effects of Climate Change

As at 31 December 2021, climate change had no material impact on the consolidated financial statements of Österreichische Post AG.

Austrian Post has developed an integrated corporate and sustainability strategy which puts it in a position to be more effective at managing climate-related risks and seizing climate-related opportunities.

The effects of climate change primarily affect delivery processes and building standards (infrastructure), and could result in increased costs in the future.

As the company implements measures to minimise climate-related risks, climate-related issues and risks are also included in Austrian Post's financial planning process (medium-term plan = 4 years) depending on the extent to which they are prioritised, and are gradually also being included in the planning process at Austrian Post's subsidiaries. Investment expenditure is the area of Austrian Post's financial planning that is most affected by climate-related measures as these measures include the procurement of electric vehicles and photovoltaic systems (i.e. climate protection measures).

As things stand at the moment, there are no material risks or risks that would not be covered by insurance policies were they to materialise – including P&C and business interruption insurance policies, whose premiums could, however, increase in the future if the climate change situation is exacerbated further – resulting from the effects of climate change in connection with the Group's infrastructure.

Consequently, based on the current assessment, no significant adverse effects on Austrian Post's ability to continue as a going concern as such are to be expected, even though higher costs, e.g. resulting from national $CO_2$ taxes and levies, are predicted in the short and medium term or, in the long term, from additional measures relating to building standards and delivery processes to improve working conditions due to the effects of climate change.

As the further development of the effects of climate change is associated with uncertainty, the effects of climate change are monitored on an ongoing basis and are also taken into account in the Group's risk management system, which constantly analyses, updates, evaluates and manages the existing opportunities and risks.

## 7.2 Impact of the COVID-19 Pandemic

Due to the ongoing COVID-19 pandemic, the possible effects were investigated separately/in greater detail when preparing the consolidated financial statements. This related, in particular, to the impairment testing of assets in accordance with IAS 36/IFRS 9, the completeness of the recognition and measurement of liabilities, accounting in accordance with IFRS 16 and the recognition of current and deferred taxes.

The uncertainty and reduced expectations regarding macroeconomic development caused by COVID-19, as well as the industry-specific trends observed, were taken into account in the business plans for the cash-generating units and investment property, meaning that they were used as an indication of impairment in accordance with IAS 36. All in all, this did not result in any need for impairment or any material impact on the fair value of the properties. One exception relates to the right-of-use assets involving bank99 AG ATMs, whose expected revenue was reduced due to the current and COVID-19-induced development in cash transactions, meaning that a corresponding impairment loss was recognised (details in Note 19 Property, Plant and Equipment).

For trade and other receivables, any industry-specific defaults related to the COVID-19 pandemic were taken into account by applying a surcharge factor to the expected loss rates. The impact of these adjustments was insignificant in terms of amount, and no significant payment defaults have been observed to date.

In financial services, the economic downturn resulting from the COVID-19 pandemic and the associated restrictions increases the risk of credit losses and the deterioration of credit ratings in the loan portfolio. As bank99 AG only established its customer base last year, these increased risks have already been taken into account in the definition and measurement of credit risks. When determining the probabilities of default in the various rating categories, future expectations, including the increased risks associated with the pandemic, are already priced in. The calculation of the risk provisions is based on the same parameters as for the legacy portfolio of bank99 AG. As at 31 December 2021, there were no signs of any material deterioration in the legacy portfolio with a causal link to the COVID-19 pandemic.

As a landlord, the Austrian Post Group did not have to make any significant concessions in connection with the COVID-19 pandemic, and there were no significant rent losses. Furthermore, the amendment to IFRS 16 “COVID-19-Related Rent Concessions” did not result in any material application cases for Austrian Post as a tenant.

The worldwide supply bottlenecks for certain raw materials and products caused by the COVID-19 pandemic means that there may be delays in the future, for example in infrastructure projects or the delivery of vehicles, in addition to price increases (which have already occurred in some cases). The impact on the Group’s business and financial performance is not considered material at present, but is being monitored on an ongoing basis.

As part of the COVID-19 investment premium for companies that was introduced in the 2020 financial year, the Austrian Post Group expects to receive investment subsidies of up to EUR 6.8m for an investment volume of EUR 49.6m. The investment subsidy will only be recognised once the requirements for the grant have been met and once there is reasonable assurance that the subsidy will be paid out or received, which is expected to be in the 2022 financial year (interim settlement) or in 2025 (final settlement). The consolidated financial statements as at 31 December 2021 include EUR 3.3m in receivables which are expected to be disbursed in as early as 2022 as part of the first partial settlement.

Compensation payments of EUR 4.2m (2020: EUR 2.9m) were received from health insurance providers for employees from COVID-19 high-risk groups who had to be released from their duties subject to the continued payment of their salaries and for employees who had to be granted special childcare leave. These were recognised in other operating income.

## 7.3 Assets and Liabilities in Connection with Business Combinations

In the context of business acquisitions, estimates are required in connection with the determination of the fair value of identifiable assets and acquired liabilities as well as contingent purchase-price liabilities.

All available information regarding the circumstances at the acquisition date is used for the initial accounting treatment of the identifiable assets and liabilities assumed. If the information is not yet complete, provisional amounts are stated. Additional information about the facts and circumstances prevailing at the time of acquisition that becomes available during the valuation period (up to one year) leads to the retroactive adjustment of the reported provisional amounts. Changes resulting from events after the acquisition date do not lead to adjustments during the valuation period.

Intangible assets are determined using an appropriate valuation method, depending on the type of asset and the availability of information. As a rule, the income approach is used for customer relationships and trademark rights. As a rule, the fair value of land and buildings is determined by independent experts or experts in the Austrian Post Group. These valuations are significantly influenced by the discount rates used in addition to assumptions about the future development of the estimated cash flows.

Analogous to the recognition of assets acquired and liabilities assumed, all available information about the circumstances at the acquisition date is also used for the initial accounting treatment of contingent purchase-price liabilities. In this case, additional information about the facts and circumstances prevailing at the time of acquisition that become known during the valuation period also leads to a retroactive adjustment of the reported provisional amounts. Changes resulting from events after the acquisition date (for example, the achievement of an earnings target) are not treated as adjustments within the valuation period, but instead lead to the adjustment of the purchase price liability through profit or loss.

## 7.4 Impairment of Intangible Assets, Goodwill, Property, Plant and Equipment and Investment Property

The assessment of the recoverability of intangible assets, goodwill, property, plant and equipment and investment property is based on assumptions regarding the future. The assumptions underlying the impairment test of goodwill as well as the resulting sensitivities are discussed under Note 17 Goodwill.

## 7.5 Leases

Determining the term of the lease involves estimation uncertainties, as assumptions regarding the exercise of renewal options or the non-exercise of termination options of the respective right-of-use asset are to be made in the identification of the right-of-use assets capitalised under property, plant and equipment.

If all other factors remain the same, a change in the lease term by +/–1 year would have the following effects on the amount of right-of-use assets or lease liabilities recorded:

| | Lease term | |
|---|---|---|
| EUR m | +1 year | –1 year |
| right-of-use assets/lease liabilities | 45.7 | –50.1 |

## 7.6 Provisions for Severance Pay and Anniversary Bonuses

Provisions for existing severance payments and anniversary bonuses are measured based on assumptions regarding the discount rate, retirement age, life expectancy, employee turnover rates and future salary increases.

If all other parameters remain constant, a change in the discount rate of +/−1 percentage point, a change in salary increases of +/−1 percentage point and a change in the employee turnover rates of +/−1 percentage point would have the following effects on the amount of the provisions shown in the table:

| | Discount rate | | Salary increase | | Employee turnover rate | |
|---|---|---|---|---|---|---|
| EUR m | –1%-points | +1%-points | –1%-points | +1%-points | –1%-points | +1%-points |
| Severance payment | 17.3 | –14.7 | –14.0 | 16.0 | 0.1 | –0.5 |
| Anniversary bonuses | 4.9 | –4.3 | –3.6 | 4.0 | 4.9 | –4.6 |

## 7.7 Provision for Underutilisation

Provisions for underutilisation are measured based on assumptions regarding the degree of underutilisation, the discount rate, future salary increases and the discount for turnover of tenured employees.

If all other parameters remain constant, a change in the degree of underutilisation and employee turnover of +/−10 percentage points, or a change in the discount rate and salary increases of +/−1 percentage point in each case would have the following effects on the amount of the provisions:

| | Rate of underutilisation | | Employee turnover discount | | Discount rate | | Salary increase | |
|---|---|---|---|---|---|---|---|---|
| EUR m | –10%-points | +10%-points | –10%-points | +10%-points | –1%-points | +1%-points | –1%-points | +1%-points |
| Underutilisation | –31.0 | 30.9 | 18.9 | –18.9 | 11.9 | –10.8 | –11.1 | 11.9 |

## 7.8 Crediting of Previous Periods of Service for (Former) Civil Servants

In a decision dated 11 November 2014, the European Court of Justice (ECJ) found, upon presentation by the Austrian Supreme Administrative Court, that the method for eliminating age discrimination in the civil servants' payroll system legally established in 2010 is in violation of EU law. Since the issue of crediting periods of service affected not only the civil servants allocated to Österreichische Post AG but all civil servants, the Austrian National Council reacted and undertook a comprehensive reform of the federal payroll system on 21 January 2015. This reform dealt with the main criticism of the ECJ and completely removed the problem. This pay reform was also naturally implemented for the civil servants employed by Österreichische Post AG.

In a more recent preliminary ruling procedure before the European Court of Justice on the crediting of previous periods of civil service, the ECJ ruled on 8 May 2019 that the payroll reform of 2015 was insufficient. As a result, a further amendment was made to civil service law by the federal government, according to which the crediting of previous service periods before the age of 18 must be individually reassessed for each (former) civil servant. The employment law proceedings that need to be conducted in this regard are costly and time-consuming. Österreichische Post AG has since started implementing the amendment and has used a best possible estimate to make a provision of EUR 13.3m at 31 December 2021 (31 December 2020: EUR 16.9m) for the subsequent payments resulting from the recalculated pay-related length of service.

## 7.9 Recovery of Contributions from the Payroll of Civil Servants

Österreichische Post AG and its legal predecessor paid contributions from the payroll for the civil servants assigned to them in the period from 1 May 1996 to 31 May 2008. However, based on a ruling handed down by the Austrian Administrative Court in 2015, there was no legal obligation to make these payments.

As a result, Österreichische Post AG was awarded contributions totalling EUR 141.1m by the Austrian Federal Finance Court for the period of 2015 to 2019. However, in exchange for the total contributions awarded to date, Österreichische Post AG has obligations for possible compensation payments, which have been set aside in the amount of EUR 99.6m as at 31 December 2021 (31 December 2020: EUR 99.6m) based on a payment request issued by the Federal Chancellery. The amount of compensation is subject to considerable uncertainties, as there are differences of opinion between the Federal Chancellery and Österreichische Post AG due to uncertainties regarding the data.

## 7.10 Data Protection

The Data Protection Authority brought administrative criminal proceedings against Österreichische Post AG in the financial years since 2019 on grounds of the unlawful processing of data qualifying as personal data and the violation of the rights of data subjects within the meaning of the GDPR. These proceedings had not yet reached a final conclusion at the time the consolidated financial statements were prepared.

In addition, Österreichische Post AG is a defendant in a number of civil proceedings for damages. None of these proceedings has yet resulted in a legally binding judgment against Austrian Post.

Provisions which are subject to considerable estimation uncertainties were recognised for possible risks arising from administrative criminal proceedings and civil proceedings for damages based on the best possible estimate.

Further disclosures in connection with these provisions have been waived in accordance with IAS 37.92, as this information may affect the outcome of ongoing proceedings or may influence potential further proceedings.

## 7.11 Financial Instruments

The measurement of liabilities resulting from purchase obligations of non-controlling interests whose settlement amount depends on the future results of the relevant acquired companies are subject to a certain degree of estimation uncertainty. The liabilities resulting from purchase obligations of non-controlling interests mainly result from options for the acquisition of the remaining 20% of the shares in Aras Kargo a.s. The future purchase price depends on the company's success. The subsequent measurement is based on the expected future results according to the business plan and the application of the current EUR/TRY exchange rate, and is discounted using the effective interest method, resulting in a liability of EUR 45.8m as at 31 December 2021 (31 December 2020: EUR 32.6m).

Varying these input factors and the exchange rate produces the following sensitivities as at the reporting date:

| | EBITDA | | Reference rate at balance sheet date EUR/TRY | |
|---|---|---|---|---|
| EUR m | –10% | +10% | –10% | +10% |
| Liabilities from obligation to acquire non-controlling interests | –4.7 | 4.7 | 5.1 | –4.2 |

## 7.12 Income Tax

The recognition and subsequent measurement of current and deferred taxes are subject to uncertainties due to complex tax regulations in different national jurisdictions that furthermore are subject to constant change. The management bases its planning on the assumption that it has made a reasonable estimate of tax-related uncertainties. However, due to these existing tax uncertainties, there is the risk that deviations between the actual results and the assumptions made could have an effect on the recognised tax liabilities and deferred taxes.

Deferred tax assets for existing tax loss carryforwards are capitalised in the amount expected to be actually utilised. Such assets are recognised based on planning calculations on the part of the company's management concerning the amount of taxable income and their actual potential to be utilised, which in turn requires discretionary decisions.

# 8. Segment Reporting

**General Information** In line with the divisional structure of the Austrian Post Group, the segment reporting is based on the reporting segments Mail, Parcel & Logistics, Retail & Bank and Corporate, and corresponds to the reporting to the Management Board (as Chief Operating Decision Maker according to IFRS 8). The reportable segments are identified on the basis of the difference between products and services. No operating segments were combined as part of the identification of the reporting segments. Logistics for letter mail and parcels in Austria is bundled in the internal logistics network production unit, which charges its services to the operating divisions based on the costs incurred.

**Mail** The product and service portfolio of the Mail Division includes the delivery of letters and document shipments, addressed and unaddressed direct mail, newspapers and online services such as e-letters and business operations such as input management, document logistics and output management. The product portfolio is also supplemented with cross-media solutions and digital advertising. The offering is rounded off by additional physical and digital services in customer communications as well as optimisation in document processing. The division is responsible for the results of its entire product and service portfolio, including distribution, collection, sorting and delivery.

The Mail Division also bears additional expenses resulting from the special ongoing statutory obligations of Austrian Post (in particular its obligations as a universal service provider in Austria and the specific employment situation of civil servant employees).

**Parcel & Logistics** The Parcel & Logistics Division offers one-stop solutions for parcel and express parcel shipments (formerly EMS) along the entire value chain. The division is responsible for the results of the entire service provision process, including logistics services purchased both within the Group and externally. In addition to conventional parcel products, express delivery and food delivery, the portfolio in Austria also includes a broad range of value-added services. Tailored fulfilment solutions such as warehousing, order picking, returns management, the transport of valuable goods and cash, web shop logistics and web shop infrastructures are offered. Internationally, the Parcel & Logistics Division is represented in CEE and Turkey through its subsidiaries. In addition, stationary logistics for pharmaceutical products is offered in Germany through the associate AEP.

**Retail & Bank** In addition to the branch business, the Retail & Bank Division comprises bank99 AG – Austrian Post's bank – which has been offering financial services throughout Austria since 1 April 2020. The bank99 AG business model is based in particular on the use of Austrian Post's branches. The division's product offering includes postal and telecommunication products, merchandise, as well as the financial services offered by a retail bank and payment transactions services.

**Corporate** The Corporate Division is primarily responsible for services in the area of Group administration, the development of new business models, the rental of properties not required for operations and the development of real estate projects. Non-operational services typically provided for the management and control of a corporate Group include, among other things, the management of company commercial properties, the provision of IT support services and the administration of the Internal Labour Market of Austrian Post.

**Group Reconciliation** The elimination of transactions between segments is shown in the Group Reconciliation column. Furthermore, the column serves the reconciliation from segment figures to Group figures. The depreciation, amortisation and impairment losses and segment investments shown in this column mainly relate to the internal logistics network production unit.

INFORMATION ABOUT PROFIT OR LOSS

### 2020 Financial Year adjusted[1]

| EUR m | Mail | Parcel & Logistics | Retail & Bank | Corporate | Group Reconciliation | Group |
|---|---|---|---|---|---|---|
| Revenue (segments) | 1,222.7 | 913.6 | 67.4 | 2.8 | –14.6 | 2,192.0 |
| Revenue intra-Group | 3.1 | 1.0 | 183.4 | 0.0 | –187.5 | 0.0 |
| **TOTAL REVENUE** | **1,225.8** | **914.5** | **250.8** | **2.8** | **–202.0** | **2,192.0** |
| thereof revenue with third parties | 1,216.7 | 905.3 | 67.3 | 2.7 | 0.0 | 2,192.0 |
| thereof results from financial services | 0.0 | 0.0 | 22.6 | 0.0 | –0.1 | 22.5 |
| Results from financial assets accounted for using the equity method | 0.1 | 1.4 | 0.0 | 0.0 | 0.0 | 1.5 |
| Depreciation, amortisation and impairment losses | –4.4 | –19.2 | –8.4 | –20.1 | –90.0 | –142.2 |
| thereof impairment losses recognised in profit or loss | 0.0 | –1.0 | 0.0 | 0.0 | –1.3 | –2.3 |
| **EBIT** | **164.4** | **73.5** | **–43.8** | **–33.6** | **0.0** | **160.6** |
| Financial result | | | | | | 1.4 |
| **PROFIT BEFORE TAX** | | | | | | **162.1** |
| Segment investments | 2.9 | 21.9 | 22.6 | 24.0 | 128.6 | 200.0 |

[1] Adjustments see Note 3.2 Changes in Accouting Methods and Adjustment of Prior-Year Figures

### 2021 Financial Year

| EUR m | Mail | Parcel & Logistics | Retail & Bank | Corporate | Group Reconciliation | Group |
|---|---|---|---|---|---|---|
| Revenue (segments) | 1,224.2 | 1,245.7 | 74.7 | 3.1 | –28.1 | 2,519.6 |
| Revenue intra-Group | 3.0 | 0.9 | 186.3 | 0.0 | –190.2 | 0.0 |
| **TOTAL REVENUE** | **1,227.2** | **1,246.6** | **261.0** | **3.1** | **–218.3** | **2,519.6** |
| thereof revenue with third parties | 1,214.6 | 1,227.6 | 74.4 | 3.0 | 0.0 | 2,519.6 |
| thereof results from financial services | 0.0 | 0.0 | 32.9 | 0.0 | –0.3 | 32.6 |
| Results from financial assets accounted for using the equity method | 0.3 | 0.4 | 0.0 | 0.0 | 0.0 | 0.6 |
| Depreciation, amortisation and impairment losses | –5.3 | –31.6 | –12.8 | –26.4 | –89.5 | –165.6 |
| thereof impairment losses recognised in profit or loss | 0.0 | –1.7 | –3.1 | –1.2 | 0.0 | –6.1 |
| **EBIT** | **155.2** | **118.1** | **–39.2** | **–29.2** | **0.0** | **204.7** |
| Financial result | | | | | | 11.7 |
| **PROFIT BEFORE TAX** | | | | | | **216.4** |
| Segment investments | 3.1 | 37.5 | 22.6 | 21.7 | 189.9 | 274.8 |

Transactions between the segments are executed at market-based prices or based on costs. The settlement of additional expenses resulting from Austrian Post's special statutory obligations is a cost-based process. The accounting treatment of transactions between the segments does not fully correspond to the accounting principles applied within the Austrian Post Group. In particular, the principles for revenue recognition under IFRS 15 are applied in a simplified manner and intra-Group leasing transactions are not reflected in full under IFRS 16.

### INFORMATION ABOUT GEOGRAPHICAL AREAS

Revenue is shown according to the location of the company performing the service and exclusively refers to revenue generated with companies outside of the Austrian Post Group:

**2020 Financial Year adjusted**[1]

| EUR m | Austria | Turkey | Germany | Other countries | Group |
|---|---|---|---|---|---|
| Revenue | 1,885.0 | 101.5 | 61.7 | 143.7 | 2,192.0 |
| Non-current assets other than financial instruments and deferred tax assets | 1,230.1 | 93.1 | 1.1 | 55.9 | 1,380.2 |

[1] see Note 3.2.1 Changes in the Presentation of Financial Services

**2021 Financial Year**

| EUR m | Austria | Turkey | Germany | Other countries | Group |
|---|---|---|---|---|---|
| Revenue | 2,001.6 | 290.7 | 64.1 | 163.2 | 2,519.6 |
| Non-current assets other than financial instruments and deferred tax assets | 1,312.0 | 59.4 | 1.0 | 61.0 | 1,433.5 |

# 9. Revenue from Contracts with Customers

## 9.1 Revenue from Contracts with Customers

The following table shows revenue from contracts with customers broken down according to reportable segments and product groups (areas encompassed within these segments):

| EUR m | 2020 | 2021 |
|---|---|---|
| Letter Mail | 732.1 | 722.5 |
| Business Solutions | 44.3 | 40.4 |
| Direct Mail | 320.3 | 328.3 |
| Media Post | 120.0 | 123.4 |
| **MAIL** | **1,216.7** | **1,214.6** |
| Premium Parcels | 567.8 | 822.0 |
| Standard Parcels | 271.7 | 310.6 |
| Other Parcel Services | 65.8 | 94.9 |
| **PARCEL & LOGISTICS** | **905.3** | **1,227.6** |
| Branch Services | 44.8 | 41.8 |
| Commission income from financial services[1] | 22.4 | 30.7 |
| Other | 0.1 | 0.1 |
| **RETAIL & BANK** | **67.3** | **72.6** |
| Revenue Neutorgasse 7 real estate development project | 2.6 | 0.0 |
| Other revenue | 2.7 | 3.0 |
| **CORPORATE** | **5.3** | **3.0** |
| **REVENUE FROM CONTRACTS WITH CUSTOMERS** | **2,194.6** | **2,517.8** |
| thereof recognised in revenue | 2,191.9 | 2,517.8 |
| thereof recognised in other operating income | 2.6 | 0.0 |

[1] See in detail Note 10 Result from Financial Services

Revenue from contracts with customers of the Neutorgasse 7 real estate project, which is reported under other operating income, came to EUR 0.0m in the 2021 financial year (2020: EUR 2.6m).

## 9.2 Assets and Liabilities from Contracts with Customers

The following table shows the status of trade receivables and contract assets and liabilities from contracts with customers in accordance with IFRS 15 as of 31 December 2020 and 31 December 2021.

| EUR m | 31 Dec. 2020 | 31 Dec. 2021 |
|---|---|---|
| Trade receivables | 314.2 | 303.8 |
| Contract assets | 4.4 | 3.1 |
| Contract liabilities | 34.7 | 32.4 |

The contractual liabilities recognised as at 31 December 2021 relate to advance payments received for services not yet provided in connection with letter and parcel delivery, postage stamps and franking machines used by senders and the financial services business.

Of the contract liabilities recognised as at 1 January 2021, EUR 28.7m (2020: EUR 29.8m) were recognised in revenue.

The relief provided for under IFRS 15.121a is applied, based on which no further disclosures are made on the total amount of the transaction price of those performance obligations not yet fulfilled as at 31 December 2021 that have an expected original term of one year or less.

# 10. Result from Financial Services

Income from financial services will be reported under revenue, and expenses for financial services will be reported as a separate line item in the consolidated income statement.

| EUR m | 2020 | 2021 |
|---|---|---|
| Interest income | 0.0 | 1.8 |
| Commission income | 22.4 | 30.7 |
| **INCOME FROM FINANCIAL SERVICES** | 22.5 | 32.6 |

| EUR m | 2020 | 2021 |
|---|---|---|
| Interest expense | –1.2 | –3.3 |
| Commission expense | –1.6 | –2.1 |
| **EXPENSES FOR FINANCIAL SERVICES** | –2.8 | –5.4 |

Impairment losses in accordance with IFRS 9 that affect financial assets from financial services are recognised in other operating expenses.

Negative interest of EUR 2.8m (2020: EUR 1.0m) is recognised in interest expense.

The result from financial services is as follows:

| EUR m | 2020 | 2021 |
|---|---|---|
| Interest income | 0.0 | 1.8 |
| thereof results ot the effective interest method | 0.0 | 1.8 |
| Interest expense | –1.2 | –3.3 |
| **NET INTEREST INCOME/EXPENSE** | **–1.1** | **–1.5** |
| Commission income | 22.4 | 30.7 |
| Commission expense | –1.6 | –2.1 |
| **NET COMMISSION INCOME/EXPENSES** | **20.8** | **28.6** |
| **NET INTEREST AND COMMISSION INCOME/EXPENSES** | **19.7** | **27.1** |
| Impairment loss IFRS 9 | 0,0 | –5.8 |
| **INCOME FROM FINANCIAL SERVICES** | **19.7** | **21.3** |

Interest income mainly results from receivables from customers. EUR 12.6m (2020: EUR 7.4m) of the commission income relates to the current account business and payment transactions, while EUR 17.7m (2020: EUR 15.0m) relates to the other service business.

# 11. Raw Materials, Consumables and Services Used

| EUR m | 2020 | 2021 |
|---|---|---|
| **MATERIAL** | | |
| Fuels | 18.4 | 23.7 |
| Merchandise | 7.2 | 8.4 |
| Supplies, clothing, stamps | 22.4 | 27.7 |
| Other | 3.5 | 3.6 |
| | **51.4** | **63.4** |
| **SERVICES USED** | | |
| International postal carriers | 53.5 | 53.7 |
| Unaddressed mailing lists | 11.6 | 8.8 |
| Addressed mailing lists | 6.8 | 8.0 |
| Energy | 14.5 | 16.3 |
| Transport | 316.6 | 374.9 |
| Contract and leasing staff | 32.3 | 37.6 |
| Other | 109.4 | 153.1 |
| | **544.8** | **652.3** |
| | **596.2** | **715.7** |

The cost of materials includes impairment losses due to a write-down to net realisable value of EUR 0.4m (2020: EUR 0.4m).

# 12. Staff Costs

| EUR m | 2020 | 2021 |
|---|---|---|
| Wages and salaries | 826.2 | 901.6 |
| Severence payments | 8.5 | 14.0 |
| Pension scheme | 0.2 | 0.2 |
| Statutory levies and contributions | 203.3 | 216.3 |
| Other staff costs | 3.3 | 27.9 |
| | **1,041.4** | **1,160.1** |

Expenses for severance payments can be broken down as follows:

| EUR m | 2020 | 2021 |
|---|---|---|
| Management Board | 0.1 | 0.1 |
| Senior executives | 0.4 | 1.1 |
| Other employees | 8.0 | 12.8 |
| | **8.5** | **14.0** |

In the 2021 financial year, contributions to the Mitarbeitervorsorgekasse (MVK) (employee pension fund) relating to defined contribution severance obligations were recognised as expenses in the amount of EUR 6.1m (2020: EUR 5.9m).

The average number of employees during the financial year was:

| | 2020 | 2021 |
|---|---|---|
| Blue-collar employees | 3,555 | 6,838 |
| White-collar employees | 16,113 | 17,725 |
| Civil servants | 4,935 | 4,626 |
| Trainees | 137 | 142 |
| **TOTAL NUMBER** | **24,739** | **29,331** |
| **CORRESPONDING FULL-TIME EQUIVALENTS** | **22,966** | **27,275** |

# 13. Other Operating Income and Expenses

## 13.1 Other Operating Income

| EUR m | 2020 | 2021 |
|---|---|---|
| Rents and leases | 27.9 | 31.0 |
| Work performed by the enterprise and capitalised | 7.4 | 5.1 |
| Unchargeable expenses | 5.6 | 7.2 |
| Settlements of damage claims | 3.8 | 4.2 |
| Disposal of property, plant and equipment | 2.5 | 7.2 |
| Revenue realisation real estate project Neutorgasse 7 | 2.6 | 0.0 |
| Personnel leasing and administration | 1.1 | 1.4 |
| Other | 13.3 | 39.1 |
| | **64.1** | **95.2** |

Other operating income from rents and leases relates to assets leased in their entirety or in part (property, plant and equipment and investment property). The underlying leases are largely terminable operating leases with the indexation of rents and subleases classified as operating leases relating to rented buildings that are sublet to subcontractors based on the same terms and conditions and whose term is linked to the additional subcontracting agreement concluded with the subcontractor over and above the lease agreement with the subcontractor, or which include additional termination options.

Work performed by the enterprise and capitalised is mainly related to the capitalisation of internally generated software.

Other operating income includes the difference from the PPA for the acquisition of the retail banking business of ING DiBa in Austria of EUR 14.2m, which was recognised in profit or loss.

Furthermore, the remaining other operating income includes compensation payments in connection with COVID-19. Please refer to Note 7.2 Impact of the COVID-19 Pandemic. Furthermore, the remaining other operating income includes a large number of immaterial amounts.

**Operating Leases** The income from operating leases reported under rents and leases amounts to EUR 24.3m (2020: EUR 21.4m). The amount of non-discounted lease payments due annually is as follows at the balance sheet date:

| EUR m | 31 Dec. 2020 | 31 Dec. 2021 |
|---|---|---|
| No later than one year | 20.9 | 23.6 |
| Later than one year and not later than two years | 17.8 | 20.2 |
| Later than two years and not later than three years | 16.4 | 16.4 |
| Later than three years and not later than four years | 11.1 | 12.8 |
| Later than four years and not later than five years | 8.7 | 10.0 |
| Later than five years | 29.3 | 36.6 |
| | **104.2** | **119.6** |

Lease payments were determined based on the respective lease term for fixed-term leases. A churn rate was calculated based on historical data and applied to future lease payments in the case of leases with an indefinite term.

The costs and carrying amounts of land and buildings reported under property, plant and equipment and for which operating leases exist amounted to EUR 81.3m (31 December 2020: EUR 84.9m) and EUR 18.7m (31 December 2020: EUR 18.7m) respectively as at 31 December 2021. Accumulated depreciation in the 2021 financial year amounted to EUR 62.6m (2020: EUR 66.2m).

## 13.2 Other Operating Expenses

| EUR m | 2020 | 2021 |
|---|---|---|
| IT services | 67.0 | 70.0 |
| Maintenance | 60.4 | 67.5 |
| Travel and mileage | 26.2 | 27.4 |
| Damages | 25.8 | 19.6 |
| Communications and advertising | 24.4 | 28.1 |
| Consultancy | 19.0 | 19.1 |
| Waste disposal and cleaning | 16.4 | 16.5 |
| Leasing and rental payments | 14.1 | 15.4 |
| Other taxes (excl. income taxes) | 13.7 | 17.6 |
| Insurance | 7.3 | 9.7 |
| Telephone | 4.5 | 5.1 |
| Expenses, call centre | 0.0 | 1.4 |
| Contract and leasing staff | 3.8 | 3.9 |
| Training and professional development | 2.0 | 3.3 |
| Impairment loss IFRS 9 | 2.0 | 6.9 |
| Losses from the disposal of property, plant and equipment | 1.4 | 1.7 |
| Other | 26.4 | 50.7 |
| | **314.4** | **363.8** |

For the logistics area, the item Impairment losses in accordance with IFRS 9 relates to financial services in the amount of EUR 5.8m (2020: EUR 0.0m) and EUR 1.1m (2020: EUR 2.0m).

Other operating expenses relate to expenses from the subsequent measurement of liabilities resulting from purchase obligations of non-controlling interests amounting to EUR 16.8m (2020: EUR 0.0m) (see Note 28 Trade and Other Payables), as well as a large number of individual immaterial amounts.

## 14. Financial Result

| EUR m | Note | 2020 | 2021 |
|---|---|---|---|
| **FINANCIAL INCOME** | | | |
| Interest income | | 1.5 | 3.4 |
| Income from securities | | 0.5 | 0.8 |
| Income from revaluation of financial assets and derivatives | | 8.9 | 1.1 |
| Income from realised derivatives | | 0.0 | 0.9 |
| Income from foreign currency valuation | | 0.0 | 21.7 |
| | | **10.9** | **28.0** |
| **FINANCIAL EXPENSES** | | | |
| Interest expense from lease liabilities | | –4.8 | –4.9 |
| Interest expense for other financial liabilities | | –0.3 | –0.3 |
| Interest expense for other liabilities | | 0.0 | –7.7 |
| Interest expense (interest effects of provisions) | (27.2) | –2.6 | –2.9 |
| Expense from revaluation of financial assets | | –0.1 | –0.5 |
| Expenses from foreign currency valuation | | –1.7 | 0.0 |
| | | **–9.5** | **–16.3** |
| | | **1.4** | **11.7** |

Income from securities mainly includes the dividend from the participation in the Vienna Stock Exchange (FVOCI) amounting to EUR 0.5m (2020: EUR 0.3m).

Income from the revaluation of financial assets and derivatives in the 2020 financial year included increases in the value of the shares in flatex AG amounting to EUR 8.7m and income from foreign currency forwards of EUR 1.0m in the 2021 financial year (see Note 24.2 Other Financial Assets).

In the current financial year, income from foreign currency measurement in the amount of EUR 21.7m relates on the one hand to income from foreign currency measurement and inflation effects of liabilities resulting from purchase obligations of non-controlling interests, and, on the other hand, to foreign currency gains from cash and cash equivalents.

Interest expense for other liabilities relates to expenses from the interest cost of liabilities resulting from purchase obligations of non-controlling interests amounting to EUR 7.7m.

Impairment losses in accordance with IFRS 9 on debt instruments measured at amortised cost or FVOCI are reported under expenses from the revaluation of financial assets. Due to the immaterial amounts involved, they are not disclosed as separate items in the income statement in accordance with IAS 1.82.

# 15. Earnings per Share

| | | 2020 | 2021 |
|---|---|---|---|
| Profit for the period attributable to equity holders of the parent company | (EUR m) | 118.3 | 152.3 |
| Adjusted profit for the period for the determination of diluted earnings per share | (EUR m) | 118.3 | 152.3 |
| Weighted average number of outstanding ordinary shares used in calculating basic earnings per share | (Shares) | 67,552,638 | 67,552,638 |
| Weighted average number of outstanding ordinary shares used in calculating diluted earnings per share | (Shares) | 67,552,638 | 67,552,638 |
| **BASIC EARNINGS PER SHARE** | (EUR) | **1.75** | **2.25** |
| **DILUTED EARNINGS PER SHARE** | (EUR) | **1.75** | **2.25** |



# 16. Income Tax

| EUR m | 2020 | 2021 |
|---|---|---|
| Income tax expense for the current year | 30.6 | 58.4 |
| Tax credits arrears from prior tax years | 0.1 | 0.2 |
| Deferred tax expense/income | 16.1 | –0.6 |
| | **46.8** | **58.0** |



The use of tax loss carryforwards not capitalised to date in the amount of EUR 0.2m and the first-time capitalisation of deferred tax assets of EUR 1.3m due to the improved earnings situation of domestic and foreign subsidiaries in the parcel segment reduced income tax expense by EUR 1.5m.

**Tax Reconciliation** The Group tax rate is defined as the ratio of recognised income tax to profit before tax and is 26.8% in the 2021 financial year (2020: 28.9%).

Tax reconciliation at the Austrian Post Group is based on the statutory tax rate of the parent company in Austria amounting to 25%. Deviations from the statutory tax rates for subsidiaries are displayed in a dedicated reconciliation item.

The reconciliation of the expected income tax with the recognised income tax expense is as follows:

| EUR m | 2020 | 2021 |
|---|---|---|
| **PROFIT BEFORE TAX** | **162.1** | **216.4** |
| **EXPECTED TAXES ON INCOME** | **40.5** | **54.1** |
| **TAX DEDUCTIONS DUE TO** | | |
| Write-down of subsidiaries to lower going concern value | 0.0 | –1.9 |
| Adjustments to foreign tax rates | –1.3 | –0.7 |
| Gains not affecting taxes (accounted for using the equity method) | –0.4 | –0.2 |
| Unrecognised deferred taxes on shares in subsidiaries | –0.2 | 0.0 |
| Badwill[1] | 0.0 | –3.5 |
| Asset revaluation in tax law[2] | 0.0 | –2.8 |
| Other tax-reducing items | –1.2 | –2.3 |
| | **–3.2** | **–11.4** |
| **TAX INCREASES DUE TO** | | |
| Impairment losses on goodwill | 0.3 | 0.4 |
| Appreciation subsidiaries | 5.4 | 5.0 |
| Penalties not affecting taxes | 1.1 | 1.5 |
| Adaption Earn-Out valuation[3] | 0.0 | 3.3 |
| Other tax-increasing items | 2.8 | 4.6 |
| | **9.6** | **14.8** |
| **INCOME TAX EXPENSE FOR THE PERIOD** | **46.9** | **57.4** |
| Adjustment of withholding tax | 0.0 | 2.0 |
| Adjustment of current tax income/expense from prior years | 0.1 | 0.2 |
| Adjustment of deferred tax income/expense from prior years | –0.1 | –0.1 |
| Change in unrecognised deferred tax assets | –0.2 | –1.5 |
| **CURRENT TAX EXPENSE** | **46.8** | **58.0** |

[1] see Note 4.2 Changes to the Scope of Consolidation
[2] in Turkey
[3] see Note 28 Trade Payables and Other Payables

### INFORMATION ON DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Temporary differences between the amounts shown in the consolidated financial statements and those recognised for tax purposes have the following effect on the deferred taxes reported on the balance sheet:

| | Deferred tax assets | | Deferred tax liabilities | |
|---|---|---|---|---|
| EUR m | 31 Dec. 2020 | 31 Dec. 2021 | 31 Dec. 2020 | 31 Dec. 2021 |
| Goodwill | 0.2 | 0.2 | −0.3 | −0.3 |
| Customer relationships | 0.7 | 0.6 | −3.3 | −1.9 |
| Trademarks | 0.1 | 0.1 | −4.8 | −2.9 |
| Other intangible assets | 0.0 | 0.3 | −4.2 | −3.7 |
| Property, plant and equipment | 5.5 | 6.6 | −0.6 | −1.1 |
| Right-of-use assets | 0.0 | 0.0 | −72.6 | −77.1 |
| Financial assets (tax write-down to lower going concern value) | 11.2 | 3.9 | 0.0 | 0.0 |
| Other financial assets | 0.1 | 0.0 | −0.3 | −0.3 |
| Inventories | 0.0 | 0.0 | −0.1 | 0.0 |
| Receivables | 3.1 | 1.1 | −0.2 | −0.6 |
| Financial assets from financial services | 0.0 | 0.1 | 0.0 | 0.0 |
| Contract assets | 0.0 | 0.0 | −1.0 | −0.1 |
| Provisions | 36.9 | 41.3 | 0.0 | 0.0 |
| Liabilities and contract liabilities | 2.5 | 2.5 | −0.6 | −0.6 |
| Financial liabilities from financial services | 0.4 | 0.0 | 0.0 | 0.0 |
| Lease liabilities | 71.9 | 78.6 | −0.1 | −0.3 |
| Tax loss carryforwards | 0.1 | 0.5 | 0.0 | 0.0 |
| | **132.7** | **135.6** | **−88.0** | **−89.0** |
| Depreciation deferred tax assets and loss carryforwards | −0.8 | −0.1 | 0.0 | 0.0 |
| Net balance | −84.0 | −88.9 | 84.0 | 88.9 |
| **DEFERRED TAXES – BALANCE SHEET RECOGNITION** | **48.0** | **46.6** | **−4.1** | **−0.1** |

The development of deferred taxes and the division of the changes into components recognised in profit and loss and those recognised in equity is displayed in the following table:

| EUR m | 2020 | 2021 |
|---|---|---|
| **DEFERRED TAXES AS AT 1 JAN. (ASSETS (+) / LIABILITIES (−))** | **65.0** | **43.9** |
| Deferred tax expense (−)/income (+) recognised through income statement | −16.1 | 0.6 |
| Change in deferred taxes recognised directly in equity | | |
| thereof relating to fair value adjustment FVOCI – equity and debt instruments | 0.0 | −0.1 |
| thereof relating to revaluation of defined benefit obligation | 0.4 | 1.5 |
| thereof relating to acquisitions/desacquisitions | −5.0 | −0.2 |
| Reversal of ongoing seventh depreciation on equity instruments | −0.7 | 0.0 |
| Exchange rate impact and other changes | 0.2 | 0.8 |
| **DEFERRED TAXES AS AT 31 DEC. (ASSETS (+) / LIABILITIES (−))** | **43.9** | **46.5** |

The following temporary differences were not recognised, as it is unlikely that there will be taxable earnings in the future. The temporal distribution of the ability to recognise tax loss carryforwards is as follows:

| EUR m | 31 Dec. 2020 | 31 Dec. 2021 |
|---|---|---|
| **UNRECOGNISED TEMPORARY DIFFERENCES FROM:** | | |
| **LOSS CARRYFORWARDS** | **56.3** | **52.7** |
| thereof due within not later than 2 years | 0.0 | 0.2 |
| thereof due within 3–4 years | 3.7 | 0.0 |
| thereof due within 5–6 years | 0.0 | 0.7 |
| thereof due later than 6 years | 0.0 | 0.0 |
| due within an indefinite period of time | 52.6 | 51.8 |
| **OTHER TEMPORARY DIFFERENCES** | **4.6** | **0.8** |
| | **60.9** | **53.5** |

In April 2021, the decision was made to temporarily increase corporate income tax in Turkey for 2021 and 2022 (25% in 2021, 23% in 2022, from 2023 the normal tax rate of 20% will be used again). This led to a corresponding revaluation of total deferred taxes. The impact on deferred taxes was insignificant in terms of amount, which is why no separate disclosures have been made in the notes.

The Austrian Ecosocial Tax Reform Act was passed in its third reading in the plenary session of the Austrian National Council on 20 January 2022. Among other things, it provides for a gradual reduction in the corporate tax rate from 25% to 23% (2023: 24%, 2024: 23%). As a result, deferred tax assets are set to decrease by around EUR 2.9m in 2022.

Temporary differences of EUR 62.0m (31 December 2020: EUR 41.8m) arising from shares in subsidiaries (outside basis differences) were not recognised, as it is likely that these temporary differences will not change in the foreseeable future.

# 17. Goodwill

| EUR m | 2020 | 2021 |
|---|---|---|
| **HISTORICAL COSTS** | | |
| **BALANCE AS AT 1 JANUARY** | **73.3** | **74.6** |
| Additions arising from acquisitions | 1.7 | 2.3 |
| Currency translation differences | –0.4 | 0.0 |
| **BALANCE AS AT 31 DECEMBER** | **74.6** | **76.9** |
| **IMPAIRMENT LOSSES** | | |
| **BALANCE AS AT 1 JANUARY** | **12.2** | **13.1** |
| Additions | 1.0 | 1.7 |
| Currency translation differences | –0.1 | 0.0 |
| **BALANCE AS AT 31 DECEMBER** | **13.1** | **14.9** |
| **CARRYING AMOUNT AS AT 1 JANUARY** | **61.1** | **61.4** |
| **CARRYING AMOUNT AS AT 31 DECEMBER** | **61.4** | **62.0** |

Additions arising from acquisitions relate to the merger with D2D – direct to document GmbH. Refer to Note 4.2 Changes to the Scope of Consolidation.

The following table shows goodwill by segment and cash generating unit:

| EUR m | 31 Dec. 2020 | 31 Dec. 2021 |
|---|---|---|
| **MAIL** | | |
| Mail | 36.8 | 39.2 |
| | **36.8** | **39.2** |
| **PARCEL & LOGISTICS** | | |
| Parcel & Logistics Austria | 11.7 | 11.7 |
| Other | 12.9 | 11.2 |
| | **24.6** | **22.9** |
| | **61.4** | **62.0** |

The mandatory impairment tests (pursuant to IAS 36) are carried out by Austrian Post in accordance with the value-in-use concept. In this case, the recoverable amount of the CGU is determined on the basis of the value in use.

In order to determine the value in use in logistics (Mail, Parcel & Logistics, Corporate Divisions), the expected future cash flow is discounted to its present value with the help of the discounted cash flow method by using the weighted average cost of capital after tax. Market data from peer group companies, among other things, is used to determine a standard market cost of capital in the logistics sector.

The cash flow forecasts in the planning period are based on the management-approved planning for the 2022 financial year and the medium-term business planning for a period of an additional three years (2023–2025). The cash flow forecasts are based on both the company's experience in the past as well as economic data collected outside of the company and sector-specific data if available. The amount after the detailed planning period is accounted for assuming a perpetual annuity. The maximum amount for the growth rate set for the perpetual annuity is the long-term growth and inflation expectations of the countries and sectors in which the particular CGU generates its cash flow. As a rule, a growth rate of 1.0% (2020: 1.0%) is applied, while necessary retained earnings are taken into account. The main valuation assumptions generally underlying the determination of the recoverable amount are assumptions by the management about the expected short- and long-term business development, the discount rate applied and the expected long-term growth rate.

The value in use for the financial services CGU (Retail & Bank Division) is generally calculated using an income approach in the form of the dividend discount model. The future distributions accruing to the owners are discounted to their present value using a cost of equity rate. Market data from peer group companies, among other things, is used to determine a standard market cost of equity rate. The recoverable amount calculated in this manner is then compared to the net assets of the CGU. As in logistics, the expected future distributions in the detailed planning period are based on the business plans approved by the management. The distribution forecasts are based on both the internal assumptions from the business model and the industry-specific, economic and regulatory overall data that is collected externally. The amount after the detailed planning period is accounted for assuming a perpetual annuity, with a growth rate of 1.0% being applied and necessary retained earnings being taken into account. The main valuation assumptions generally underlying the determination of the recoverable amount are assumptions by the management about the expected short- and long-term business development, the discount rate applied and the expected long-term growth rate.

The following table shows the discount rates applied to the primary individual cash generating units:

| | WACC after Tax | |
|---|---|---|
| | 2020 | 2021 |
| **MAIL** | | |
| Mail | 6.1% | 6.4% |
| **PARCEL & LOGISTICS** | | |
| Parcel & Logistics Austria | 6.5% | 6.4% |
| Other | 7.2%–24.6% | 6.8%–23.3% |

The following table shows the additions to the impairment losses on goodwill by segment and cash generating unit (CGU):

| EUR m | 2020 | 2021 |
|---|---|---|
| **PARCEL & LOGISTICS** | | |
| M&BM Express OOD | 1.0 | 1.7 |
| | **1.0** | **1.7** |

In the 2021 financial year, an impairment loss on goodwill was recognised for the cash-generating unit M&BM Express OOD, Bulgaria (Parcel & Logistics Division), which is reported in each case under depreciation, amortisation and impairment losses in the income statement. The underlying reason for the impairment loss was the ongoing difficult market environment and an overall reduced prospect of profitability.

In addition to the impairment test, sensitivity analyses related to the primary valuation assumptions were also carried out for all significant cash generating units. The revenue expectations were reduced by one percentage point in the first sensitivity analysis, whereas the discount rate was raised by one percentage point in the second sensitivity analysis.

All other things being equal, the following additional impairment losses would arise for the following cash generating units for 2021:

| | Revenue expectations | | WACC | |
|---|---|---|---|---|
| | –1%-point | | +1%-point | |
| EUR m | 2020 | 2021 | 2020 | 2021 |
| M&BM Express OOD | 1.8 | 1.1 | 1.4 | 0.5 |





# 18. Intangible Assets

## 2020 Financial Year

| EUR m | Note | Customer relationships | Trademarks | Other intangible assets | Total |
|---|---|---|---|---|---|
| **HISTORICAL COSTS** | | | | | |
| **BALANCE AS AT 1 JANUARY 2020** | | **17.4** | **3.9** | **80.6** | **101.8** |
| Additions arising from acquisitions | (4.) | 16.9 | 24.5 | 10.1 | 51.5 |
| Additions | | 0.0 | 0.0 | 23.2 | 23.2 |
| Disposals | | 0.0 | 0.0 | –2.5 | –2.5 |
| Currency translation differences | | –0.7 | –1.0 | –0.5 | –2.2 |
| **BALANCE AS AT 31 DECEMBER 2020** | | **33.5** | **27.4** | **111.0** | **171.9** |
| **DEPRECIATION AND IMPAIRMENT LOSSES** | | | | | |
| **BALANCE AS AT 1 JANUARY 2020** | | **15.4** | **3.5** | **47.8** | **66.7** |
| Depreciation | | 1.6 | 0.0 | 9.1 | 10.7 |
| Impairment losses | | 0.0 | 0.0 | 0.0 | 0.0 |
| Disposals | | 0.0 | 0.0 | –2.4 | –2.4 |
| **BALANCE AS AT 31 DECEMBER 2020** | | **17.0** | **3.5** | **54.4** | **74.9** |
| **CARRYING AMOUNT AS AT 1 JANUARY 2020** | | **1.9** | **0.4** | **32.8** | **35.1** |
| **CARRYING AMOUNT AS AT 31 DECEMBER 2020** | | **16.5** | **23.9** | **56.6** | **96.9** |

## 2021 Financial Year

| EUR m | Note | Customer relationships | Trademarks | Other intangible assets | Total |
|---|---|---|---|---|---|
| **HISTORICAL COSTS** | | | | | |
| **BALANCE AS AT 1 JANUARY 2021** | | **33.5** | **27.4** | **111.0** | **171.9** |
| Additions arising from acquisitions | (4.) | 2.7 | 0.0 | 4.5 | 7.2 |
| Additions | | 0.1 | 0.0 | 14.0 | 14.1 |
| Disposals | | –3.9 | 0.0 | 0.0 | –3.9 |
| Currency translation differences | | –6.5 | –9.4 | –4.1 | –20.1 |
| **BALANCE AS AT 31 DECEMBER 2021** | | **26.0** | **18.0** | **125.3** | **169.2** |
| **DEPRECIATION AND IMPAIRMENT LOSSES** | | | | | |
| **BALANCE AS AT 1 JANUARY 2021** | | **17.0** | **3.5** | **54.4** | **74.9** |
| Depreciation | | 2.5 | 0.0 | 14.8 | 17.3 |
| Impairment losses | | 0.0 | 0.0 | 1.2 | 1.2 |
| Disposals | | –3.9 | 0.0 | 0.0 | –3.9 |
| Currency translation differences | | –1.0 | 0.0 | –1.2 | –2.1 |
| **BALANCE AS AT 31 DECEMBER 2021** | | **14.7** | **3.5** | **69.2** | **87.4** |
| **CARRYING AMOUNT AS AT 1 JANUARY 2021** | | **16.5** | **23.9** | **56.6** | **96.9** |
| **CARRYING AMOUNT AS AT 31 DECEMBER 2021** | | **11.3** | **14.4** | **56.1** | **81.8** |

Intangible assets include trademark rights with indefinite useful lives with a carrying amount of EUR 14.4m (31 December 2020: EUR 23.9m).

The additions from business combinations relate to the initial consolidation of D2D – direct to document GmbH and the acquisition of the retail banking business of ING DiBa Austria within bank99 AG.

Impairment losses of EUR 1.2m were recognised on other intangible assets in the 2021 financial year. These impairment losses relate to software, the strategic focus thereof was reviewed in the 2021 financial year and was then revalued. The disclosure is made under the Depreciation item in the consolidated income statement and relates to the Mail Division. The calculation was based on the cash flows expected by management for the expected remaining useful life (until 2025) using a WACC (weighted average cost of capital) of 6.4%.

Additions to other intangible assets relate to internally developed software in the amount of EUR 2.8m (2020: EUR 5.9m).

The currency translation differences shown relate primarily to fluctuations in value in connection with the Turkish lira.

# 19. Property, Plant and Equipment

## 2020 Financial Year

| EUR m | Note | Property and buildings | Technical plant and machinery | Other equipment, furniture and fittings | Payments received in advance and assets under construction | Total |
|---|---|---|---|---|---|---|
| **HISTORICAL COST** | | | | | | |
| **BALANCE AS AT 1 JANUARY 2020** | | **1,170.1** | **190.4** | **380.4** | **66.0** | **1,806.8** |
| Additions arising from acquisitions | (4.) | 31.3 | 4.7 | 4.1 | 3.1 | 43.1 |
| Additions | | 42.6 | 28.2 | 48.5 | 55.7 | 174.9 |
| Disposals | | −3.1 | −0.1 | −30.3 | 0.0 | −33.6 |
| Transfers | | 38.7 | 17.5 | 13.1 | −69.3 | 0.0 |
| Reclassification as investment property | (20.) | −0.4 | 0.0 | 0.0 | 0.0 | −0.4 |
| Reclassification to "held for sale" | | −2.7 | 0.0 | 0.0 | 0.0 | −2.7 |
| Currency translation differences | | −2.1 | −0.3 | −0.5 | −0.1 | −3.1 |
| **BALANCE AS AT 31 DECEMBER 2020** | | **1,274.5** | **240.2** | **415.2** | **55.3** | **1,985.2** |
| **DEPRECIATION AND IMPAIRMENT LOSSES** | | | | | | |
| **BALANCE AS AT 1 JANUARY 2020** | | **436.6** | **116.6** | **197.2** | **0.0** | **750.4** |
| Depreciation | | 62.5 | 17.5 | 47.1 | 0.0 | 127.2 |
| Impairment losses | | 1.3 | 0.0 | 0.0 | 0.0 | 1.3 |
| Disposals | | −1.4 | −0.1 | −26.1 | 0.0 | −27.6 |
| Reclassification as investment property | (20.) | −0.4 | 0.0 | 0.0 | 0.0 | −0.4 |
| Reclassification to "held for sale" | | −2.5 | 0.0 | 0.0 | 0.0 | −2.5 |
| Currency translation differences | | −0.2 | 0.0 | −0.2 | 0.0 | −0.4 |
| **BALANCE AS AT 31 DECEMBER 2020** | | **496.0** | **134.0** | **218.0** | **0.0** | **848.0** |
| **CARRYING AMOUNT AS AT 1 JANUARY 2020** | | **733.6** | **73.8** | **183.1** | **66.0** | **1,056.5** |
| **CARRYING AMOUNT AS AT 31 DECEMBER 2020** | | **778.5** | **106.2** | **197.2** | **55.3** | **1,137.2** |

## 2021 Financial Year

| EUR m | Note | Property and buildings | Technical plant and machinery | Other equipment, furniture and fittings | Payments received in advance and assets under construction | Total |
|---|---|---|---|---|---|---|
| **HISTORICAL COST** | | | | | | |
| **BALANCE AS AT 1 JANUARY 2021** | | **1,274.5** | **240.2** | **415.2** | **55.3** | **1,985.2** |
| Additions arising from acquisitions | (4.) | 1.6 | 3.8 | 2.2 | 0.0 | 7.7 |
| Additions | | 99.4 | 25.3 | 58.0 | 73.5 | 256.2 |
| Disposals | | –38.9 | –3.5 | –25.7 | 0.0 | –68.1 |
| Transfers | | 42.6 | 8.7 | 7.3 | –58.5 | 0.0 |
| Reclassification as investment property | (20.) | –2.6 | 0.0 | 0.0 | 0.0 | –2.6 |
| Currency translation differences | | –16.3 | –3.7 | –2.9 | –1.1 | –24.1 |
| **BALANCE AS AT 31 DECEMBER 2021** | | **1,360.3** | **270.7** | **454.1** | **69.2** | **2,154.4** |
| **DEPRECIATION AND IMPAIRMENT LOSSES** | | | | | | |
| **BALANCE AS AT 1 JANUARY 2021** | | **496.0** | **134.0** | **218.0** | **0.0** | **848.0** |
| Depreciation | | 69.5 | 18.9 | 52.1 | 0.0 | 140.5 |
| Impairment losses | | 0.0 | 3.1 | 0.0 | 0.0 | 3.1 |
| Reversal of impairment loss | | 0.0 | 0.0 | –0.1 | 0.0 | –0.1 |
| Disposals | | –10.3 | –3.3 | –23.3 | 0.0 | –36.9 |
| Transfers | | 0.0 | –0.4 | 0.4 | 0.0 | 0.0 |
| Reclassification as investment property | (20.) | –2.2 | 0.0 | 0.0 | 0.0 | –2.2 |
| Currency translation differences | | –2.9 | –0.4 | –1.2 | 0.0 | –4.5 |
| **BALANCE AS AT 31 DECEMBER 2021** | | **550.0** | **152.0** | **245.9** | **0.0** | **947.9** |
| **CARRYING AMOUNT AS AT 1 JANUARY 2021** | | **778.5** | **106.2** | **197.2** | **55.3** | **1,137.2** |
| **CARRYING AMOUNT AS AT 31 DECEMBER 2021** | | **810.3** | **118.8** | **208.2** | **69.2** | **1,206.5** |

The additions from business combinations relate to the initial consolidation of D2D – direct to document GmbH and the acquisition of the retail banking business of ING DiBa Austria within bank99 AG. No external borrowing costs were capitalised in the current financial year as was the case in the previous year. Furthermore, no property, plant and equipment were pledged as collateral as at 31 December 2021, as was the case in the previous year.

The currency translation differences shown relate primarily to fluctuations in value in connection with the Turkish lira.

### LEASING

Rights of use are assigned to the same balance sheet items in the balance sheet in which the underlying assets of leases are stated.

The performance of the rights of use based on the class of underlying asset is shown in the following table.

## Right-of-use Assets in the 2020 Financial Year

| EUR m | Property and buildings | Technical plant and machinery | Other equipment, furniture and fittings | Total |
|---|---|---|---|---|
| **CARRYING AMOUNT AS AT 1 JANUARY 2020** | **311.0** | **0.8** | **4.8** | **316.5** |
| Additions | 31.4 | 5.0 | 3.3 | 39.7 |
| Additions arising from acquisitions | 18.3 | 0.0 | 0.7 | 19.0 |
| Disposals | –1.6 | 0.0 | –0.9 | –2.6 |
| Depreciation | –40.4 | –0.6 | –2.4 | –43.5 |
| Impairment losses | –1.3 | 0.0 | 0.0 | –1.3 |
| Currency translation differences | –1.3 | 0.0 | 0.0 | –1.3 |
| **CARRYING AMOUNT AS AT 31 DECEMBER 2020** | **316.1** | **5.1** | **5.4** | **326.6** |

## Right-of-use Assets in the 2021 Financial Year

| EUR m | Property and buildings | Technical plant and machinery | Other equipment, furniture and fittings | Total |
|---|---|---|---|---|
| **CARRYING AMOUNT AS AT 1 JANUARY 2021** | **316.1** | **5.1** | **5.4** | **326.6** |
| Additions | 89.0 | 0.3 | 2.8 | 92.0 |
| Additions arising from acquisitions | 0.6 | 1.4 | 0.0 | 2.1 |
| Disposals | –27.3 | 0.0 | 0.0 | –27.3 |
| Depreciation | –46.5 | –0.9 | –3.2 | –50.6 |
| Impairment losses | 0.0 | –3.1 | 0.0 | –3.1 |
| Reversal of impairment loss | 0.0 | 0.0 | 0.1 | 0.1 |
| Currency translation differences | –8.1 | 0.0 | –0.3 | –8.4 |
| **CARRYING AMOUNT AS AT 31 DECEMBER 2021** | **323.8** | **2.8** | **4.7** | **331.3** |

The additions to right-of-use assets for property and buildings during the 2021 financial year mainly relate to buildings rented for the first time within Österreichische Post AG.

Impairment losses of EUR 3.1m were recognised on technical plant and machinery in the 2021 financial year (2020: EUR 0.0m). These impairments relate to right-of-use assets in respect of ATMs whose expected revenue has been reduced due to the current trend in cash transactions. The disclosure is made under the Depreciation item in the consolidated income statement and relates to the Retail & Bank Division. The calculation was based on the cash flows expected by management for the remaining term of the right-of-use assets (until 2026) using a WACC (weighted average cost of capital) of 2.2%.

Disposals of right-of-use assets for property and buildings amounted to EUR 27.3m in the 2021 financial year. EUR 12.8m relates to the reassessment of the remaining terms of right-of-use assets for property and buildings with indefinite lease terms due to real estate projects being adjusted to reflect the changes in business development. A disposal of EUR 7.2m relates to a rented property that is no longer needed and is now being sublet as part of a finance lease, while EUR 3.9m relates to the premature termination of an agreement. In line with the above, lease liabilities for the reassessment of remaining terms fell by EUR 12.9m, and by EUR 4.0m for the premature termination of an agreement. The lease liabilities are reported in the consolidated balance sheet as part of other financial liabilities (see Note 29.2). For more details on the maturity analysis of the lease liabilities based on the remaining term to maturity, see Note 30.2.1 Presentation of Types of Risk.

The following amounts in conjunction with IFRS 16 are recognised in the **income statement:**

| EUR m | 2020 | 2021 |
|---|---|---|
| Expenses relating to leases of low-value assets | 0.2 | 0.3 |
| Expenses relating to short term leases | 1.1 | 1.6 |
| **OTHER OPERATING EXPENSES** | **1.3** | **1.9** |
| Depreciation of right-of-use assets | 43.3 | 50.6 |
| Impairment losses of right-of-use-assets | 1.3 | 3.1 |
| **DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES** | **44.6** | **53.7** |
| Interest expense from lease liabilities | 4.8 | 4.9 |
| **FINANCIAL EXPENSES** | **4.8** | **4.9** |

Cash outflows for leases amounting to EUR 57.7m (31 December 2020: EUR 46.9m) in total are included in the **consolidated cash flow statement.**

# 20. Investment Property

| EUR m | Note | 2020 | 2021 |
|---|---|---|---|
| **HISTORICAL COST** | | | |
| **BALANCE AS AT 1 JANUARY** | | **257.6** | **259.0** |
| Additions arising from acquisitions | (4.) | 2.1 | 0.0 |
| Additions | | 1.9 | 4.5 |
| Disposals | | –1.3 | –2.5 |
| Reclassification to property, plant and equipment | (19.) | 0.4 | 2.6 |
| Reclassification to “held for sale” | | –1.5 | –1.5 |
| Currency translation differences | | –0.1 | –0.8 |
| **BALANCE AS AT 31 DECEMBER** | | **259.0** | **261.4** |
| **DEPRECIATION AND IMPAIRMENT LOSSES** | | | |
| **BALANCE AS AT 1 JANUARY** | | **184.6** | **184.6** |
| Depreciation | | 2.0 | 1.8 |
| Impairment losses | | 0.0 | 0.0 |
| Reversal of impairment loss | | 0.0 | –0.5 |
| Disposals | | –1.2 | –1.7 |
| Reclassification property, plant and equipment | (19.) | 0.4 | 2.2 |
| Reclassification to “held for sale” | | –1.3 | –1.4 |
| **BALANCE AS AT 31 DECEMBER** | | **184.6** | **185.0** |
| **CARRYING AMOUNT AS AT 1 JANUARY** | | **73.0** | **74.4** |
| **CARRYING AMOUNT AS AT 31 DECEMBER** | | **74.4** | **76.3** |

| EUR m | 31 Dec. 2020 | 31 Dec. 2021 |
|---|---|---|
| Fair value | 273.9 | 285.2 |
| Rental income | 15.9 | 17.0 |
| Expenses arising from property generating rental income | 5.2 | 4.1 |
| Expenses arising from property not generating rental income | 0.6 | 0.9 |

The reversals of impairment losses in the 2021 financial year relate to a property in the Slovak Republic for which impairment losses had been recognised back in the 2017 financial year.

The currency translation differences shown relate primarily to fluctuations in value in connection with the Turkish lira.

# 21. Associates

## 21.1 Financial Assets Accounted for Using the Equity Method

### Composition of Carrying Amounts

| EUR m | Interest in % | 2020 | Interest in % | 2021 |
|---|---|---|---|---|
| **ASSOCIATES** | | | | |
| ADELHEID GmbH, Berlin | 51.5 | 7.1 | 51.5 | 7.5 |
| D2D – direct to document GmbH, Vienna[1] | 70.0 | 3.6 | –1 | 0.0 |
| PHS Logistiktechnik GmbH, Graz | 48.4 | 0.7 | 48.4 | 0.7 |
| **NET CARRYING AMOUNT AS AT 31 DECEMBER** | | **11.4** | | **8.2** |

[1] Termination of accounting using the equity method in the 2020 financial year; refer to Note 4.2 Changes to the Scope of Consolidation.

**ADELHEID GmbH** ADELHEID GmbH owns a 100% stake in AEP GmbH, Alzenau, Germany, which supplies pharmaceutical products to pharmacies in Germany. Although the shareholding in ADELHEID GmbH, Alzenau, amounts to 51.5%, there is no controlling interest pursuant to IFRS 10. On the basis of the existing corporate governance, the required voting rights majority to attain control of relevant corporate bodies amounts to 66.6%.

**D2D – direct to document GmbH** D2D – direct to document GmbH ceased to be accounted for using the equity method on 26 February 2021. The company will be included in the consolidated financial statements as a fully consolidated company as of this date. Please refer to Note 4.2 Changes to the Scope of Consolidation for further information.

All shares in associates are accounted for using the equity method in the consolidated financial statements of Österreichische Post AG pursuant to IAS 28.

In the opinion of Austrian Post, there are no material associates.

### Reconciliation of Carrying Amounts

| EUR m | 2020 | 2021 |
|---|---|---|
| **NET CARRYING AMOUNT AS AT 1 JANUARY** | **11.4** | **11.4** |
| Additions arising from capital increase | 0.3 | 0.0 |
| Additions arising from change in method | 22.2 | 0.0 |
| Proportionate share of profit for the period | 1.5 | 0.6 |
| Dividends | –0.8 | 0.0 |
| Currency translation differences | –2.6 | 0.0 |
| Remeasurement | 3.2 | 0.0 |
| Decrease from change in accounting method | –23.9 | –3.8 |
| **NET CARRYING AMOUNT AS AT 31 DECEMBER** | **11.4** | **8.2** |

### 21.2 Results from Financial Assets Accounted for Using the Equity Method

The following table breaks down the share of the total result attributable to associates that are considered insignificant when viewed individually. The table also shows the reconciliation to the total result from financial investments accounted for using the equity method:

**Results from Financial Assets Accounted for Using the Equity Method**

| EUR m | 2020 | 2021 |
|---|---|---|
| **IMMATERIAL ASSOCIATES** | | |
| Share of profit for the period | 1.5 | 0.6 |
| **RESULTS FROM FINANCIAL ASSETS ACCOUNTED FOR USING THE EQUITY METHOD** | **1.5** | **0.6** |
| Share of other comprehensive income | 0.0 | 0.0 |
| **SHARE OF TOTAL COMPREHENSIVE INCOME** | **1.5** | **0.6** |





## 22. Inventories

| EUR m | 31 Dec. 2020 | 31 Dec. 2021 |
|---|---|---|
| Materials and consumables | 11.6 | 12.8 |
| Merchandise | 3.8 | 3.6 |
| Prepayments inventories | 0.1 | 0.0 |
| | **15.5** | **16.5** |

## 23. Trade and Other Receivables

| | 31 Dec. 2020 | | | 31 Dec. 2021 | | |
|---|---|---|---|---|---|---|
| EUR m | Due within 1 year | Due in more than 1 year | Total | Due within 1 year | Due in more than 1 year | Total |
| Trade receivables | 314.2 | 0.0 | 314.2 | 303.8 | 0.0 | 303.8 |
| Receivables from financial assets accounted for using the equity method | 1.4 | 0.4 | 1.9 | 1.4 | 0.4 | 1.8 |
| Other receivables | 53.4 | 10.2 | 63.6 | 71.5 | 13.9 | 85.4 |
| | **369.1** | **10.6** | **379.7** | **376.7** | **14.3** | **391.0** |

The receivables from financial assets accounted for using the equity method relate to subordinate shareholder loans including accrued interest from AEP GmbH, Germany, in the amount of EUR 1.8m (31 December 2020: EUR 1.7m).

**Finance Leases** Since March 2021, a rented property that had been used up until that point in time has no longer been needed. As the agreement cannot be terminated, the property is now being sublet. The sub-lease extends over the entire remaining lease term and is to be classified as a finance lease. When the sub-lease started, the right-of-use asset in the amount of EUR 6.3m was derecognised against a receivable. This did not have a significant impact on the consolidated income statement. As at 31 December 2021, lease receivables totalling EUR 6.5m (31 December 2020: EUR 0.7m) are reported under trade and other receivables before impairment losses, EUR 5.2m (2020: EUR 0.4m) thereof have a term of more than one year. Impairment losses in the amount of expected credit losses amounted to EUR 0.2m as at 31 December 2021 (31 December 2020: EUR 0.0m).

## Maturity Analysis

| EUR m | 31 Dec. 2020 | 31 Dec. 2021 |
|---|---|---|
| No later than one year | 0.4 | 1.3 |
| Later than one year and not later than two years | 0.3 | 1.4 |
| Later than two years and not later than three years | 0.0 | 1.4 |
| Later than three years and not later than four years | 0.0 | 1.4 |
| Later than four years and not later than five years | 0.0 | 1.0 |
| **TOTAL AMOUNT OF UNDISCOUNTED LEASE RECEIVABLES** | **0.7** | **6.5** |
| **NET INVESTMENT IN THE LEASE** | **0.7** | **6.5** |

With respect to the presentation of impairment losses on trade and other receivables, refer to Note 30.2 Risks and Risk Management Related to Financial Instruments – Logistics.

# 24. Financial Assets

## 24.1 Financial Assets from Financial Services

The following tables show the contractual remaining terms of the financial assets from financial services:

### 31 December 2020

| EUR m | Due daily | >3 months <1 year | Due <1 year | 1 year <5 years | Due >1 year | Total |
|---|---|---|---|---|---|---|
| | Due <1 year | | | Due >1 year | | |
| Cash, cash equivalents and central bank balances | 578.9 | 0.0 | 578.9 | 0.0 | 0.0 | 578.9 |
| Cash on hand | 114.7 | 0.0 | 114.7 | 0.0 | 0.0 | 114.7 |
| Central banks | 453.4 | 0.0 | 453.4 | 0.0 | 0.0 | 453.4 |
| Sight deposits | 10.8 | 0.0 | 10.8 | 0.0 | 0.0 | 10.8 |
| Receivables from customers | 1.7 | 0.0 | 1.7 | 0.0 | 0.0 | 1.7 |
| Current accounts | 1.7 | 0.0 | 1.7 | 0.0 | 0.0 | 1.7 |
| Investments | 0.0 | 0.2 | 0.2 | 0.1 | 0.1 | 0.3 |
| Other clearing receivables | 8.7 | 0.0 | 8.7 | 0.0 | 0.0 | 8.7 |
| **TOTAL** | **589.2** | **0.2** | **589.4** | **0.1** | **0.1** | **589.5** |

### 31 December 2021

| EUR m | Due daily | <3 months | >3 months <1 year | Due <1 year | 1 year <5 years | >5 years | Due >1 year | Total |
|---|---|---|---|---|---|---|---|---|
| | Due <1 year | | | | Due >1 year | | | |
| Cash, cash equivalents and central bank balances | 1,218.2 | 0.0 | 0.0 | 1,218.2 | 0.0 | 0.0 | 0.0 | 1,218.2 |
| Cash on hand | 135.4 | 0.0 | 0.0 | 135.4 | 0.0 | 0.0 | 0.0 | 135.4 |
| Central banks | 1,070.0 | 0.0 | 0.0 | 1,070.0 | 0.0 | 0.0 | 0.0 | 1,070.0 |
| Sight deposits | 12.7 | 0.0 | 0.0 | 12.7 | 0.0 | 0.0 | 0.0 | 12.7 |
| Receivables from customers | 6.8 | 0.4 | 5.0 | 12.3 | 132.5 | 1,257.5 | 1,390.0 | 1,402.3 |
| Mortgage loans | 0.0 | 0.0 | 0.0 | 0.0 | 0.4 | 1,010.3 | 1,010.7 | 1,010.7 |
| Consumer loans | 0.6 | 0.4 | 5.0 | 6.1 | 132.1 | 247.2 | 379.3 | 385.4 |
| Current accounts | 6.2 | 0.0 | 0.0 | 6.2 | 0.0 | 0.0 | 0.0 | 6.2 |
| Investments | 0.0 | 0.1 | 0.0 | 0.1 | 0.0 | 73.4 | 73.4 | 73.5 |
| Other clearing receivables | 21.9 | 0.0 | 0.0 | 21.9 | 0.0 | 0.0 | 0.0 | 21.9 |
| **TOTAL** | **1,246.9** | **0.5** | **5.0** | **1,252.4** | **132.5** | **1,330.9** | **1,463.4** | **2,715.8** |

### 24.2 Other Financial Assets

| EUR m | Due within 1 year (31 Dec. 2020) | Due in more than 1 year (31 Dec. 2020) | Total (31 Dec. 2020) | Due within 1 year (31 Dec. 2021) | Due in more than 1 year (31 Dec. 2021) | Total (31 Dec. 2021) |
|---|---|---|---|---|---|---|
| Securities | 40.7 | 0.0 | 40.7 | 20.4 | 0.0 | 20.4 |
| Money market investments | 70.0 | 0.0 | 70.0 | 10.0 | 0.0 | 10.0 |
| Other stakes | 0.0 | 5.4 | 5.4 | 0.0 | 5.6 | 5.6 |
| Derivative financial assets | 0.0 | 0.0 | 0.0 | 1.0 | 0.0 | 1.0 |
| **TOTAL** | **110.6** | **5.4** | **116.1** | **31.4** | **5.6** | **37.0** |

**Securities** Securities essentially relate to investment funds and bonds. The securities held by the Austrian Post Group feature an investment grade rating or comparable first-class creditworthiness. Austrian Post only invests in investment funds of internationally recognised asset management companies.

Investment fund shares (fair value through profit or loss (FVTPL) category) with a carrying amount of EUR 20.3m as at 31 December 2020 were sold in full in the 2021 financial year.

**Money market investments** only include fixed term deposits with Austrian banks.

**Other shares as at 31 December 2021 mainly include shares of 1.7% in Wiener Börse AG (formerly CEESEG AG), which Österreichische Post AG holds due to its listing on the Vienna Stock Exchange.** The shareholding in CEESAG AG is recognised as a financial asset pursuant to IFRS 9 and is assigned to the category fair value through other comprehensive income (FVOCI) in accordance with the exercise of the option. The fair value came to EUR 5.5m at the balance sheet date.

**Derivative financial assets include foreign currency forwards denominated in Turkish lira to hedge future dividend distributions that have not yet been decided.** These derivatives are not designated as hedging instruments due to underlying transactions that have not yet been concluded, and are allocated to the category fair value through profit or loss (FVTPL).

For disclosures on determining market values, refer to Note 30.1 Financial Instruments.

## 25. Cash and Cash Equivalents

| EUR m | 31 Dec. 2020 | 31 Dec. 2021 |
|---|---|---|
| Bank balances | 104.3 | 82.3 |
| Cash on hand | 4.0 | 3.6 |
| Impairment losses | 0.0 | –0.1 |
| | **108.2** | **85.8** |

# 26. Equity

**Equity Items** The share capital of Österreichische Post AG amounts to EUR 337.8m and is fully paid-up. The share capital is divided into 67,552,638 non-par value bearer shares with a nominal value of EUR 5 each.

At the Annual General Meeting held on 17 June 2020, the Management Board of Austrian Post was authorised to issue new authorised capital, and the Articles of Association of Austrian Post were correspondingly adapted. Contingent upon the approval of the Supervisory Board, the share capital of Austrian Post can be increased by up to EUR 16,888,160.00 over a period of five years ending on 16 June 2025 by issuing up to 3,377,632 new ordinary bearer shares (non-par value shares), in some cases also by excluding shareholder subscription rights. Furthermore, the Annual General Meeting voted in favour of a conditional increase of the company's share capital by up to EUR 16,888,160.00 through the issuance of up to 3,377,632 non-par value bearer shares for the purpose of granting rights of exchange and subscription rights to creditors of financial instruments.

The Management Board was authorised by way of a resolution by the Annual General Meeting to acquire treasury shares comprising up to 10% of the company's share capital. This authorisation was extended up until 10 October 2021 by the Annual General Meeting held on 11 April 2019.

The number of shares outstanding which are entitled to dividends developed as follows during the financial year:

| | Shares |
|---|---|
| Balance as at 1 January 2021 | 67,552,638 |
| Balance as at 31 December 2021 | 67,552,638 |
| Weighted average number of shares in the 2021 financial year | 67,552,638 |

The main shareholder of Austrian Post, based on the number of shares outstanding, is Österreichische Beteiligungs AG (ÖBAG), Vienna, with a stake of 52.8%.

Austrian Post's capital reserves resulting from capital surplus and contributed capital by shareholders as reported in the consolidated statement of changes in equity correspond to those reported in the financial statements of Österreichische Post AG.

Other reserves contain the IAS 19 reserves, reserves from the revaluation of financial instruments (FVOCI reserve) and the currency translation reserves. The IAS 19 reserves result from adjustments and changes made to actuarial assumptions whose effects are recognised in other comprehensive income. The reserve from the revaluation of financial instruments encompasses fair value changes for financial assets classified as being at fair value through other comprehensive income (FVOCI). Gains and losses resulting from changes in fair value are directly recognised in the reserves without recognition in profit or loss. The amounts are shown after tax. The currency translation reserves comprise all exchange differences arising from the translation of the annual financial statements of the company's subsidiaries in foreign currencies. The change in the currency translation reserves for the current financial year is mainly the result of the translation of the annual financial statements of Aras Kargo, which are prepared in Turkish lira.

In the previous year, the payments to subsidiaries with non-controlling interests related to an asymmetrical shareholder contribution made to bank99 AG in the amount of EUR 2m.

For information on non-controlling interests, please refer to Note 4.3. Non-controlling Interests.

The profit for the period in the 2021 financial year amounted to EUR 158.4m (2020: EUR 115.3m). The profit for the period attributable to equity holders of the parent company amounted to EUR 152.3m (2020: EUR 118.3m). In accordance with the provisions stipulated in the Austrian Stock Corporation Act, the basis for the distribution of profits is the annual financial statements of Österreichische Post AG at the balance sheet date on 31 December 2021. The distributable profit shown therein totalled EUR 266.7m (2020: EUR 233.3m).

The Management Board will propose a dividend for the 2021 financial year totalling EUR 128.4m (corresponding to a basic divided of EUR 1.90 per share) (2020: EUR 108.1m, basic divided of EUR 1.60 per share).

The following tables show the composition of other comprehensive income for the 2020 and 2021 financial years:

## 2020 Financial Year

| | Other reserves | | | | | |
|---|---|---|---|---|---|---|
| EUR m | IAS 19 reserves | Revaluation reserve FVOCI | Currency translation reserves | Equity attributable to the shareholders of the parent company | Non-controlling interests | Equity |
| Currency translation differences – investments in foreign businesses | 0.0 | 0.0 | –3.3 | –3.3 | –0.6 | –3.9 |
| Fair value adjustment FVOCI – equity instruments | 0.0 | –1.0 | 0.0 | –1.0 | 0.0 | –1.0 |
| Revaluation of defined benefit obligations | –2.9 | 0.0 | 0.0 | –2.9 | 0.1 | –2.8 |
| Tax effect | 0.5 | 0.0 | 0.0 | 0.5 | 0.0 | 0.4 |
| **OTHER COMPREHENSIVE INCOME** | **–2.4** | **–1.0** | **–3.3** | **–6.8** | **–0.5** | **–7.2** |

## 2021 Financial Year

| | Other reserves | | | | | |
|---|---|---|---|---|---|---|
| EUR m | IAS 19 reserves | Revaluation reserve FVOCI | Currency translation reserves | Equity attributable to the shareholders of the parent company | Non-controlling interests | Equity |
| Currency translation differences – investments in foreign businesses | 0.0 | 0.0 | –25.6 | –25.6 | –6.4 | –32.0 |
| Fair value adjustment FVOCI – equity instruments | 0.0 | 0.1 | 0.0 | 0.1 | 0.0 | 0.1 |
| Revaluation of defined benefit obligations | –6.1 | 0.0 | 0.0 | –6.1 | –0.2 | –6.3 |
| Tax effect | 1.5 | 0.0 | 0.0 | 1.5 | 0.0 | 1.5 |
| **OTHER COMPREHENSIVE INCOME** | **–4.6** | **0.1** | **–25.6** | **–30.1** | **–6.5** | **–36.6** |

**Capital Management** The capital management of the Austrian Post Group aims at ensuring a suitable capital structure to serve as the basis for achieving its growth and acquisition targets as well as a sustainable increase in shareholder value.

Within the context of its dividend policy for the upcoming years, the Austrian Post Group intends to distribute at least 75% of its net profit to its shareholders, assuming the continuation of the company's successful business development and that no exceptional circumstances arise. On the basis of the earnings projections, which are updated on an ongoing basis, both the minimum capitalisation required under company law to be able to make the planned distribution and the liquidity required in this regard are monitored and additional measures are taken if necessary.

Taking the total assets of EUR 4,792.6m as at 31 December 2021 as a basis (31 December 2020: EUR 2,680.2m), the equity ratio as at 31 December 2021 came to 14.0% (31 December 2020: 24.4%).

**Minimum Capital Requirements for bank99 AG** By means of a letter of comfort, Österreichische Post AG has undertaken to provide bank99 AG with equity of up to EUR 88.1m in the period leading up to the end of 2026, subject to certain conditions (31 December 2020: up to EUR 61.3m).

bank99 AG is subject to the regulatory capital requirements imposed by the banking supervisory authorities based on Regulation (EU) No 575/2013 (Capital Requirements Regulation – CRR), taking several amendments into account. The capital ratios were well in excess of the legally required levels throughout the entire financial year. The increase in Tier 1 capital is due to the capital increase implemented in the 2022 financial year. The takeover of the ING portfolio increased the total risk amount.

The own funds calculated in accordance with the CRR comprise the following:

## Eligible Own Funds of bank99 AG According to the Austrian Commercial Code (UGB)

| EUR m | 31 Dec. 2020 | 31 Dec. 2021 |
|---|---|---|
| Paid-in capital | 30.0 | 100.9 |
| Disclosed reserves | 71.7 | 137.7 |
| Retained earnings | –25.3 | –56.0 |
| Annual loss | –30.7 | –17.5 |
| Less deduction items | –10.9 | –15.0 |
| **CORE CAPITAL** | **34.8** | **150.1** |
| Eligible supplementary capital | 0.0 | 0.0 |
| **TOTAL OWN FUNDS** | **34.8** | **150.1** |

## Own Funds Requirements of bank99 AG According to the Austrian Commercial Code (UGB)

| EUR m | 31 Dec. 2020 | 31 Dec. 2021 |
|---|---|---|
| Credit risk | 15.0 | 719.3 |
| Operational risk | 9.6 | 19.4 |
| **TOTAL CAPITAL REQUIREMENT** | **24.6** | **738.7** |
| Core capital ratio based on total risk | 141.3% | 20.3% |
| Total own funds ratio based on total risk | 141.3% | 20.3% |

## 27. Provisions

| EUR m | Due within 1 year | Due in more than 1 year | 31 Dec. 2020 Total | Due within 1 year | Due in more than 1 year | 31 Dec. 2021 Total |
|---|---|---|---|---|---|---|
| Provisions for severance pay | 3.4 | 122.7 | 126.0 | 4.0 | 125.7 | 129.7 |
| Provisions for anniversary bonuses | 5.3 | 62.5 | 67.8 | 7.1 | 63.6 | 70.7 |
| Other employee provisions | 103.8 | 171.7 | 275.5 | 117.2 | 187.6 | 304.9 |
| Other provisions | 159.7 | 3.4 | 163.1 | 179.9 | 2.8 | 182.6 |
| | **272.1** | **360.4** | **632.5** | **308.2** | **379.8** | **687.9** |

### 27.1 Share-based Payments

In 2009, the Supervisory Board of Österreichische Post AG approved the introduction of a share-based remuneration programme. Corresponding share-based remuneration programmes (Long-term Incentive Programmes) were realised for members of the Management Board and executives in financial years 2010 to 2021. These programmes are a share-based and performance-oriented remuneration model whose tranches extend over a three-year period (performance period) and which require a one-time personal investment as a condition of participation. The performance period extends from 1 January of the year in which the particular tranche is issued until 31 December of the third-following year.

Of the Management Board members, Georg Pölzl, Peter Umundum and Walter Oblin are taking part in the remuneration programmes ten to twelve as at 31 December 2021.

The number of shares of Österreichische Post AG that must be purchased by Management Board members at the outset of the programme is calculated as a defined percentage of their gross fixed salaries divided by the reference price of the Austrian Post share for the fourth quarter of the respective prior year. The number of Austrian Post shares to be purchased by executives is determined based on the chosen investment category according to the conditions of participation. The total sum of the requisite personal investment for participation in the existing share-based remuneration programme at 31 December 2021 amounted to 41,904 shares for Management Board members and 203,930 shares for executives. The Austrian Post shares must be held continuously until the end of the subsequent financial year following the expiration of the performance period.

Remuneration is paid out on the basis of bonus shares as a unit of measure and depends on the degree to which the goal of predefined performance indicators has been achieved (earnings per share, free cash flow and total shareholder return). Target values for the performance indicators are defined at the beginning of each individual tranche, with each goal being equally weighted. The achievement of the goals is monitored over a period of three years. The total bonus is based on the overall achievement of the goals from the aforementioned parameters, the share price trend of Österreichische Post AG and, from LTIP 2019–2021 (tranche 10) onwards, also the dividends paid during the three-year term. The total bonus for Management Board members and participating executives is limited. Management Board members are subject to an upper limit of 200% of the bonus specified upon 100% overall achievement of the agreed goals. In addition, the Remuneration Committee reached an agreement with the Management Board members with respect to the maximum remuneration of the Management Board. Depending on the tranche, executives are subject to an upper limit of between 130% and 137% in the event of maximum goal achievement.

The currently expected number of bonus shares (notional amount) is allocated to the individual tranches on the respective key dates as follows:

| Number of bonus shares per tranche | 31 Dec. 2020 | 31 Dec. 2021 |
|---|---|---|
| Tranche 8 | 12,941 | 0 |
| Tranche 9 | 171,929 | 0 |
| Tranche 10 | 251,170 | 239,466 |
| Tranche 11 | 300,047 | 280,662 |
| Tranche 12 | 0 | 269,632 |
| | **736,087** | **789,760** |

The bonus shares are paid out either in the form of Österreichische Post AG shares or in cash. The decision regarding the form of payment for the bonus shares is at the discretion of the Supervisory Board's Remuneration Committee for the programme for the Management Board, and at the Management Board's discretion for the programme for the executives. However, past business practice indicates that payment in cash can be assumed, which is why the remuneration is accounted for as cash-settled share-based payments.

The services acquired and the liability incurred are recognised at the fair value of the liability, in proportion to the extent to which the services have been rendered to date. Until the liability is settled, the fair value is to be remeasured at each reporting date and on the settlement date. All changes in fair value are recognised in profit or loss under staff costs. The fair value of the liability was determined using a model that takes into account performance indicators and the extent of the services rendered by the employee to date. This involves an income-based approach (present value technique) within the meaning of IFRS 13 taking account of the expected goal achievement (based on company planning), employee turnover and an estimate of the future share price. The data used are classified as Level 3 inputs as defined in the fair value hierarchy.

The fair value of the liability is reported as a provision and is allocated to the individual tranches at the respective key dates as follows:

| EUR m | 31 Dec. 2020 | 31 Dec. 2021 |
|---|---|---|
| **NET CARRYING AMOUNT OF PROVISION** | | |
| Tranche 8 | 0.1 | 0.0 |
| Tranche 9 | 6.6 | 0.0 |
| Tranche 10 | 7.1 | 9.7 |
| Tranche 11 | 3.6 | 6.8 |
| Tranche 12 | 0.0 | 3.3 |
| | **17.4** | **19.9** |

In the 2021 financial year, EUR 0.2m was paid out for tranche eight and EUR 7.0m was paid out for tranche nine entirely in cash. Tranche eight is paid out in three instalments for employees who have left the company, with the last instalment being paid in January 2021.

The total expense recognised for share-based remuneration in the each reporting period is allocated to the individual tranches as follows:

| EUR m | 31 Dec. 2020 | 31 Dec. 2021 |
|---|---|---|
| **TOTAL EXPENSE** | | |
| Tranche 8 | 0.0 | 0.1 |
| Tranche 9 | 0.7 | 0.3 |
| Tranche 10 | 3.7 | 2.6 |
| Tranche 11 | 3.6 | 3.2 |
| Tranche 12 | 0.0 | 3.3 |
| | **8.0** | **9.5** |

## 27.2 Provisions for Severance Pay and Anniversary Bonuses

### 2020 Financial Year

| EUR m | Severance payment | Jubilee benefits | Total |
|---|---|---|---|
| **PRESENT VALUE OF THE OBLIGATION AS AT 1 JANUARY 2020** | **113.8** | **80.3** | **194.1** |
| Additions arising from acquisitions | 8.9 | 0.0 | 8.9 |
| Current service cost | 5.1 | 3.6 | 8.8 |
| Interest expense | 1.8 | 0.7 | 2.6 |
| Actuarial gains (–) and losses (+) from the change in demographic assumptions | 0.1 | –12.0 | –11.9 |
| Actuarial gains (–) and losses (+) from the change in financial assumptions | 3.1 | 1.0 | 4.1 |
| Experience adjustments | –0.4 | –1.3 | –1.7 |
| Actual payments | –6.1 | –4.6 | –10.6 |
| Currency translation differences | –0.4 | 0.0 | –0.4 |
| **PRESENT VALUE OF THE OBLIGATION AS AT 31 DECEMBER 2020** | **126.0** | **67.8** | **193.9** |

## 2021 Financial Year

| EUR m | Severance payment | Anniversary bonuses | Total |
|---|---|---|---|
| **PRESENT VALUE OF THE OBLIGATION AS AT 1 JANUARY 2021** | **126.0** | **67.8** | **193.9** |
| Additions arising from acquisitions | 0.8 | 0.4 | 1.3 |
| Current service cost | 5.7 | 2.4 | 8.1 |
| Interest expense | 2.4 | 0.5 | 2.9 |
| Actuarial gains (–) and losses (+) from the change in demographic assumptions | 0.0 | 2.6 | 2.6 |
| Actuarial gains (–) and losses (+) from the change in financial assumptions | 6.7 | 1.6 | 8.4 |
| Experience adjustments | –0.4 | –0.2 | –0.6 |
| Actual payments | –7.7 | –4.6 | –12.2 |
| Currency translation differences | –3.9 | 0.0 | –3.9 |
| **PRESENT VALUE OF THE OBLIGATION AS AT 31 DECEMBER 2021** | **129.7** | **70.7** | **200.4** |

Actuarial gains and losses arise from the adjustments to the parameters for the discount rate, salary increases, and employee turnover rates as described in Note 6.15 Provisions for Severance Pay and Anniversary Bonuses. Actuarial gains and losses as well as adjustments to severance payments made from experience are recognised in other comprehensive income. Actuarial gains and losses as well as adjustments to anniversary bonuses made from experience are recognised in staff costs.

Expenses for severance payments and anniversary bonuses are included under staff costs in the consolidated income statement, with the exception of the interest expense, which is included in the financial result.

## 27.3 Other Employee Provisions

## 2020 Financial Year

| EUR m | Underutilisation | Other employee-related provisions | Total |
|---|---|---|---|
| **BALANCE AS AT 1 JANUARY 2020** | **173.6** | **111.2** | **284.8** |
| Reclassification | –1.9 | 0.0 | –1.9 |
| Allocation | 29.2 | 55.0 | 84.2 |
| Use | –16.7 | –51.4 | –68.2 |
| Reversals | –2.3 | –21.4 | –23.8 |
| Accrued interest | 0.4 | 0.0 | 0.4 |
| **BALANCE AS AT 31 DECEMBER 2020** | **182.2** | **93.3** | **275.5** |

## 2021 Financial Year

| EUR m | Underutilisation | Other employee-related provisions | Total |
|---|---|---|---|
| **BALANCE AS AT 1 JANUARY 2021** | **182.2** | **93.3** | **275.5** |
| Change in scope of consolidation | 0.0 | 4.2 | 4.2 |
| Reclassification | –4.0 | 0.0 | –4.0 |
| Allocation | 47.5 | 68.0 | 115.6 |
| Use | –18.5 | –38.3 | –56.8 |
| Reversal | –5.5 | –23.4 | –28.9 |
| Accrued interest | 0.4 | 0.0 | 0.4 |
| Currency translation differences | 0.0 | –1.1 | –1.1 |
| **BALANCE AS AT 31 DECEMBER 2021** | **202.2** | **102.7** | **304.9** |

**Provisions for Underutilisation** refer to Note 6.16 Provisions for Underutilisation for details on the accounting policies underlying the provisions for underutilisation.

In the 2021 financial year, new provisions in the amount of EUR 47.5m were set up. The new provisions were mainly set up due to new hires in the Internal Labour Market, future staff expenses to cover cost shortfalls, applications submitted by civil servants to initiate retirement proceedings on grounds of invalidity, and applications for the programme enabling a possible transfer to federal public service.

The use of provisions related to ongoing payments to the transferred employees and was somewhat higher than the prior-year level. The transfer of EUR –4.0m related to the provisions for employees transferring to the federal public service. Following the final integration of employees in the federal ministries, the allocated provisions are to be reclassified as liabilities. The reversal mainly relates to the provision for the retirement of civil servants on grounds of invalidity.

**Other Employee-related Provisions** Other employee-related provisions mainly encompass provisions for employee profit-sharing schemes and performance-related bonuses, provisions arising from crediting previous periods of service for (former) civil servants (see also Note 7.8) and restructuring provisions.

The allocation to provisions of EUR 68.0m (2020: EUR 55.0m) primarily relates to allocations for employee profit-sharing schemes and performance-related bonuses (2021: EUR 58.6m; 2020: EUR 49.9m) and the restructuring provision in connection with the acquired business operations of ING DiBa.

The use of provisions amounting to EUR 38.3m refers to payments for employee profit-sharing schemes and performance-related bonuses (2021: EUR 34.2m; 2020: EUR 46.1m), payments from programmes involving voluntary severance payment offers as well as provisions for restructuring.

The reversals of EUR 24.3m primarily include EUR 15.9m (2020: EUR 9.9m) in provisions for employee profit-sharing schemes and performance-related bonuses, crediting previous periods of service for (former) civil servants of EUR 3.7m, and provisions for restructuring that were not required.

## 27.4 Other Provisions

### 2020 Financial Year

| EUR m | |
|---|---|
| **BALANCE AS AT 1 JANUARY 2020** | **138.5** |
| Change in scope of consolidation | 8.1 |
| Allocation | 21.8 |
| Use | –3.3 |
| Reversal | –2.0 |
| Accrued interest | 0.4 |
| Currency translation differences | –0.4 |
| **BALANCE AS AT 31 DECEMBER 2020** | **163.1** |

### 2021 Financial Year

| EUR m | |
|---|---|
| **BALANCE AS AT 1 JANUARY 2021** | **163.1** |
| Reclassification | 4.8 |
| Allocation | 33.3 |
| Use | –4.8 |
| Reversal | –10.0 |
| Currency translation differences | –3.7 |
| **BALANCE AS AT 31 DECEMBER 2021** | **182.6** |

In addition to provisions for litigation and legal expenses, auditing and consulting fees as well as provisions for damages, other provisions are also designed to cover expenses for potential compensation payments in the amount of EUR 99.6m (2019: EUR 99.6m). More information can be found in Note 7.9 Recovery of Contributions from the Payroll of Civil Servants, as well as Note 7.10 Data Protection.

## 28. Trade Payables and Other Payables

| EUR m | 31 Dec. 2020 Due within 1 year | 31 Dec. 2020 Due in more than 1 year | 31 Dec. 2020 Total | 31 Dec. 2021 Due within 1 year | 31 Dec. 2021 Due in more than 1 year | 31 Dec. 2021 Total |
|---|---|---|---|---|---|---|
| Trade payables | 249.2 | 0.0 | 249.2 | 237.2 | 0.0 | 237.2 |
| Payables from financial assets accounted for using the equity method | 1.0 | 0.0 | 1.0 | 0.0 | 0.0 | 0.0 |
| Other liabilities | 166.3 | 50.4 | 216.7 | 148.9 | 59.4 | 208.3 |
| | **416.4** | **50.4** | **466.9** | **386.1** | **59.4** | **445.5** |

Other liabilities include liabilities resulting from purchase obligations of non-controlling interests amounting to EUR 45.9m (2020: EUR 32.7m), which mainly result from options from the acquisition of the remaining 20% of the shares in Aras Kargo a.s. The future purchase price depends on the company's success. However, the subsequent measurement is made on the basis of expected future results according to the business plan and the application of the current EUR/TRY exchange rate and is discounted using the effective interest rate method. The result from the subsequent measurement of liabilities resulting from purchase obligations of non-controlling interests amounts to minus EUR 13.2m in the 2021 financial year and is recognised in the consolidated income statement, with the expenses from revised estimates of future results amounting to EUR 16.8m being recognised in other operating expenses.

This item also includes liabilities to tax authorities and social security carriers amounting to EUR 31.5m (31 December 2020: EUR 49.6m), liabilities for holiday entitlements not taken amounting to EUR 41.5m (31 December 2020: EUR 39.0m) as well as advance payments received for services not yet rendered and government grants recognised as deferred income on the liabilities side amounting to EUR 5.9m (31 December 2020: EUR 2.3m).

The government grants included in other liabilities largely comprise the COVID-19 investment subsidies. As at 31 December 2021, COVID-19 investment subsidies of EUR 3.0m (31 December 2020: EUR 0.0m) were recognised. These will be reversed in profit or loss on a straight-line basis under other operating income over the expected useful life of the underlying asset. Furthermore, the subsidies for property, plant and equipment as at 31 December 2021 totalling EUR 0.9m (31 December 2020: EUR 1.2m) mainly relate to federal government subsidies for electric-powered vehicles and structural investments, and will be reversed in the same way as the COVID-19 investment subsidies.

# 29. Financial Liabilities

## 29.1 Financial Liabilities from Financial Services

The following tables show the contractual remaining terms of the financial liabilities from financial services:

### 31 December 2020

| EUR m | Due daily | Due within 1 year | Total |
|---|---|---|---|
| | Due within 1 year | | |
| Borrowings from banks | 11.8 | 11.8 | 11.8 |
| Banking clients deposits | 519.5 | 519.5 | 519.5 |
| Other clearing liabilities | 1.5 | 1.5 | 1.5 |
| **TOTAL** | **532.9** | **532.9** | **532.9** |

### 31 December 2021

| EUR m | Due daily | <3 months | >3 months <1 year | Due within 1 year | Total |
|---|---|---|---|---|---|
| | Due within 1 year | | | | |
| Borrowings from banks | 2.3 | 0.0 | 0.0 | 2.3 | 2.3 |
| Banking clients deposits | 2,525.4 | 5.2 | 2.2 | 2,532.9 | 2,532.9 |
| Other clearing liabilities | 8.3 | 0.0 | 0.0 | 8.3 | 8.3 |
| **TOTAL** | **2,536.1** | **5.2** | **2.2** | **2,543.5** | **2,543.5** |

As at 31 December 2021, there are irrevocable loan commitments to customers in the amount of EUR 48.7m (previous year: EUR 0.00m) and liability commitments to credit card operators in the amount of EUR 2.1m (previous year EUR 0.00 million).

## 29.2 Other Financial Liabilities

| EUR m | 31 Dec 2020 | | | 31 Dec 2020 | | |
|---|---|---|---|---|---|---|
| | Due within 1 year | Due in more than 1 year | Total | Due within 1 year | Due in more than 1 year | Total |
| Borrowings from banks | 30,1 | 0,0 | 30,1 | 70,7 | 0,0 | 70,7 |
| Lease liabilities | 47,4 | 274,1 | 321,5 | 52,3 | 281,4 | 333,7 |
| | **77,6** | **274,1** | **351,6** | **123,0** | **281,4** | **404,4** |

# 30. Financial Instruments

## 30.1 Financial Instruments

### 30.1.1 FINANCIAL ASSETS AND LIABILITIES

The following tables show the carrying amounts of financial assets and liabilities by IFRS 9 measurement category as at 31 December 2020 and 31 December 2021:

**31 December 2020**

| EUR m | Measured at amortised cost | At fair value through other comprehensive income (FVOCI) with recycling | At fair value through other comprehensive income (FVOCI) with no recycling | At fair value through profit or loss (FVTPL) mandatory | Total at fair value | Total |
|---|---|---|---|---|---|---|
| **FINANCIAL ASSETS** | | | | | | |
| Financial assets from financial services | 589.3 | 0.2 | 0.0 | 0.0 | 0.2 | 589.5 |
| Cash, cash equivalents and central bank balances[1] | 578.9 | 0.0 | 0.0 | 0.0 | 0.0 | 578.9 |
| Receivables from customers | 1.7 | 0.0 | 0.0 | 0.0 | 0.0 | 1.7 |
| Current accounts | 1.7 | 0.0 | 0.0 | 0.0 | 0.0 | 1.7 |
| Investments | 0.1 | 0.2 | 0.0 | 0.0 | 0.2 | 0.3 |
| Other clearing receivables | 8.7 | 0.0 | 0.0 | 0.0 | 0.0 | 8.7 |
| Other financial assets | 70.0 | 0.4 | 5.4 | 40.3 | 46.1 | 116.1 |
| Securities | 0.0 | 0.4 | 0.0 | 40.3 | 40.7 | 40.7 |
| Money market investments | 70.0 | 0.0 | 0.0 | 0.0 | 0.0 | 70.0 |
| Other stakes | 0.0 | 0.0 | 5.4 | 0.0 | 5.4 | 5.4 |
| Trade receivables and other receivables | 340.0 | 0.0 | 0.0 | 0.0 | 0.0 | 340.0 |
| Trade receivables | 314.2 | 0.0 | 0.0 | 0.0 | 0.0 | 314.2 |
| Receivables from financial assets accounted for using the equity method | 1.9 | 0.0 | 0.0 | 0.0 | 0.0 | 1.9 |
| Other receivables[2] | 23.9 | 0.0 | 0.0 | 0.0 | 0.0 | 23.9 |
| Cash and cash equivalents | 108.2 | 0.0 | 0.0 | 0.0 | 0.0 | 108.2 |
| | **1,107.5** | **0.6** | **5.4** | **40.3** | **46.3** | **1,153.8** |

[1] Adjustments see Note 3.2 Changes in Accouting Methods and Adjustment of Prior-Year Figures
[2] Excluding prepayments and receivables from tax authorities and social security carriers

## 31 December 2020

| EUR m | Measured at amortised cost | At fair value through other comprehensive income (FVOCI) with recycling | At fair value through other comprehensive income (FVOCI) with no recycling | At fair value through profit or loss (FVTPL) mandatory | Total at fair value | Total |
|---|---|---|---|---|---|---|
| **FINANCIAL LIABILITIES** | | | | | | |
| Financial liabilites from financial services | 532.9 | 0.0 | 0.0 | 0.0 | 0.0 | 532.9 |
| Borrowings from banks | 11.8 | 0.0 | 0.0 | 0.0 | 0.0 | 11.8 |
| Banking clients deposits | 519.5 | 0.0 | 0.0 | 0.0 | 0.0 | 519.5 |
| Other clearing liabilities | 1.5 | 0.0 | 0.0 | 0.0 | 0.0 | 1.5 |
| Other financial liabilities | 351.6 | 0.0 | 0.0 | 0.0 | 0.0 | 351.6 |
| Borrowings from banks | 30.1 | 0.0 | 0.0 | 0.0 | 0.0 | 30.1 |
| Lease liabilities | 321.5 | 0.0 | 0.0 | 0.0 | 0.0 | 321.5 |
| Trade payables and other payables | 372.9 | 0.0 | 0.0 | 0.0 | 0.0 | 372.9 |
| Trade payables | 249.2 | 0.0 | 0.0 | 0.0 | 0.0 | 249.2 |
| Payables from financial assets accounted for using the equity method | 1.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.0 |
| Liabilities from obligation to acquire non-controlling interests[3] | 32.7 | 0.0 | 0.0 | 0.0 | 0.0 | 32.7 |
| Other liabilities[4] | 90.0 | 0.0 | 0.0 | 0.0 | 0.0 | 90.0 |
| **TOTAL** | **1,257.3** | **0.0** | **0.0** | **0.0** | **0.0** | **1,257.3** |

[3] Conditional residual purchase price liability were renamed to liabilities from obligation to acquire non-controlling interests. Liabilities from obligation to acquire non-controlling interests are assigned to recognised at amortised cost
[4] Excluding prepayments and receivables from tax authorities and social security carriers as well as unclaimed holidays

### 31 December 2021

| EUR m | Measured at amortised cost | At fair value through other comprehensive income (FVOCI) with recycling | At fair value through other comprehensive income (FVOCI) with no recycling | At fair value through profit or loss (FVTPL) mandatory | Total at fair value | Total |
|---|---|---|---|---|---|---|
| **FINANCIAL ASSETS** | | | | | | |
| Financial assets from financial services | 2,715.7 | 0.1 | 0.0 | 0.0 | 0.1 | 2,715.8 |
| Cash, cash equivalents and central bank balances | 1,218.2 | 0.0 | 0.0 | 0.0 | 0.0 | 1,218.2 |
| Receivables from customers | 1,402.3 | 0.0 | 0.0 | 0.0 | 0.0 | 1,402.3 |
| Mortgage loans | 1,010.7 | 0.0 | 0.0 | 0.0 | 0.0 | 1,010.7 |
| Consumer loans | 385.4 | 0.0 | 0.0 | 0.0 | 0.0 | 385.4 |
| Current accounts | 6.2 | 0.0 | 0.0 | 0.0 | 0.0 | 6.2 |
| Investments | 73.4 | 0.1 | 0.0 | 0.0 | 0.1 | 73.5 |
| Other clearing receivables | 21.9 | 0.0 | 0.0 | 0.0 | 0.0 | 21.9 |
| Other financial assets | 10.0 | 0.4 | 5.6 | 20.9 | 27.0 | 37.0 |
| Securities | 0.0 | 0.4 | 0.0 | 19.9 | 20.4 | 20.4 |
| Money market investments | 10.0 | 0.0 | 0.0 | 0.0 | 0.0 | 10.0 |
| Other stakes | 0.0 | 0.0 | 5.6 | 0.0 | 5.6 | 5.6 |
| Derivative financial assets | 0.0 | 0.0 | 0.0 | 1.0 | 1.0 | 1.0 |
| Trade receivables and other receivables | 340.6 | 0.0 | 0.0 | 0.0 | 0.0 | 340.6 |
| Trade receivables | 303.8 | 0.0 | 0.0 | 0.0 | 0.0 | 303.8 |
| Receivables from financial assets accounted for using the equity method | 1.8 | 0.0 | 0.0 | 0.0 | 0.0 | 1.8 |
| Other receivables[1] | 34.9 | 0.0 | 0.0 | 0.0 | 0.0 | 34.9 |
| Cash and cash equivalents | 85.8 | 0.0 | 0.0 | 0.0 | 0.0 | 85.8 |
| **TOTAL** | **3,152.1** | **0.5** | **5.6** | **20.9** | **27.1** | **3,179.2** |
| **FINANCIAL LIABILITIES** | | | | | | |
| Financial liabilites from financial services | 2,543.5 | 0.0 | 0.0 | 0.0 | 0.0 | 2,543.5 |
| Borrowings from banks | 2.3 | 0.0 | 0.0 | 0.0 | 0.0 | 2.3 |
| Banking clients deposits | 2,532.9 | 0.0 | 0.0 | 0.0 | 0.0 | 2,532.9 |
| Other clearing liabilities | 8.3 | 0.0 | 0.0 | 0.0 | 0.0 | 8.3 |
| Other financial liabilities | 404.4 | 0.0 | 0.0 | 0.0 | 0.0 | 404.4 |
| Borrowings from banks | 70.7 | 0.0 | 0.0 | 0.0 | 0.0 | 70.7 |
| Lease liabilities | 333.7 | 0.0 | 0.0 | 0.0 | 0.0 | 333.7 |
| Trade payables and other payables | 362.7 | 0.0 | 0.0 | 32.7 | 0.0 | 362.7 |
| Trade payables | 237.2 | 0.0 | 0.0 | 0.0 | 0.0 | 237.2 |
| Liabilities from obligation to acquire non-controlling interests | 45.9 | 0.0 | 0.0 | 0.0 | 0.0 | 45.9 |
| Other liabilities[2] | 79.6 | 0.0 | 0.0 | 0.0 | 0.0 | 79.6 |
| **TOTAL** | **3.310.6** | **0.0** | **0.0** | **0.0** | **0.0** | **3,310.6** |

[1] Excluding prepayments and receivables from tax authorities and social security carriers
[2] Excluding payments received in advance and liabilities to tax authorities and social security carriers as well as unused vacation

### 30.1.2 FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

The following tables show the financial assets measured at fair value by IFRS 13 fair value hierarchy level as at 31 December 2020 and 31 December 2021:

**31 December 2020**

| EUR m | Level 1 | Level 3[1] | Total |
|---|---|---|---|
| **FINANCIAL ASSETS** | | | |
| Financial assets from financial services | 0.2 | 0.0 | 0.2 |
| Investments | 0.2 | 0.0 | 0.2 |
| Other financial assets | 40.7 | 5.4 | 46.1 |
| Securities | 40.7 | 0.0 | 40.7 |
| Other stakes | 0.0 | 5.4 | 5.4 |
| **TOTAL** | **40.9** | **5.4** | **46.3** |

[1] Conditional residual purchase price liability were renamed to liabilities from obligation to acquire non-controlling interests. Liabilities from obligation to acquire non-controlling interests are assigned to recognised at amortised cost

**31 December 2021**

| EUR m | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **FINANCIAL ASSETS** | | | | |
| Financial assets from financial services | 0.1 | 0.0 | 0.0 | 0.1 |
| Investments | 0.1 | 0.0 | 0.0 | 0.1 |
| Other financial assets | 20.4 | 6.5 | 0.1 | 27.0 |
| Securities | 20.4 | 0.0 | 0.0 | 20.4 |
| Other stakes | 0.0 | 5.5 | 0.1 | 5.6 |
| Derivative financial assets | 0.0 | 1.0 | 0.0 | 1.0 |
| **TOTAL** | **20.5** | **6.5** | **0.1** | **27.1** |

### 30.1.3 INFORMATION ON DETERMINING FAIR VALUES

In respect of other stakes, the fair value at Level 2 relates to the shares on the Vienna Stock Exchange. These shares are measured based on the exit price on the basis of the existing syndicate agreement and regular index-based value adjustments.

The foreign currency forward was measured on the basis of forward exchange rates observable on the market, which are used to derive the market price.

The Group recognises reclassifications between different levels of the fair value hierarchy at the end of the reporting period in which the change occurred. In the current financial year, the shares on the Vienna Stock Exchange were transferred from Level 3 to Level 2 due to a reassessment.

The following table shows the reconciliation of Level 3 measurements at fair value applying to financial assets and liabilities for the periods from 1 January to 31 December 2020 and from 1 January to 31 December 2021:

## Financial Assets

| EUR m | 2020 | 2021 |
|---|---|---|
| **OPENING BALANCE AS AT 1 JANUARY** | **28.7** | **5.4** |
| Total gains or losses in other comprehensive income | –1.0 | 0.0 |
| Recognised in other comprehensive income – equity instruments | –1.0 | 0.0 |
| Decrease from change in accounting method | –22.2 | 0.0 |
| Transfers from Level 3 | 0.0 | –5.3 |
| Other disposals | –0.1 | 0.0 |
| **CLOSING BALANCE AT 31 DECEMBER** | **5.4** | **0.1** |

The disposal resulting from a change in method in the 2020 financial year related to Aras Kargo a.s.

Conditional residual purchase price liability were renamed to liabilities from obligation to acquire non-controlling interests. Liabilities from obligation to acquire non-controlling interests are assigned to recognised at amortised cost

### 30.1.4 FINANCIAL ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE

The fair value of the following financial assets, taking into account the levels of the fair value hierarchy of IFRS 13, is as follows for the 2021 financial year:

| EUR m | Carrying amount | Fair value | Level 1 | Level 3 |
|---|---|---|---|---|
| **FINANCIAL ASSETS** | | | | |
| Receivables from customers | | | | |
| Mortgage loans | 1,010.7 | 1,003.3 | 0.0 | 1,003.3 |
| Consumer loans | 385.4 | 389.8 | 0.0 | 389.8 |
| Investments | 73.4 | 72.2 | 72.2 | 0.0 |
| **FINANCIAL LIABILITIES** | | | | |
| Liabilities from obligation to acquire non-controlling interests | **45.9** | **37.2** | **0.0** | **37.2** |

The fair value of the financial assets listed in this table is determined using the present value method, taking into consideration credit risks and currently observable market data on interest rates.

The calculation of the fair value of the liabilities resulting from purchase obligations of non-controlling interests is based on current earnings projections, the current exchange rate and an updated WACC as the discount rate.

In the case of all other financial assets and liabilities, which are not measured at fair value, it is assumed that the fair values correspond to the carrying amounts due to the primarily short-term nature of these items.

### 30.1.5 OFFSETTING OF FINANCIAL INSTRUMENTS

The Austrian Post Group primarily makes use of offset invoices according to IAS 32 with international postal providers, in which case the offset and correspondingly netted amounts are immaterial.

### 30.1.6 INFORMATION ON THE STATEMENT OF COMPREHENSIVE INCOME

The following table shows the net gains and losses from financial instruments, excluding interest and dividends, included in the statement of comprehensive income for the 2020 and 2021 financial years:

| | 2020 | | | 2021 | | |
|---|---|---|---|---|---|---|
| EUR m | Income statement | Other comprehensive income | Total | Income statement | Other comprehensive income | Total |
| **AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL) MANDATORY** | | | | | | |
| Valuation results | 8.8 | 0.0 | 8.8 | 1.6 | 0.0 | 1.6 |
| | **8.8** | **0.0** | **8.8** | **1.6** | **0.0** | **1.6** |
| **AT FAIR VALUE THROUGH OCI (FVOCI) EQUITY INSTRUMENTS** | | | | | | |
| Valuation results | 0.0 | –1.0 | –1.0 | 0.0 | 0.1 | 0.1 |
| | **0.0** | **–1.0** | **–1.0** | **0.0** | **0.1** | **0.1** |
| **FINANCIAL ASSETS MEASURED AT AMORTISED COST** | | | | | | |
| Results from disposal | 0.0 | 0.0 | 0.0 | –0.1 | 0.0 | –0.1 |
| Valuation results | –3.8 | 0.0 | –3.8 | 3.7 | 0.0 | 3.7 |
| | **–3.8** | **0.0** | **–3.8** | **3.6** | **0.0** | **3.6** |
| **FINANCIAL LIABILITIES MEASURED AT AMORTISED COST** | | | | | | |
| Valuation results | 0.0 | 0.0 | 0.0 | –13.2 | 0.0 | –13.2 |
| | **0.0** | **0.0** | **0.0** | **–13.2** | **0.0** | **–13.2** |
| | **5.0** | **–1.0** | **4.0** | **–8.1** | **0.1** | **–7.9** |

The total interest income and expenses for financial assets and liabilities calculated according to the effective interest rate method with the exception of financial instruments measured at fair value through profit or loss are presented below:

| EUR m | 2020 | 2021 |
|---|---|---|
| **INTEREST INCOME** | | |
| Measured at amortised cost | | |
| Financial assets from financial services | 0.0 | 1.8 |
| Other financial assets | 0.4 | 0.2 |
| Cash and cash equivalents | 1.1 | 3.2 |
| | **1.5** | **5.2** |
| **INTEREST EXPENSES** | | |
| Measured at amortised cost | | |
| Financial liabilites from financial services | –1.2 | –3.3 |
| Other financial liabilities | –5.1 | –5.2 |
| Trade and other payables | 0.0 | –7.7 |
| | **–6.3** | **–16.2** |

## 30.2 Risks and Risk Management Related to Financial Instruments – Logistics

Due to the differences in the business models, financial risk management is reported separately for the logistics and financial services segments. The Logistics segment encompasses the entire business activities of Austrian Post, excluding the Financial Services segment.

### 30.2.1 PRESENTATION OF TYPES OF RISK

The following risks exist as a result of the financial instruments deployed by the Austrian Post Group:

- Credit risks
- Liquidity risks
- Market risks

#### CREDIT RISKS

Credit risk for the Austrian Post Group involves the possibility of contractual partners being unable to fulfil their obligations from the operating business and financial transactions. The amounts reported on the asset side of the balance sheet represent the maximum creditworthiness and credit risk. Where there are recognisable credit risks in respect to the financial assets, impairments are made to account for them. See Note 6.18 Financial Instruments.

The overall risk attached to receivables is low, as most of the customers have agreed to direct debit arrangements, have arranged for bank guarantees in risky cases or have paid in advance. In addition, most of the outstanding amounts are owed by contracting partners which have excellent credit ratings.

In order to minimise credit risk relating to securities, Austrian Post's portfolio of securities is restricted to papers from issuers with an investment grade rating or a comparable level of creditworthiness. Austrian Post only invests in investment funds managed by internationally reputable asset management companies. Particularly close attention is paid to the liquidity and low exposure to settlement risk of the financial products. Money market transactions are subject to fixed trading limits.

In the information below, Stage 1 refers to financial assets whose credit risk was recognised with the 12-month expected credit loss. Stage 2 and Stage 3 refer to financial assets for which the credit loss expected over the entire term is recognised as the credit risk. At Stage 2, there is a significantly increased credit risk as against the time of initial recognition, but the asset is not yet impaired. Stage 3 relates to financial assets that are already impaired.

Using this as the basis, the gross carrying amounts of the main classes of credit risk within the Austrian Post Group as at 31 December 2020 as well as 31 December 2021 are as follows:

## Gross Carrying Amounts as at 31 December 2020

| | | General approach | | | Simplified approach | |
|---|---|---|---|---|---|---|
| EUR m | Gross carrying amount total | Stage 1 | Stage 2 | Stage 3 | Stage 2 | Stage 3 |
| Trade receivables | 318.9 | – | – | – | 313.2 | 5.8 |
| Other receivables | 24.9 | 22.9 | 0.2 | 1.9 | – | – |

## Gross Carrying Amounts as at 31 December 2021

| | | General approach | | | Simplified approach | |
|---|---|---|---|---|---|---|
| EUR m | Gross carrying amount total | Stage 1 | Stage 2 | Stage 3 | Stage 2 | Stage 3 |
| Trade receivables | 307.6 | – | – | – | 303.9 | 3.8 |
| Other receivables | 36.1 | 27.7 | 0.3 | 1.6 | 6.5 | – |

The overall credit risk of all securities in the category FVOCI, bank balances and money market investments in Austrian Post's portfolio is considered to be low, and is not presented here due to the immaterial amounts involved.

**Trade Receivables** As at 31 December 2020 and 31 December 2021, the following impairment losses arise for trade receivables:

### 31 December 2020

| EUR m | Not overdue | Overdue 1–30 days | Overdue 31–90 days | Overdue >90 days | Total |
|---|---|---|---|---|---|
| Gross carrying amount | 275.0 | 33.8 | 4.4 | 5.8 | 318.9 |
| Expected loss rate in % | 0.2% | 0.6% | 11.1% | 60.5% | 1.5% |
| **IMPAIRMENT LOSSES** | **0.5** | **0.2** | **0.5** | **3.5** | **4.7** |

### 31 December 2021

| EUR m | Not overdue | Overdue 1–30 days | Overdue 31–90 days | Overdue >90 days | Total |
|---|---|---|---|---|---|
| Gross carrying amount | 247.0 | 53.2 | 3.6 | 3.8 | 307.6 |
| Expected loss rate in % | 0.1% | 0.5% | 5.8% | 79.9% | 1.2% |
| **IMPAIRMENT LOSSES** | **0.3** | **0.3** | **0.2** | **3.0** | **3.8** |

**Other Receivables** The impairment losses for other receivables amount to EUR 1.1m as at 31 December 2021 (31 December 2020: EUR 1.0m). The expected credit losses for lease receivables are included in the expected credit losses for other receivables and are immaterial overall. In addition, there was no write-off in the reporting year of other receivables which are still subject to enforcement measures.

The impairment losses on the main credit risk classes developed as follows:

| | Other receivables | | | Trade receivables | | |
|---|---|---|---|---|---|---|
| EUR m | Stage 1 | Stage 3 | Total | Stage 2 | Stage 3 | Total |
| **BALANCE AS AT 1 JANUARY 2020** | **0.1** | **0.7** | **0.9** | **0.6** | **2.4** | **3.0** |
| Additions arising from acquisitions | 0.0 | 0.0 | 0.0 | 0.0 | 0.9 | 1.0 |
| Write-off | 0.0 | 0.0 | 0.0 | 0.0 | –0.1 | –0.1 |
| Net revaluation | 0.1 | 0.1 | 0.2 | 0.2 | 0.5 | 0.8 |
| **BALANCE AS AT 31 DECEMBER 2020** | **0.3** | **0.8** | **1.0** | **0.8** | **3.8** | **4.7** |

| | Other receivables | | | | Trade receivables | | |
|---|---|---|---|---|---|---|---|
| EUR m | Stage 1 | Stage 2 | Stage 3 | Total | Stage 2 | Stage 3 | Total |
| **BALANCE AS AT 1 JANUARY 2021** | **0.3** | **0.0** | **0.8** | **1.0** | **0.8** | **3.8** | **4.7** |
| Derecognitions | 0.0 | 0.0 | –0.1 | –0.1 | 0.0 | –1.1 | –1.1 |
| Revaluation | 0.0 | 0.2 | 0.1 | 0.2 | –0.1 | 0.3 | 0.3 |
| **BALANCE AS AT 31 DECEMBER 2021** | **0.2** | **0.2** | **0.7** | **1.1** | **0.8** | **3.0** | **3.8** |

**Securities in the Category FVOCI** All securities in the category FVOCI in Austrian Post's portfolio feature a low credit risk. Therefore, the impairment loss was recognised to the amount of the 12-month expected credit loss. A low credit risk remains for securities as long as an investment grade rating exists. The impairment losses recognised on this basis as at 31 December 2021 involved immaterial amounts.

**Money Market Investments** Money market investments exclusively include fixed term deposits with Austrian banks. Money market investments are subject to the general approach pursuant to IFRS 9. Due to the low credit risk involved, an impairment loss was recognised to the amount of the expected 12-month credit loss. The impairment loss recognised as at 31 December 2021 involved immaterial amounts.

**Bank Balances** The calculation of the expected credit losses is carried out in accordance with the general approach according to IFRS 9 to the amount of the expected credit losses and the actual remaining term to maturity of the receivables. The impairment losses recognised as at 31 December 2021 involved immaterial amounts.

### LIQUIDITY RISKS

The purpose of Austrian Post's liquidity management procedures is to maintain the solvency of the Group at all times. The liquidity management system is based on a liquidity plan which is regularly subject to target/performance comparisons and adjusted as necessary. Net interest income is optimised by actively managing cash flows.

The following tables show the maturity analysis of the financial liabilities based on the remaining term to maturity:

## Gross Carrying Amounts as at 31 December 2020

| EUR m | Carrying amount | Gross cash flow | Term to maturity: Within 1 year | 1–5 years | More than 5 years |
|---|---|---|---|---|---|
| **FINANCIAL LIABILITIES** | | | | | |
| Other financial liabilities | 351.6 | 370.2 | 82.2 | 174.2 | 113.9 |
| thereof lease liabilities | 321.5 | 340.1 | 52.0 | 174.2 | 113.9 |
| Trade payables | 249.2 | 249.5 | 249.5 | 0.0 | 0.0 |
| Payables from financial assets accounted for using the equity method | 1.0 | 1.0 | 1.0 | 0.0 | 0.0 |
| Other liabilities | 122.7 | 162.1 | 78.4 | 83.7 | 0.0 |
| | **724.5** | **782.8** | **411.0** | **257.9** | **113.9** |

## Gross Carrying Amounts as at 31 December 2021

| EUR m | Carrying amount | Gross cash flow | Term to maturity: Within 1 year | 1–5 years | More than 5 years |
|---|---|---|---|---|---|
| **FINANCIAL LIABILITIES** | | | | | |
| Other financial liabilities | 404.4 | 419.7 | 124.8 | 180.0 | 115.0 |
| thereof lease liabilities | 333.7 | 349.0 | 54.1 | 180.0 | 115.0 |
| Trade payables | 237.2 | 237.4 | 237.4 | 0.0 | 0.0 |
| Other liabilities | 125.5 | 163.5 | 70.2 | 93.3 | 0.0 |
| | **767.1** | **820.6** | **432.3** | **273.3** | **115.0** |

### MARKET RISKS

Market risks imply the existing risks related to changes in market prices. The primary risks for the Austrian Post Group are from changes in interest rates and foreign exchange rates which could impact the company's assets, financial and earnings position.

**Interest Rate Risk** Interest rate risk implies the risk of changes in the value of financial instruments or interest payment flows as a result of movements in market interest rates. Interest rate risk includes the risk of changes in the present value of fixed interest balance sheet items and cash flow risk of variable interest balance sheet items. Interest rate risk exists particularly in case of receivables and payables with maturities of more than one year. Such long maturities are not of material importance in the operational area but do affect financial investments in securities and financial liabilities.

Management of interest rate risk is based on the portfolio approach. Normally, it is not individual positions but the entire portfolio that is managed, taking account of the underlying transactions. For this purpose, selective use is made of derivative instruments such as interest rate swaps and interest rate caps. The financial portfolio is compared with the benchmark on a daily basis.

If all other parameters remained constant, a change in the market interest rate of +/−1 percentage point would have the following effects on the items listed in the table below:

**2020 Financial Year**

| EUR m | Market interest rate +1%-point | Market interest rate −1%-point |
|---|---|---|
| Financial result | 1.0 | −0.2 |

**2021 Financial Year**

| EUR m | Market interest rate +1%-point | Market interest rate −1%-point |
|---|---|---|
| Financial result | 1.2 | −0.2 |



**Currency Risk** Currency risk refers to potential losses arising from the market changes in connection with movements in foreign exchange rates.

There are only limited risks on the asset side of the balance sheet arising from currency changes, as deliveries are almost entirely conducted on a euro basis and investments in securities and fixed term deposits are also almost entirely carried out on a euro basis. Currency risk exists in part from service relationships with international postal operators settled on the basis of an artificial currency (special drawing rights or "SDR"). The special drawing rights price is determined by the IMF as a weighted average of the five most important global currencies. The fluctuation in the SDR price compared to the euro over the past three years was within a range of +/−5%. Any change in the SDR/EUR price by +/−1% compared to the reference rate on the balance sheet as at 31 December 2021 would lead to a valuation result of +/− EUR 4.2m.

With regard to the future receipt of the planned dividend distributed in Turkish lira used by Aras Kargo a.s., there is a risk that the Turkish lira will depreciate against the euro. Foreign currency forwards are concluded to hedge against the potential loss in value of the dividend payment in Turkish lira, depending on market expectations. As at 31 December 2021, there is a foreign currency forward with a nominal volume of TRY 100.0m and a contractual remaining term of less than three months. The positive market value as at 31 December 2021 amounts to EUR 1.0m (see Note 24.2 Other Financial Assets for more information). Any change in the EUR/TRY price by +/−10% compared to the closing rate as at 31 December 2021 would lead to a change in the valuation result of approx. +/− EUR 0.7m.

### 30.2.2 RISK MANAGEMENT

The finance and risk management policies of the Austrian Post Group are aimed at hedging profits against financial risks of all kinds. In managing its financial positions, the Group fundamentally takes a strategic approach to portfolio assessment and follows conservative risk policies.

The Austrian Post Group continually monitors potential concentrations of risk. This can arise in the case of financial instruments with similar features, terms and conditions, for example with respect to terms to maturity, counterparty structure and the implementation of the investment strategy. Concentration risks are counteracted, for example, by the investments of fixed-term deposits at different banks, the diversification of the issuers and by spreading the maturity profile.

A standardised reporting system is used to track risks relating to the current financial situation. In addition, the Austrian Post Group has clearly defined written strategies and operational guidelines for the management of all financial risks.

Risk management is subject to a body of rules developed by the Management Board, which define the relevant objectives, principles, functions and responsibilities. In addition, these rules lay down standardised processes, so as to provide an assurance of reliable internal auditing.

Furthermore, the organisational risks relating to treasury operations are kept to a minimum by structuring the processes involved in an appropriate manner (e.g. keeping the trading and accounting of financial transactions separate, backing up electronic data storage).

## 30.3 Risks and Risk Management Related to Financial Instruments – Financial Services

The provision of financial services is mainly carried out by bank99 AG. This primarily comprises payment transaction services, the acceptance of customer funds, account services and the distribution of the bank's own and third-party lending, insurance and investment products. The retail banking business of ING Austria was taken over in December 2021. This expands the bank's business activities to include the granting of consumer and mortgage loans, as well as securities investments. In the case of loans, both fixed-interest loans and variablerate loans are granted. No foreign currency loans are offered. The investment of securities is the sole responsibility of the customer; bank employees do not provide any advice on this.

Due to its banking business activities, bank99 AG is subject to additional risk management requirements.

### 30.3.1 RISK MANAGEMENT

The deliberate and selective assumption of risks and their professional management is the core competency that every bank has to be able to offer. An appropriate risk policy and strategy forms a key basis for maintaining the financial stability of bank99 AG and creates the overall framework for operational success.

The following risks are considered to be material within bank99 AG:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk
- Macroeconomic risk (incl. Environmental, Social and Governance (ESG) risks)

Materiality is assessed based on both quantitative and qualitative assessment criteria. A risk is considered to be material if both its probability of occurrence and the potential loss from that risk are considered to be sufficiently high. The materiality of quantifiable risks is assessed on the basis of key figures (in combination with pre-defined thresholds), whereas the materiality of those risks that cannot be quantified, or are not easy to quantify, is assessed using expert estimates based on qualitative assessments.

#### RISK POLICY AND STRATEGY

The risk strategy of bank99 AG defines the bank's key risk policy principles, which aim to create a consistent risk profile and to maintain adequate capital resources. It was prepared on the basis of the business strategy developed and adopted by the Management Board and determines all risk-related elements and explanatory information on the operationalisation of these elements.

The risk policy principles of the risk strategy form the basis for a common understanding of risks within bank99 AG, which is, in turn, reflected in the marked awareness of risk among all employees. These are supported by clearly defined risk management processes and the corresponding organisational structures. The main general risk policy principles of bank99 AG can be summarised in the following core statements:

- Conscious assumption of risk
- Involvement of the Management Board in day-to-day business
- Ensuring risk transparency
- Preventing conflicts of interest
- Risk management as an early warning system
- Operational integration of risk management
- Ensuring risk-bearing capacity
- Adherence to legal requirements
- Appropriate risk culture
- Personal responsibility of employees

Achieving commercial success inevitably involves taking risks. Risks have to remain manageable for the bank, which is why it only operates in business areas in which it has adequate systems and the knowledge required to assess the specific risks involved. Products, systems or processes whose risks cannot be captured, analysed, assessed, limited, monitored or managed cannot be purchased or executed. Before the bank enters into new areas of business or launches new products, it performs a thorough, adequate analysis of the business-specific risks involved.

The risk strategy also includes the risk management objectives for all major business activities, as well as the measures designed to achieve these objectives. It makes general statements on the processes for identifying, assessing, limiting, managing, monitoring and communicating material risks. The comprehensive risk management process includes the following components

- Strategy & risk appetite
- Identifying risks
- Quantifying risks
- Risk-bearing capacity & risk aggregation
- Capital allocation
- Risk monitoring & reporting

Within the context of the risk strategy, the following assumptions have been defined as guidelines:

- Defining and determining the risk strategy is the collective responsibility of the entire Management Board
- The bank applies the stringent separation of functions in line with the regulatory requirements and has a risk-based organisational structure and clearly defined risk processes
- Defined risk limits are closely linked to the economic capital allocation and are calculated based on the risk coverage potential
- There are clearly defined reporting processes for risk communication with regular risk reports to the Management Board and higher-ranking officials
- The elements of risk management, their methodology and assumptions are reviewed at least once a year to check they are still appropriate

The aim of the risk strategy is to develop an approach consistent with the business strategy in order to be able to achieve risk policy objectives and consciously take risks. This defines the bank's risk-reward profile and risk appetite. In addition, appropriate action strategies and risk management instruments are to be established and maintained to facilitate the assessments of the risk profile derived from the risk inventory. bank99 AG has defined corresponding general risk policy principles which the Management Board and all employees take as a basis for their actions and decisions.

With its risk strategy, bank99 AG aims to identify the risks arising from banking operations at an early stage and to actively manage and, first and foremost, also to limit them. As part of its overall bank management, bank99 AG strives to strike a balance between risk and return in order to generate adequate return on equity in the long term, as well as to contribute to the Group result. This objective requires an efficient risk management system encompassing the identification, quantification, aggregation, monitoring and management of risks on the basis of the risk policy principles and the target risk structure defined in the risk strategy. One key aspect supplementing the bank's ongoing risk management activities are the overall bank stress tests, which highlight the institution-specific vulnerabilities and provide key impetus for limiting and managing the risks that are significant for bank99 AG.

The bank's risk strategy is characterised by a conservative approach to banking risks and reflects the bank's fundamental image as an Austrian regional bank focusing on retail customers. The risk strategy defines those principles that aim to create a consistent risk profile and maintain adequate capital and liquidity resources.

The integration of risk management into operational bank management leads to active measures to combat risks. Within bank99 AG, this integration is achieved, among other things, through the institutionalised analysis of risk development at the Risk Committee meetings. No transaction is concluded without a sufficient limit being set, and there is no limit that does not have a corresponding limit system backed up by clearly defined escalation processes. Limits are also set in line with the principle that the limit should reflect the risk content of the transaction and the portfolio, and that the limit requirements are set in line with the risk-bearing capacity.

Both when the risk strategy was first drawn up and when it is regularly resubmitted to the Management Board and the Supervisory Board of bank99 AG, care is taken to ensure that the risk strategy is consistent with, and embedded in, the risk strategy of the Group as a whole.

**RISK MANAGEMENT ORGANISATION**

Risk management is not a singular task at the bank, but rather a process comprising several stages and involving various organisational units. Within this context, care is taken to ensure that functions that are incompatible with each other are separated in terms of organisational structures and processes (separation of functions). The clear separation between the front office and the back office is ensured up to the Management Board level.

Central functions within the context of overall risk management are assumed by the bank's Management Board, various committees (ALCO Committee, Risk Committee, Non-Financial Risk Committee) and the Risk Management division, which is divided into the Strategic Risk Management department and the Operational Risk Management department.

As part of its overall responsibility, the Management Board of bank99 AG defines the corporate objectives, as well as the business and risk strategy, establishes the risk policy principles and the overall conditions for risk management and ensures appropriate risk management processes, procedures and documentation.

Strategic Risk Management identifies the risks to which bank99 AG is exposed, assesses their materiality, prepares the risk-bearing capacity calculation, sets and monitors the limits, performs stress tests and validates the parameters and models at regular intervals.

Operational risk management monitors operational limits and retail credit risk, participates in the loan approval process and assumes responsibility for assignment to credit rating categories.

The Risk Committee's sphere of responsibility relates, in general terms, to the monitoring and management of bank99 AG's bank-specific risks. At the monthly meetings of the Risk Committee, decisions are made on limits and their amount, regulations governing authorities and recovery indicators. The Committee also monitors limit utilisation, the top exposures, the liquidity risk situation, the customer business and assesses the information presented in the overall risk report.

The main remit of the ALCO Committee lies in passing resolutions on the strategic focus and management of the Treasury function, passing resolutions on the management philosophy, passing resolutions on market forecasts and advising on market and liquidity risks.

**INTERNAL CAPITAL ADEQUACY PROCEDURE**

The Management Board prepares a business plan and the risk strategy based on the business-specific objectives and the results of the risk inventory. The Risk Appetite Statement (RAS) is prepared within the risk strategy. The general and risk type-specific limits are jointly defined in the context of the RAS and the risk strategies. The risk appetite and the risk strategy are discussed with, and approved by, the Supervisory Board. The business and risk strategy aspects also determine the risk quantification methods to be used by the Risk division.

These components also form the basis for the definition of scenarios for the stress tests, for which the Risk division is responsible. The close links between the scenarios defined and the components referred to above ensures that the scenarios are geared to the specific features and aspects typical of the business model.

The following components are key elements in effective risk management and are necessary for a comprehensive management system.

- Risk appetite
- Portfolio and risk analysis (risk inventory)
- Risk-bearing capacity calculation
- Risk planning
- Stress testing

**Risk Appetite** The risk appetite or Risk Appetite Statement (RAS) forms a key part of the risk strategy. The Management and the Supervisory Board of bank99 AG use it to define the extent to which risks are to be taken. This is achieved, in particular, by directly setting the level of certain strategic limits so as to limit and manage risks within the context of the RAS. The limit system, which is broken down into sub-risk types, and the RAS provide the overall framework for the maximum risk that bank99 AG is prepared to take in order to achieve its strategic objectives. Threshold values (pre-warning level – amber, warning level – red) as well as the frequency of monitoring are defined for these limits.

The set of indicators used in the RAS includes the following key figures

- Capital – CET1 ratio, own funds ratio, leverage ratio RBC
- Liquidity risk – Time-to-wall, LCR, NSFR
- Credit risk – average PD, NPL ratio, coverage ratio
- Treasury portfolio – credit spread sensitivity
- Interest rate risk – outlier ratio, NII sensitivity
- Operational risk – annualised OpRisk losses compared to the Basic Indicator Approach (BIA)

As part of the risk-bearing capacity calculation, the risk appetite is expressed, among other things, in a percentage discount on the risk cover funds in the gone-concern perspective. This means that it is not the entire risk cover funds that are available for the purposes of backing risks (risk potential) and capital allocation, but rather reduced risk cover funds in line with the risk appetite.

**Portfolio and Risk Analysis** At bank99 AG, a risk inventory is used to help the bank identify the risks it is exposed to. The aim of the risk inventory is to identify significant risks for the institution that could pose a risk to its solvency in the long term. The risks arise primarily from the business policy focus and the transactions entered into within this context. Regulatory requirements can also have a significant impact on the way risks are addressed and managed. All risks that are identified as material are addressed in the context of the ICAAP risk taxonomy.

Strategic Risk Management assesses the materiality of existing risks in close cooperation with the relevant departments. A risk is considered to be material if both its probability of occurrence and the potential loss from that risk are considered to be sufficiently high. The materiality of quantifiable risks is assessed on the basis of key figures (in combination with pre-defined thresholds), whereas the materiality of those risks that cannot be quantified, or are not easy to quantify, is assessed using expert estimates based on qualitative assessments.

When defining the risk landscape, risks of both over-indebtedness and illiquidity have to be considered from the gone-concern and going-concern perspectives. Strategic Risk Management researches a risk landscape made up of conceivable factors influencing bank99 AG's financial position, cash flows, financial performance or liquidity situation and documents this list as a risk landscape. The risk landscape is based, in particular, on the risk catalogue set out in section 39 (2b) of the Austrian Banking Act (BWG) and is consistent with the definitions used in the Austrian Regulation on Credit Institution Risk Management (KI-RMV). Publications such as the ECB's Risk Map and implications from the risk strategy are also taken into account and evaluated with the help of expert assessments.

**Risk-Bearing Capacity Calculation** The risk-bearing capacity calculation is performed by Strategic Risk Management on a quarterly basis.

The quantification and subsequent comparison of the following two parameters is a prerequisite for the assessment of risk-bearing capacity:

- Quantification of the potential loss resulting from the materialisation of material risks
- Quantification of the risk cover funds available to cover the potential loss.

The potential loss is quantified at the overall bank level by calculating a risk value for each individual risk and then aggregating the individual risk values to arrive at a potential risk for the bank as a whole. As a less significant institution (LSI), bank99 AG is not obliged to switch to the economic and normative perspective according to the ECB Guide when presenting its RBC. Nevertheless, the Bank already also takes into account the requirements of the normative and economic perspective when developing methods, procedures, processes and approaches in order to ensure that it can switch to these methods without extensive implementation work.

This means that the risk-bearing capacity calculation is still carried out for two risk perspectives or hedging levels that reflect different hedging objectives:

- Going-concern perspective – company's survival
- Gone-concern (liquidation) perspective – company's liquidation

The going-concern perspective aims to ensure the continuation of the bank's due and proper business operations. This means that the hedging objective lies in compensating for cases involving a negative burden on the bank and ensuring that due and proper business activities can continue in line with the corporate strategy. In line with this objective, the going-concern perspective is directed primarily at the bank's equity investors and addressees within the bank (management, controlling & risk management, operational units).

In the going-concern perspective, the bank assumes a loss event that occurs once every 20 years, corresponding to a confidence interval of 95%. The level of risk is quantified based on this confidence level.

The gone-concern perspective is directed primarily at external addressees (lenders, supervisory authorities, rating agencies, etc.) and serves in particular to safeguard bank99 AG's economic substance. Based on the assumption that the institution is liquidated, the perspective aims to protect the claims of the bank's lenders and, in doing so, to protect creditors. Lenders provide capital that, unlike equity (risk capital), cannot be used to cover losses. The gone-concern perspective is a risk scenario that leads to the loss of equity and quasi-equity positions and, as a result, to the liquidation of the company, but without this being detrimental to the financial claims of the company's lenders. The hedging objective is to service the debt capital in full, which is why all of the available risk cover funds are available to cover the losses. Adequate risk-bearing capacity is ensured when all material risks identified as part of the risk inventory are covered by internal capital at all times.

The gone-concern view presents the economic ICAAP perspective. This means that this perspective is not based primarily on accounting standards or regulatory requirements, but rather on economic values. It uses a risk scenario that is very unlikely to materialise. Consequently, the bank assumes a loss event that occurs once every 1,000 years, i.e. with a probability of 0.1%. This corresponds to a confidence interval of 99.9%. The level of risk is quantified based on this confidence level.

The gone-concern perspective is the main perspective used in the management of bank99 AG. Management activities are based on the results of this perspective. The going-concern perspective is considered a hard constraint that has to be adhered to at all times.

**Risk Plan** Once a year, a risk-bearing capacity calculation is performed for the next five years based on the planning assumptions applied in the medium-term budget. The calculation is performed for the projected scenario and for an adverse scenario. This not only ensures that the unexpected loss within the next year can be adequately covered using risk cover funds, but also that adverse developments (in particular insufficient risk cover funds) can be identified at an early stage and appropriate countermeasures taken if necessary.

**Stress Testing** A stress test illustrates the impact of events that cannot be taken into account (sufficiently) in normal risk measurement (e.g. via VaR procedures). The assumptions used in normal assessment procedures are not considered appropriate for these situations. This can result in risks being significantly underestimated, which is why a comprehensive stress testing programme has to be implemented to ensure the adequate capturing, assessment, management and monitoring of (operational) banking risks. The stress tests are designed to reflect extreme but plausible events, allowing the bank to assess its capital adequacy in crisis situations. As the gone-concern perspective is the main approach used to manage bank99 AG, the stress tests also adopt this perspective.

bank99 AG uses the following stress tests:

- Overall bank stress test
- ICAAP stress test
- ILAAP stress test
- Inverse stress test

The macroeconomic stress test enjoys a special position among the stress tests, as it is used to quantify the macroeconomic risk in the risk-bearing capacity calculation.

ICAAP stress test – The ICAAP credit risk stress test, which relates to a specific point in time, is generally based on the bank's current status. Based on this status, a stressed go-ing-concern and gone-concern scenario is simulated on a quarterly basis using the relevant stress parameters defined.

ILAAP stress test – Four scenarios are used in the ILAAP stress test. In addition to the simulation of a normal case, an institution-specific scenario, a market-wide scenario and a combined scenario are simulated on a monthly basis.

Inverse stress test – An inverse stress test uses a previously defined result to investigate scenarios and circumstances that could produce this result. bank99 AG performs inverse stress tests for credit risk, interest rate risk and credit spread risk.

**RECOVERY AND RESOLUTION PLANS**

The Austrian Act on Bank Recovery and Resolution (BaSAG) requires the bank to prepare a recovery plan. The recovery plan sets out the measures the institution or the Group can use to restore financial stability if its financial situation deteriorates considerably.

bank99 AG's recovery plan serves to prepare for the management of crisis situations and is aimed at identifying and examining suitable options for action in the form of recovery measures in order to strengthen the bank's resilience to systemic and institution-specific risks.

The comprehensive and effective implementation of the regulatory requirements for recovery planning is seen as an important addition to the existing risk management framework within bank99 AG. In order to avoid redundancies, the specific contents of the recovery plan have been incorporated as consistently as possible into the existing organisational and procedural risk management structure. The recovery plan is updated at least once a year and is approved by the Management Board and the Supervisory Board. The current valid recovery plan has been submitted to the Austrian Financial Market Authority (FMA). The recovery plan will be amended accordingly in a timely manner after the portfolios of ING Austria have been taken over.

In order to ensure the early identification of potential recovery situations, bank99 AG has implemented a monitoring process based on its existing governance. Monitoring is based on bank99 AG's recovery indicators and is structured based on the scale of the crisis situation. Threshold values, and the frequency of reports to be submitted when these values are exceeded, are defined. The recovery plan escalation mechanisms ensure that the responsible bodies are promptly notified of any crisis situation and that appropriate and effective countermeasures can be taken without delay.

### 30.3.2 CREDIT RISK

Credit risk refers to the risk of a partial or full default on contractually agreed payments, regardless of the counterparty concerned. The risk of incurring a total or partial loss due to default or a deterioration in the credit rating of the counterparty in lending transactions is referred to as counterparty risk and represents a significant risk at bank99 AG. Lending transactions include both on-balance sheet and off-balance sheet transactions. Due to the acquisition of ING's retail portfolio, bank99 AG's previous portfolio consisting of over-draft and credit card facilities has been expanded to include consumer and mortgage loans.

Furthermore, the issuer risk, which, similarly to the above, describes the risk of incurring a total or partial loss due to default by the counterparty in cases involving issuers of securities, is also classified as material. At bank99 AG, transactions are settled exclusively by agreeing on safe settlement conditions, in particular DVP (delivery versus payment), meaning that there is basically no settlement risk.

Concentration risk is also considered relevant in the context of credit risks. This refers to the risk of potential adverse effects arising from concentrations or interactions of similar and different risk factors or types of risk, such as the risk arising from lending to the same clients, to a group of connected clients, to clients in the same region or industry, to clients that offer the same services and goods, as well as from the use of credit risk mitigation techniques and, in particular, from indirect large-scale exposures.

Generally speaking, the economic downturn resulting from the COVID-19 pandemic and the associated restrictions increases the risk of credit losses and the deterioration of credit ratings in a bank's loan portfolio. As bank99 AG only established its customer base last year, these increased risks have already been taken into account in the definition and measurement of credit risks. The probability of default (PD) master scale was implemented after the start of the pandemic. This means that, when determining the probabilities of default in the various rating categories, future expectations, including the increased risks associated with the pandemic, are already priced in. The calculation of the risk provisions is based on the same parameters as for the legacy portfolio of bank99 AG. There were no signs of any deterioration in the legacy portfolio as at 31 December 2021.

#### CREDIT RISK MANAGEMENT ORGANISATION

The monitoring and management of credit risks from the customer business is the responsibility of Operational Credit Risk Management. Its remit encompasses all activities for reviewing, monitoring and managing risks associated with on-balance-sheet and off-balance-sheet transactions in connection with receivables at the individual client level. The main focus of this work is the formal and substantive review of loan applications, casting the second vote on lending decisions as well as issuing rating confirmations. The department is also responsible for reviewing early warning indicators in order to identify potential problem clients as early on as possible and initiate active countermeasures in good time.

The granting of loans, the valuation of collateral and the credit rating and collateral classification processes are subject to organisational and substantive regulations. These regulations are firmly established in the various risk policies published by bank99 AG. These policies also include, in particular, regulations governing authorities, requirements for credit rating and collateral classification processes, as well as policies for the valuation of receivables, default definition, recovery and forbearance measures.

### OPERATIONAL CREDIT RISK MANAGEMENT

**Lending Process** The product range focuses on a small number of standardised lending products that allow for uniform and scalable processes. The loans in the portfolio acquired from ING are currently only extended via online channels. When clients are set up in the system, a number of criteria that are decisive for acceptance as a potential client are reviewed. Consumer loans are granted with a term of between 12 and 120 months up to a maximum amount of EUR 50 thousand and are unsecured. A land charge is always required to secure mortgage loans. These are granted for terms of between five and 35 years and for a maximum amount of EUR 1m. Both consumer and mortgage loans are granted with variable or fixed interest rates.

When granting authorised overdraft facilities, a knock-out check is performed to determine, among other things, whether the customer is on the warning list of the Austrian creditor protection association KSV or the embargo list. Overdraft facilities amount to EUR 1 thousand upon conclusion of the agreement and can be increased to a maximum of EUR 8 thousand within six months of the agreement being concluded. The facility can be revoked or reduced at any time.

In addition to a potential internal credit check, a credit check is carried out by external service providers for both credit and current accounts, with an external assessment of collateral values being performed for mortgage loans.

**Ratings** All clients with products potentially featuring an overdraft facility are assigned to a rating category. A PD is calculated for the client based on the external rating and the internal assessment, and the applicable rating is derived from the PD master scale based on the higher of these two PDs. This rating awarded at the time of application is developed continuously into a performance rating. The performance rating is generated automatically at periodic intervals (monthly) based on the data available within bank99 AG (in particular on payment behaviour). The performance rating also takes into account warning signals such as overdue amounts and forbearance indicators.

As part of the application process for the portfolio taken over from ING, an application rating is also derived from external ratings and internally developed scorecards. This rating is transitioned to a performance rating no later than 180 days after the start of the loan period.

The plan is to consolidate the two systems into one in the course of the 2022 financial year.

**Early Detection** To allow defaults to be identified early on, indicators have been implemented that point to a potential and significant deterioration in creditworthiness and possible payment difficulties experienced by a borrower. These indicators have been set at portfolio level and are monitored on a monthly basis. They are based on payment arrears on the one hand and rating downgrades on the other.

Arrears are monitored using migration matrices and are divided into overdue categories. The percentage changes between the individual overdue categories have been defined as early warning indicators.

The rating downgrade indicator shows the change in the weighted average probability of default of the portfolio as against the previous month. If the rating deteriorates by 2 notches on the master scale, the indicator is triggered. A cumulative change in rating categories over the last three months is also calculated. The indicator is triggered if the rating deteriorates by four notches on the master scale.

Operational Risk Management also receives a daily list of all overdue receivables.

**Payment Reminder Process** The payment reminder process is automatic and is triggered when a defined minimum amount is nine days overdue. There are three stages in the payment reminder process and it can be stopped by Operational Risk Management at any time. If no payment is made after the third reminder is issued, Operational Risk Management has the right to declare all of the outstanding receivables due. If no repayment agreement is reached with the client, the client will be referred to the Legal department or a collection agency so that the outstanding receivables can be collected.

**Forbearance Measures** The primary objective of granting forbearance measures is to help borrowers with non-performing status recover from this status or to prevent other borrowers from slipping into non-performing status. Forbearance measures should always be aimed at enabling debtors to repay their loan in the long term. Forbearance is designed to identify the quality of loans with regard to the threat of default.

Forbearance exposures are exposures where concessions have been made to debtors who are at risk of no longer being able to meet their payment obligations. These exposures include not only loans, but also debt securities and revocable and irrevocable loan commitments. Exposures held in the trading portfolio are excluded. A forbearance exposure can be both performing and non-performing.

As a rule, exposures are classified as forborne if the corresponding forbearance measures have been initiated. An exposure is considered to be forborne if bank99 AG provides relief, in the form of certain transactions, to debtors that are currently experiencing difficulties, or will experience difficulties in the foreseeable future, in meeting their financial obligations vis-à-vis the bank (financial difficulties), i.e. are either already in default or are moving closer to defaulting. Forbearance status is maintained at account level.

All measures classified as forbearance must be recorded in the forbearance portfolio for at least two years. At the end of this probationary period, classification as forbearance can be reversed.

All new or amended applications have to be checked to identify potential forbearance measures. All three of the following criteria have to apply for this to be the case:

- Is this a transaction that is objectively suitable for providing relief on the repayment terms
- Does the transaction represent subjective relief for the debtor that the bank would not have granted to other debtors with comparable credit ratings and collateral
- Did the relief relate to a default that had already occurred or was it designed to prevent an impending default

This means that only certain transactions are objectively suitable. They include contract modifications such as deferrals, term extensions, interest rate reductions or debt waivers, as well as internal debt restructuring.

**Detecting Cases of Default** In the case of the loan portfolio, a distinction is made between a healthy portfolio and a non-performing portfolio. A healthy portfolio (performing loan exposure) includes all transactions with a rating in categories 1–4, although transactions in rating category 4 are referred to as a watch-loan portfolio. Transactions in rating categories 1–3 with a forbearance indicator are also classified as being part of the watch-loan portfolio. All transactions in rating category 5 are non-performing loans (NPL).

At bank99 AG, obligor default is defined in line with the general default definition pursuant to Article 178 CRR (Capital Requirements Regulation). According to the CRR, an obligor is considered to be in default if:

- the institution considers that the obligor is unlikely to pay its credit obligations in full, without recourse by the institution to actions such as realising security (unlikely to pay, UTP) or
- the obligor is past due more than 90 days on any material credit obligation to the institution.

Furthermore, in addition to the CRR provisions, an individual borrower is considered to have defaulted if the following events occur in the context of forbearance measures:

- 30 days of default on payment as part of a forbearance measure under observation or
- achievement of reforbearance status by an individual borrower under observation.

Within bank99 AG, default is always defined at debtor level, meaning that in the event of a default, all of a debtor’s claims are marked as defaulted at the same time. Default on a joint product requires all individual debtors or the joint product itself to default.

Further default criteria include the waiver of current interest, disposals of collateral, restructuring and insolvency.

Default indicators set automatically (overdue indicators) are checked and confirmed by Operational Risk Management. The rating is also adjusted as part of this process. This is done automatically in the retail business.

All defaults are documented in a default database and are monitored on an ongoing basis. Default is resolved either by recovery or by final settlement. Recovery refers to a scenario in which none of the default indicators previously defined are valid any more. In line with the ECB’s requirements, bank99 AG applies a good conduct period that starts automatically from the time as of which a default indicator is no longer valid. For default of 90 days, the good conduct period spans 90 days; in all other cases, a good conduct period of 180 days is defined. If a debtor is undergoing restructuring due to a crisis, the good conduct period can be extended for up to one year. Debtors can only be moved from the non-performing portfolio back to the healthy portfolio after a good conduct period of 12 months due to the regulatory requirements that apply in connection with forbearance.

**Management of Non-performing Loans** Receivables management involves addressing both receivables in the payment reminder process and receivables that have already defaulted. Starting at the first payment reminder level, an early collection process is initiated with the option of concluding instalment agreements or deferrals with the client. Subsequently, term extensions of up to five years or modified repayment agreements can also be agreed as part of the late collection process. If these two initial processes are to no avail, responsibility for collecting the receivable is transferred to a collection agency.

**Write-downs** Receivables and securities that the bank will not, in all probability, be able to recover are to be derecognised in full or in part. A receivable is considered to be irrecoverable if, among other things, at least two enforcement procedures have been unsuccessful, if the client’s permanent residence cannot be determined in the long term, if the client does not have any sustainable attachable income, or if the client’s other liabilities are so substantial that the recoverability of the receivable appears to be have no prospects of success. Receivables and securities are also to be derecognised in full or in part if a share or the entire outstanding amount has been waived. This can be the case in the event of a recovery or payment plan, as well as in the case of proceedings for a levy on income in the context of an insolvency, an out-of-court settlement or an advance payment arrangement.

### QUANTITATIVE CREDIT RISK MANAGEMENT

Measuring and managing credit risk also requires the development of sophisticated models as well as systems and processes that are tailored to suit the bank's specific portfolio. Within this context, bank99 AG partly uses the models and systems developed in the GRAWE Banking Group because they are suitable for the bank99 AG portfolio. These are being constantly expanded and revised to reflect the ongoing expansion of the product portfolio as well as the data history. The parameters used are validated once a year. If no sufficient history is available, expert estimates are used.

**Rating Systems** Standardised models are used to determine credit ratings and the amount of loss in the event of default. The rating system used at ING will continue to be used for the acquired ING portfolio. External ratings are used for treasury products.

The expected probability of default for each client is estimated via the rating category. The master scale used comprises 25 rating levels. Rating level 5 includes all loans that are in default. ING's rating systems will be mapped to bank99 AG's systems using a harmonisation system.

The underlying probabilities of default (PD) on which the rating systems are based were examined in respect of their reliance on the macroeconomic situation. The estimates did not reveal any significant reliance on the macroeconomic situation. No macroeconomic fluctuations were detected within ING Austria either. The PD is adjusted every year based on the change in the estimate for the Through-the-Cycle PD (TTC).

The rating is always assigned at client level, with the 3A rating representing the best client rating for retail clients. The PD is used for non-defaulted receivables positions. A PD of one is used for defaulted receivables.

**Loss Given Default (LGD)** As bank99 AG's current product landscape also includes collateral for mortgage loans, a distinction is made between unsecured LGD and secured LGD in bank99 AG's risk models. At present, not all products have a corresponding history for LGD modelling and validation. This results in different approaches to LGD depending on the product group.

An LGD of 72.0%, derived from historical data, is assumed for current accounts and consumer loans.

The LGD for mortgage loans is separated into a secured and an unsecured portion. The LGD data of the GRAWE Banking Group is used due to the good levels of comparability. These amount to 8.4% for the secured part and 42.0% for the unsecured part of the financing. As an LGD of less than 10.0% cannot be used, the secured portion is recognised with an LGD of 10.0%.

**Exposure at Default (EAD)** Repayment cash flows and carrying amounts are required to determine the amount of the current balance in order to map the EAD trend. The EAD can consist of an on-balance sheet and an off-balance sheet portion.

As current account products and credit cards do not have a predefined term, the modelled maturities from the liquidity maturity statement are used here. The repayment schedules and the contractual term are used for lending products.

In cases involving off-balance sheet transactions, a credit conversion factor (CCF) is also used. This is defined individually depending on the type of product involved. In general, the account limits are deleted when the first default indicator is set.

**Stage Downgrade** bank99 AG applies the following criteria to determine a significant increase in credit risk and, as a result, a deterioration in the probability of default and the associated transfer from Stage 1 to Stage 2:

- Low credit risk exemption for investment grade ratings
- Deterioration in the probability of default or rating migration
- Assessment of qualitative factors
- Use of the backstop criterion of 30 days overdue

The criteria are reviewed one after the other. If the low credit risk exemption can be applied, the individual transaction remains at Stage 1. If a rating migration occurs, the client as a whole is transferred to Stage 2. If the last two criteria are met, the individual transaction is transferred to Stage 2, as both the qualitative factors (with the exception of the estate, where the client as a whole is transferred) and the overdue counter are set at account level.

**Low Credit Risk Exemption:** A rating downgrade to rating category 3A with a maximum PD of 0.54% does not represent any significant deterioration in credit risk at bank99 AG. As a result, this client is not transferred to Stage 2.

**Rating Migration:** To determine a rating migration, the lifetime PD calculated at the time of initial recognition is compared with the current lifetime PD. If the relative change between these two PDs exceeds the predefined threshold, this constitutes a default deterioration. The thresholds are derived from the rating category in conjunction with the residual maturity. The scenario is deemed to constitute a deterioration if the lifetime PD has fallen by two notches on the master scale since initial recognition. As the thresholds also depend on the residual maturity and the original maturity, the PD thresholds range between 130.0% and 225.0%.

**Qualitative Factors:** These are also checked at account and client level. The setting of the forbearance indicator, inclusion in the payment reminder process as well as the assignment as an estate are used for this purpose.

**30 Days Overdue:** All client business is transferred to Stage 2 if the client's receivables are more than 30 days overdue.

The business is transferred to Stage 3 if the default indicator is set for all of the client's receivables, if the rating is in category 5 and if payment is overdue by more than 90 days.

**Collateral Valuation** Land charges are entered as collateral for mortgage loans. When a mortgage application is submitted, these properties are valued using a suitable tool. For loans of more than EUR 250 thousand, an external survey is also carried out. 120% of the loan amount is registered as a lien, meaning that the property has to cover this value. Another valuation has to be performed after three years at the latest. This currently only affects a small number of loans, as mortgage loans have only been granted since November 2018. These were reassessed using the application tool.

For the purposes of calculating the impairment losses, the EAD of the secured portion is set at a maximum of the lending value less prior charges, the nominal value of the lien or the EAD.

**Calculation of the Impairment Losses** The measurement for the performing portfolio (Stage 1 and Stage 2) is based on the model parameters probability of default (PD), exposure at default (EAD) and loss given default (LGD).

The impairment loss for the portfolio at Stage 1 is measured in the amount of the expected 12-month credit loss. At Stage 2, it is based on the lifetime expected credit loss.

For defaulted clients (Stage 3), the measurement depends on the significance of the receivable. For outstanding amounts of less than EUR 100 thousand, the impairment loss is applied using model parameters, with the PD being set to 1.

For significant receivables in excess of EUR 100 thousand, the risk requirement is calculated as part of an individual procedure. The amount of the impairment loss corresponds to the difference between the current carrying amount and the expected future cash flows. The cash flows are estimated on an individual instrument basis, taking into account the following scenarios, and are weighted based on their potential probability of occurrence:

- Contractual cash flows
- Going-concern
- Gone-concern

In the contractual cash flow scenario, it is assumed that the client complies with all of the contractual agreements for its financial instruments. This is why, in this scenario, all contractual cash flows are recognised until the end of the client-specific term.

The going concern scenario is based on the contractual cash flow scenario, although the individual cash flows applied themselves can be adjusted.

In the gone-concern scenario, it is assumed that no further payments are expected from the client, meaning that the bank cannot expect any further income to cover the outstanding receivables, apart from possible collateral proceeds or sale/settlement proceeds for treasury products.

The recovery cash flows, as well as the probability of the three scenarios, are estimated on an individual instrument basis based on documented benchmarks and guidelines. The impairment loss is calculated as the difference between the carrying amount of the financial instruments and the probability-weighted average present value of the recoveries in the three scenarios. Discounting is based on the instrument's effective interest rate.

For those loans resulting from the acquisition of the ING portfolio that were purchased or originated credit impaired (POCI), the impairment loss is calculated on the basis of the expected cash flows, discounted at the risk-commensurate interest rate.

The individual impairment loss is calculated in line with the dual control principal and is reviewed on a regular basis, at least quarterly, to identify any changes in transactions.

**Credit Risk Reports** The composition of the client portfolio and other relevant key figures in connection with the client portfolio are reported to the Risk Committee as part of the monthly overall bank risk report. These include, in particular:

- NPL and impairment ratios
- Overdue analyses
- Rating distribution
- Exposures on the watch list
- Product portfolio
- New business development

#### CREDIT RISK VOLUME

**Description of the Credit Risk-Relevant Portfolio** The credit risk-relevant portfolio includes all positions that involve a credit risk in the narrower sense of the term. These include both on-balance sheet and off-balance sheet items.

### Credit Risk Volume by Client Segment as at 31 December 2020

| EUR m | Credit risk exposure | Net carrying amount |
|---|---|---|
| **LOAN PORTFOLIO** | | |
| Central bank balances and other sight deposits | 464.2 | 464.2 |
| Receivables from customers | | |
| Current accounts | 1.7 | 1.7 |
| Investments | | |
| Measured at amortised cost | 0.1 | 0.1 |
| At fair value through OCI (FVOCI) | 0.2 | 0.2 |
| **LOAN PORTFOLIO BANK99** | **466.2** | **466.2** |

### Credit Risk Volume by Client Segment as at 31 December 2021

| EUR m | Credit risk exposure | Impairment loss | Net carrying amount |
|---|---|---|---|
| **LOAN PORTFOLIO** | | | |
| Central bank balances and other sight deposits | 1,082.8 | 0.0 | 1,082.8 |
| Receivables from customers | | | |
| Mortgage loans | 1,011.4 | –0.7 | 1,010.7 |
| Consumer loans | 390.0 | –4.6 | 385.4 |
| Current accounts | 6.5 | –0.3 | 6.2 |
| Investments | | | |
| Measured at amortised cost | 73.4 | 0.0 | 73.4 |
| At fair value through OCI (FVOCI) | 0.1 | 0.0 | 0.1 |
| Other clearing receivables | 13.9 | 0.0 | 13.9 |
| **SUBTOTAL** | **2,578.1** | **–5.7** | **2,572.4** |
| **OFF-BALANCE ITEMS** | | | |
| Liabilities from financial guarantee contracts | 2.1 | 0.0 | 2.1 |
| Loan commitments | 48.7 | 0.0 | 48.7 |
| **SUBTOTAL** | **50.8** | **0.0** | **50.8** |
| **LOAN PORTFOLIO BANK99** | **2,628.9** | **–5.7** | **2,623.2** |

Due to the acquisition of the ING portfolio, receivables from customers have increased considerably. Financial assets are used primarily to manage liquidity and consist of Austrian and European public-sector debt securities and bonds issued by investmentgrade companies. The off-balance sheet risk positions mainly include the loan commitments for mortgage loans.

The credit risk-relevant portfolio by client segment is as follows:

## Credit Risk Volume by Client Segment as at 31 December 2020

| EUR m | Retail customers | Corporates | Financial institutions | Total credit risk exposure |
|---|---|---|---|---|
| **LOAN PORTFOLIO** | | | | |
| Central bank balances and other sight deposits | 0.0 | 0.0 | 464.2 | 464.2 |
| Receivables from customers | | | | |
| Current accounts | 1.7 | 0.0 | 0.0 | 1.7 |
| Investments | | | | |
| Measured at amortised cost | 0.0 | 0.1 | 0.0 | 0.1 |
| At fair value through OCI (FVOCI) | 0.0 | 0.0 | 0.2 | 0.2 |
| **TOTAL** | **1.7** | **0.1** | **464.4** | **466.2** |

## Credit Risk Volume by Client Segment as at 31 December 2021

| EUR m | Retail customers | Financial institutions | Public sector | Total credit risk exposure |
|---|---|---|---|---|
| **LOAN PORTFOLIO** | | | | |
| Central bank balances and other sight deposits | 0.0 | 1,082.8 | 0.0 | 1,082.8 |
| Receivables from customers | | | | |
| Mortgage loans | 1,011.4 | 0.0 | 0.0 | 1,011.4 |
| Consumer loans | 390.0 | 0.0 | 0.0 | 390.0 |
| Current accounts | 6.5 | 0.0 | 0.0 | 6.5 |
| Investments | | | | |
| Measured at amortised cost | 0.0 | 0.0 | 73.4 | 73.4 |
| At fair value through OCI (FVOCI) | 0.0 | 0.1 | 0.0 | 0.1 |
| Other clearing receivables | 0.1 | 13.7 | 0.0 | 13.9 |
| **SUBTOTAL** | **1,408.1** | **1,096.6** | **73.4** | **2,578.1** |
| **OFF-BALANCE ITEMS** | | | | |
| Liabilities from financial guarantee contracts | 2.1 | 0.0 | 0.0 | 2.1 |
| Loan commitments | 48.7 | 0.0 | 0.0 | 48.7 |
| **SUBTOTAL** | **50.8** | **0.0** | **0.0** | **50.8** |
| **TOTAL** | **1,458.9** | **1,097.2** | **73.4** | **2,628.9** |

An automated payment reminder process has been put in place at bank99 AG. On the first day after the due date, an overdue counter starts running. A process description is provided in the note Operational Credit Risk Management.

## Credit Risk Volume by Days Overdue as at 31 December 2020

| EUR m | Not overdue | Total credit risk exposure |
|---|---|---|
| **LOAN PORTFOLIO** | | |
| Central bank balances and other sight deposits | 464.2 | 464.2 |
| Receivables from customers | | |
| Current accounts | 1.6 | 1.6 |
| Investments | | |
| Measured at amortised cost | 0.1 | 0.1 |
| At fair value through OCI (FVOCI) | 0.2 | 0.2 |
| **TOTAL** | **466.2** | **466.2** |

## Credit Risk Volume by Days Overdue as at 31 December 2021

| EUR m | Not overdue | 1–30 days | 31–90 days | >90 days | Total credit risk exposure |
|---|---|---|---|---|---|
| **LOAN PORTFOLIO** | | | | | |
| Central bank balances and other sight deposits | 1,082.8 | 0.0 | 0.0 | 0.0 | 1,082.8 |
| Receivables from customers | | | | | |
| Mortgage loans | 1,011.4 | 0.0 | 0.0 | 0.0 | 1,011.4 |
| Consumer loans | 382.7 | 2.4 | 2.1 | 2.8 | 390.0 |
| Current accounts | 5.7 | 0.3 | 0.2 | 0.4 | 6.5 |
| Investments | | | | | |
| Measured at amortised cost | 73.4 | 0.0 | 0.0 | 0.0 | 73.4 |
| At fair value through OCI (FVOCI) | 0.1 | 0.0 | 0.0 | 0.0 | 0.1 |
| Other clearing receivables | 13.9 | 0.0 | 0.0 | 0.0 | 13.9 |
| **SUBTOTAL** | **2,569.9** | **2.7** | **2.3** | **3.2** | **2,578.1** |
| **OFF-BALANCE ITEMS** | | | | | |
| Liabilities from financial guarantee contracts | 2.1 | 0.0 | 0.0 | 0.0 | 2.1 |
| Loan commitments | 48.7 | 0.0 | 0.0 | 0.0 | 48.7 |
| **SUBTOTAL** | **50.8** | **0.0** | **0.0** | **0.0** | **50.8** |
| **TOTAL** | **2,620.7** | **2.7** | **2.3** | **3.2** | **2,628.9** |

The client rating consists of five rating categories 1–5 which are shown in the tables below. The five rating categories are broken down further into five subcategories, A1–E. This means that clients are assigned to 25 rating categories. All transactions in rating category 5 are non-performing transactions. The watch-loan portfolio is assigned to category 4.

## Credit Risk Volume by Rating Category as at 31 December 2020

| EUR m | Rating 1 | Rating 2 | Rating 3 | Rating 4 | No rating | Total credit risk exposure |
|---|---|---|---|---|---|---|
| **LOAN PORTFOLIO** | | | | | | |
| Central bank balances and other sight deposits | 453.4 | 10.8 | 0.0 | 0.0 | 0,0 | 464.2 |
| Receivables from customers | | | | | | |
| Current accounts | 0.0 | 0.0 | 1.4 | 0.2 | 0,0 | 1.7 |
| Investments | | | | | | |
| Measured at amortised cost | 0.0 | 0.1 | 0.0 | 0.0 | 0,0 | 0.1 |
| At fair value through OCI (FVOCI) | 0.0 | 0.2 | 0.0 | 0.0 | 0,0 | 0.2 |
| **TOTAL** | **453.4** | **11.1** | **1.4** | **0.2** | **0.1** | **466.2** |

## Credit Risk Volume by Rating Category as at 31 December 2021

| EUR m | Rating 1 | Rating 2 | Rating 3 | Rating 4 | Rating 5 | No rating | Total credit risk exposure |
|---|---|---|---|---|---|---|---|
| **LOAN PORTFOLIO** | | | | | | | |
| Central bank balances and other sight deposits | 1,070.0 | 12.8 | 0.0 | 0.0 | 0.0 | 0.0 | 1,082.8 |
| Receivables from customers | | | | | | | |
| Mortgage loans | 0.0 | 0.0 | 1,007.5 | 3.3 | 0.5 | 0.0 | 1,011.4 |
| Consumer loans | 0.0 | 0.0 | 363.0 | 22.3 | 4.6 | 0.0 | 390.0 |
| Current accounts | 0.0 | 0.0 | 4.9 | 1.1 | 0.5 | 0.1 | 6.5 |
| Investments | | | | | | | |
| Measured at amortised cost | 73.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 73.4 |
| At fair value through OCI (FVOCI) | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 |
| Other clearing receivables | 0.0 | 13.4 | 0.0 | 0.0 | 0.0 | 0.5 | 13.9 |
| **SUBTOTAL** | **1,143.4** | **26.2** | **1,375.5** | **26.8** | **5.6** | **0.6** | **2,578.1** |
| **OFF-BALANCE ITEMS** | | | | | | | |
| Liabilities from financial guarantee contracts | 0.0 | 0.0 | 1.3 | 0.8 | 0.0 | 0.1 | 2.1 |
| Loan commitments | 0.0 | 0.0 | 48.0 | 0.7 | 0.0 | 0.0 | 48.7 |
| **SUBTOTAL** | **0.0** | **0.0** | **49.3** | **1.4** | **0.0** | **0.1** | **50.8** |
| **TOTAL** | **1,143.4** | **26.2** | **1,424.8** | **28.2** | **5.6** | **0.6** | **2,628.9** |

The process of setting up risk provisions and the definition of the parameters used for this purpose are described in greater detail in the note Quantitative Credit Risk Management.

## Credit Risk Volume According to IFRS 9 Stage Allocation as at 31 December 2020

| EUR m | Stage 1 | Stage 2 | Gross carrying amount total |
|---|---|---|---|
| **LOAN PORTFOLIO** | | | |
| Central bank balances and other sight deposits | 464.2 | 0.0 | 464,2 |
| Receivables from customers | | | |
| Current accounts | 1.6 | 0.1 | 1,7 |
| Investments | | | |
| Measured at amortised cost | 0.1 | 0.0 | 0,1 |
| At fair value through OCI (FVOCI) | 0.2 | 0.0 | 0,2 |
| **TOTAL** | **466.1** | **0.1** | **466,2** |

## Credit Risk Volume According to IFRS 9 Stage Allocation as at 31 December 2021

| EUR m | Stage 1 | Stage 2 | Stage 3 | POCI | Gross carrying amount total |
|---|---|---|---|---|---|
| **LOAN PORTFOLIO** | | | | | |
| Central bank balances and other sight deposits | 1,082.8 | 0.0 | 0.0 | 0.0 | 1,082.8 |
| Receivables from customers | | | | | |
| Mortgage loans | 1,009.6 | 1.3 | 0.0 | 0.5 | 1,011.4 |
| Consumer loans | 381.2 | 4.2 | 0.6 | 4.0 | 390.0 |
| Current accounts | 5.0 | 1.1 | 0.2 | 0.2 | 6.5 |
| Investments | | | | | |
| Measured at amortised cost | 73.4 | 0.0 | 0.0 | 0.0 | 73.4 |
| At fair value through OCI (FVOCI) | 0.1 | 0.0 | 0.0 | 0.0 | 0.1 |
| Other clearing receivables | 13.9 | 0.0 | 0.0 | 0.0 | 13.9 |
| **SUBTOTAL** | **2,565.9** | **6.6** | **0.9** | **4.8** | **2,578.1** |
| **OFF-BALANCE ITEMS** | | | | | |
| Liabilities from financial guarantee contracts | 2.1 | 0.1 | 0.0 | 0.0 | 2.1 |
| Loan commitments | 48.2 | 0.4 | 0.0 | 0.0 | 48.7 |
| **SUBTOTAL** | **50.3** | **0.5** | **0.0** | **0.0** | **50.8** |
| **TOTAL** | **2,616.2** | **7.1** | **0.9** | **4.8** | **2,628.9** |

The credit risk-relevant portfolio by rating category and default risk category is as follows:

## Credit Risk Volume by Rating Category and Default Risk Category as at 31 December 2020

| EUR m | Stage 1 | Stage 2 | Gross carrying amount total |
|---|---|---|---|
| **LOAN PORTFOLIO** | | | |
| Rating 1 | 453.4 | 0.0 | 453.4 |
| Rating 2 | 11.1 | 0.0 | 11.1 |
| Rating 3 | 1.4 | 0.0 | 1.4 |
| Rating 4 | 0.2 | 0.0 | 0.2 |
| No rating | 0.1 | 0.0 | 0.1 |
| **TOTAL** | **466.1** | **0.1** | **466.2** |

## Credit Risk Volume by Rating Category and Default Risk Category as at 31 December 2021

| EUR m | Stage 1 | Stage 2 | Stage 3 | POCI | Gross carrying amount total |
|---|---|---|---|---|---|
| **LOAN PORTFOLIO** | | | | | |
| Rating 1 | 1,143.4 | 0.0 | 0.0 | 0.0 | 1,143.4 |
| Rating 2 | 26.2 | 0.0 | 0.0 | 0.0 | 26.2 |
| Rating 3 | 1,422.2 | 2.6 | 0.0 | 0.0 | 1,424.8 |
| Rating 4 | 23.9 | 4.3 | 0.0 | 0.0 | 28.2 |
| Rating 5 | 0.0 | 0.0 | 0.9 | 4.8 | 5.6 |
| No rating | 0.5 | 0.1 | 0.0 | 0.0 | 0.6 |
| **TOTAL** | **2,616.2** | **7.1** | **0.9** | **4.8** | **2,628.9** |

### CONTRACT MODIFICATIONS

There were no significant effects from contract modifications to financial assets in the reporting period.

If the contractual cash flows of a financial asset are renegotiated or otherwise adjusted, the asset is deemed to be modified. The resulting change in present value can lead to derecognition and re-recognition of the asset or to an adjustment through profit or loss. Qualitative and quantitative criteria are used for the assessment. There were no significant contract modifications in the 2021 financial year, as the portfolio only included current accounts without a specific term and investment grade financial instruments until the acquisition of the ING portfolio. In December 2021, deferrals and contractual extensions were granted for loans from the ING portfolio. The resulting changes in present value were insignificant.

All receivables categorised as defaulted are grouped in the non-performing portfolio. The definition and process are described in the note Operational Credit Risk Management. The non-performing exposure (NPE) ratio represents the share of the non-performing credit risk volume in relating to the total credit risk volume and amounts to 0.2% as at 31 December 2021. As there was no non-performing portfolio as at 31 December 2020, no comparative figure is shown. The NPE coverage ratio, which shows the impairment losses for the non-performing credit risk volume as a percentage of the non-performing credit risk volume, comes to 8.7% as at 31 December 2021. The NPE collateralisation ratio (collateral for non-performing loans as a percentage of non-performing loans) is 8.8% as at 31 December 2021.

## Non-Performing Credit Risk-Relevant Portfolio as at 31 December 2021

| EUR m | Total loan volume | NPL | Risk provision NPL | Collateral NPL | NPE ratio | NPE coverage ratio | NPE collateral ratio |
|---|---|---|---|---|---|---|---|
| **LOAN PORTFOLIO** | | | | | | | |
| Central bank balances and other sight deposits | 1,082.8 | 0.0 | 0.0 | 0.0 | 0.0% | 0.0% | 0.0% |
| Receivables from customers | | | | | | | |
| Mortgage loans | 1,011.4 | 0.5 | 0.0 | 0.5 | 0.1% | 0.0% | 94.9% |
| Consumer loans | 390.0 | 4.6 | 0.3 | 0.0 | 1.2% | 6.4% | 0.0% |
| Current accounts | 6.5 | 0.5 | 0.2 | 0.0 | 6.9% | 42.7% | 0.0% |
| Investments | | | | | | | |
| Measured at amortised cost | 73.4 | 0.0 | 0.0 | 0.0 | 0.0% | 0.0% | 0.0% |
| At fair value through OCI (FVOCI) | 0.1 | 0.0 | 0.0 | 0.0 | 0.0% | 0.0% | 0.0% |
| Other clearing receivables | 13.9 | 0.0 | 0.0 | 0.0 | 0.0% | 0.0% | 0.0% |
| **SUBTOTAL** | **2,578.1** | **5.6** | **0.5** | **0.5** | **0.2%** | **8.7%** | **8.8%** |
| **OFF-BALANCE ITEMS** | | | | | | | |
| Liabilities from financial guarantee contracts | 2.1 | 0.0 | 0.0 | 0.0 | 0.0% | 0.0% | 0.0% |
| Loan commitments | 48.7 | 0.0 | 0.0 | 0.0 | 0.0% | 0.0% | 0.0% |
| **SUBTOTAL** | **50.8** | **0.0** | **0.0** | **0.0** | **0.0%** | **0.0%** | **0.0%** |
| **TOTAL** | **2,628.9** | **5.6** | **0.5** | **0.5** | **0.2%** | **8.7%** | **8.8%** |

The following table shows the development of the non-performing credit risk-relevant portfolio in the 2021 calendar year:

## Development of the Non-Performing Credit Risk-Relevant Portfolio

| EUR m | NPL |
|---|---|
| **BALANCE AS AT 31 DEC. 2010** | **0.0** |
| Additions due to reclassification | 0.1 |
| Net repayment and other changes | 0.4 |
| **BALANCE AS AT 31 DEC. 2021** | **0.5** |

The process description for the derecognition of financial assets is included in the chapter on Operational Credit Risk Management. As at 31 December 2021, no receivables that had already been written off were the subject of enforcement activities.

Collateral is only taken into account for mortgage loans in the form of land charges. All other loans are unsecured. The inclusion of collateral and its valuation is described in the note Quantitative Credit Risk Management.

The following collateral was taken into account in the assessment of the credit risk (no information is provided for the 2020 comparative period due to a lack of materiality):

## Collateral as at 31 December 2021

| EUR m | Mortgage | Total |
|---|---|---|
| **LOAN PORTFOLIO** | | |
| Receivables from customers | | |
| Mortgage loans | 989.7 | 989.7 |
| **SUBTOTAL** | **989.7** | **989.7** |
| **OFF-BALANCE ITEMS** | | |
| Loan commitments | 47.9 | 47.9 |
| **SUBTOTAL** | **47.9** | **47.9** |
| **TOTAL** | **1,037.6** | **1,037.6** |

The following table shows the non-performing credit risk-relevant portfolio, as well as the eligible collateral and impairment losses (no information is provided for the 2020 comparative period due to a lack of materiality):

## Credit Risk-Relevant Portfolio and Collateral as at 31 December 2021

| EUR m | Credit risk exposure | Collateral | NPL | Collateral NPL | individual value adjustment |
|---|---|---|---|---|---|
| **MEASURED AT AMORTISED COST** | | | | | |
| Not overdue | 2,569.8 | 989.7 | 1.9 | 0.5 | 0.0 |
| Overdue | | | | | |
| 1–30 days | 2.7 | 0.0 | 0.2 | 0.0 | 0.0 |
| 31–90 days | 2.3 | 0.0 | 0.3 | 0.0 | 0.1 |
| >90 days | 3.2 | 0.0 | 3.2 | 0.0 | 0.4 |
| **SUBTOTAL** | **2,578.0** | **989.7** | **5.6** | **0.5** | **0.5** |
| **RECOGNISED AT FAIR VALUE** | | | | | |
| Not overdue | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| **SUBTOTAL** | **0.1** | **0.0** | **0.0** | **0.0** | **0.0** |
| **TOTAL** | **2,578.1** | **989.7** | **5.6** | **0.5** | **0.5** |

The following table shows the development of risk provisions in the credit risk-relevant portfolio.

## Development of Risk Provisions in Relation to the Credit Risk-Relevant Portfolio

| EUR m | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
|---|---|---|---|---|---|
| **BALANCE AS AT 31 DEC. 2010** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** |
| Reclassification | –0.5 | 0.4 | 0.1 | 0.0 | 0.0 |
| Additions new aquisitions | 4.4 | 0.0 | 0.0 | 0.0 | 4.4 |
| Revaluation | –0.3 | 1.1 | 0.6 | –0.2 | 1.2 |
| **BALANCE AS AT 31 DEC. 2021** | **3.7** | **1.5** | **0.7** | **–0.2** | **5.7** |

For financial assets that are purchased or originated credit impaired (POCI), the expected credit losses over the term are initially recognised in the credit-adjusted effective interest rate. This is why no impairment loss is recognised to begin with. Changes in expected credit losses based on current cash flow estimates are then recognised in either negative or positive terms in risk provisions through profit or loss. The undiscounted expected credit loss associated with those financial assets that were recognised for the first time in the reporting period and were purchased or originated credit impaired amounts to EUR 11.9m at the time of initial recognition.

The development in risk provisions in relation to the individual classes of financial instruments is as follows (no information on development is provided for those classes for which no significant risk provisions have been set up):

## Development in Risk Provisions – Consumer Loans

| EUR m | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
|---|---|---|---|---|---|
| **BALANCE AS AT 31 DEC. 2010** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** |
| Reclassification | –0.5 | 0.4 | 0.1 | 0.0 | 0.0 |
| Additions new aquisitions | 3.7 | 0.0 | 0.0 | 0.0 | 3.7 |
| Revaluation | –0.3 | 1.0 | 0.5 | –0.2 | 0.9 |
| **BALANCE AS AT 31 DEC. 2021** | **2.9** | **1.4** | **0.5** | **–0.2** | **4.6** |

## Development in Risk Provisions – Current Accounts

| EUR m | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **BALANCE AS AT 31 DEC. 2010** | **0.0** | **0.0** | **0.0** | **0.0** |
| Additions new aquisitions | 0.1 | 0.0 | 0.0 | 0.1 |
| Revaluation | 0.0 | 0.1 | 0.2 | 0.3 |
| **BALANCE AS AT 31 DEC. 2021** | **0.1** | **0.1** | **0.2** | **0.3** |

The following table shows the reconciliation Reconciliation of the items recognised in profit or loss in the development in risk provisions and provisions to the income statement items (no information is provided for the 2020 comparative period due to a lack of materiality):

### Income from (Risk) Provisions in the 2021 Financial Year

| EUR m | Revaluation | Other | Total |
|---|---|---|---|
| **LOAN PORTFOLIO** | | | |
| Receivables from customers | | | |
| Consumer loans | 0.2 | 0.0 | 0.3 |
| Current accounts | 0.0 | 0.1 | 0.1 |
| **TOTAL** | **0.3** | **0.1** | **0.4** |

The Other column shows income from the receipt of receivables that had already been written off.

### Expenses from (Risk) Provisions in the 2021 Financial Year

| EUR m | Additions new aquisitions | Revaluation | Other | Total |
|---|---|---|---|---|
| **LOAN PORTFOLIO** | | | | |
| Receivables from customers | | | | |
| Mortgage loans | 0.6 | 0.1 | 0.0 | 0.7 |
| Consumer loans | 3.7 | 1.1 | 0.0 | 4.9 |
| Current accounts | 0.1 | 0.3 | 0.2 | 0.5 |
| **TOTAL** | **4.4** | **1.5** | **0.2** | **6.1** |

Direct write-downs on financial assets are included in the Other column.

The net amount of income and expenses from risk provisions of EUR 5.7m is included in other operating expenses (see Note 10 Result from Financial Services).

#### 30.3.3 LIQUIDITY RISK

The bank defines liquidity risk as the risk that the credit institution will no longer be able to meet its current or future financial payment obligations in full or on time when they fall due without incurring substantial economic losses.

The Treasury division is responsible for liquidity management, whereas the Strategic Risk Management division is responsible for monitoring and limiting liquidity risk. In addition to proposing limits for liquidity-related risks, the Risk division is also responsible for monitoring compliance with these limits. The central body for liquidity management and the related strategic risk management is the ALCO. This Committee reviews the current status of the liquidity risk categories, in particular insolvency risk and market liquidity risk.

The Internal Liquidity Adequacy Assessment Process (ILAAP) describes the institution's internal process for identifying, measuring, managing and monitoring all liquidity risks.

The liquidity resulting from the deposit surplus is to be invested in products on the market that are as liquid as possible, avoiding concentrations to the greatest extent possible. The primary purpose of investing in liquid securities is to ensure solvency at all times, because these securities can be sold quickly. This is the primary purpose of the investment as opposed to any return considerations.

From a strategic risk perspective, close links between Treasury and Risk Management are indispensable, on the one hand to avoid operational inactivity and, on the other, to ensure that action can be taken on the market as quickly as possible in response to warning signals from liquidity risk via Treasury and that countermeasures can be taken.

Compliance with the strategy and an acceptable level of risk is ensured by a catalogue of limits and requirements, for example:

- Requirements regarding the liquidity and default risk of the instruments in the treasury portfolio
- Compliance with time-to-wall and survival horizon requirements in the event of liquidity stress
- Regulatory liquidity ratios

Limits and requirements are set by the Strategic Risk Management department following approval by the Risk Committee, and compliance is monitored on an ongoing basis. If a limit is exceeded, escalation processes are implemented to ensure that Strategic Risk Management and, subsequently, the bank's Management Board and, if necessary, the Supervisory Board are informed. There are no standardised risk reports available for this purpose; instead, the type of report in question depends on the type of limit that has been exceeded.

At bank99 AG, an economic and a normative perspective are used to help ensure the institution's survival. The economic perspective is presented with the help of a liquidity maturity statement and is measured using the key figure time-to-wall. The normative perspective looks at the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR).

The management buffer defined in the ECB Guide is reflected accordingly at bank99 AG in the requirements in the survival horizon that exceed the minimum regulatory values. In addition, Treasury sets out a contingency plan that defines regular monitoring, the detection of trigger indicators, the development of measures and the communication channels for those involved.

bank99 AG classifies products based on their liquidity, from extremely liquid to less liquid products. To calculate the counterbalancing capacity (CBC), other possible sources of liquidity (e.g. committed (bank) lines) are taken into account in addition to the liquidity already available. In addition to these internal bank liquidity categories, the available liquidity is also classified based on regulatory requirements (e.g. with regard to high-quality liquid assets (HQLA) for the calculation of the LCR). As a result, the appropriate liquidity buffer (following the deduction of the relevant conservatism haircuts) is used for different management purposes.

Based on the current planning assumptions, the client deposits collected are invested on the asset side (except for consumer loans and overdrafts) exclusively in investment grade government or (to a considerably lesser extent) corporate bonds, bank bonds (financials) and covered bonds. These are allocated to the relevant liquidity category applying the criteria outlined above.

bank99 AG's liquidity is supplied exclusively through refinancing instruments that are closely aligned with the business model of a retail bank. This process largely involves overnight deposits consisting of current and savings accounts. In the event of a crisis, there is also the option of making use of the facilities made available by the Austrian central bank (OeNB).

The LCR is monitored on a daily basis. The NSFR and the time-to-wall ratio are monitored as part of the monthly liquidity monitoring process.

## Liquidity Coverage Ratio

| EUR m | 2020 | 2021 |
|---|---|---|
| Liquidity buffer | 563.7 | 1,279.7 |
| Net outflow of liquidity | 41.7 | 142.0 |
| **LIQUIDITY RATIO** | **1,351.4%** | **901.4%** |

## Composition of the Liquidity Buffer

| EUR m | 2020 | 2021 |
|---|---|---|
| Central bank balances less minimum reserve | 448.9 | 1,062.3 |
| Cash | 114.7 | 145.0 |
| Eligible investments | 0.1 | 72.5 |
| **LIQUIDITY BUFFER** | **563.6** | **1,279.7** |

The following tables show the contractual remaining terms of the financial liabilities from financial services and the off-balance sheet risk positions:

## Maturity Analysis Based on the Remaining Term to Maturity as at 31 December 2020

| EUR m | Carrying amount | Gross Cashflow | Due daily |
|---|---|---|---|
| **FINANCIAL LIABILITES FROM FINANCIAL SERVICES** | | | |
| Borrowings from banks | 0.2 | 0.2 | 0.2 |
| Banking clients deposits | 519.5 | 519.5 | 519.5 |
| Other clearing payables | 1.5 | 1.5 | 1.5 |
| **TOTAL** | **521.2** | **521.2** | **521.2** |

## Maturity Analysis Based on the Remaining Term to Maturity as at 31 December 2021

| EUR m | Carrying amount | Gross Cashflow | Due daily | Within 3 months | >3 months <1 year |
|---|---|---|---|---|---|
| **FINANCIAL LIABILITES FROM FINANCIAL SERVICES** | | | | | |
| Borrowings from banks | 0.3 | 0.3 | 0.3 | 0.0 | 0.0 |
| Banking clients deposits | 2,532.9 | 2,532.9 | 2,525.4 | 5.2 | 2.2 |
| Other clearing payables | 8.3 | 8.3 | 8.3 | 0.0 | 0.0 |
| **SUBTOTAL** | **2,541.5** | **2,541.5** | **2,534.1** | **5.2** | **2.2** |
| **OFF-BALANCE ITEMS** | | | | | |
| Liabilities from financial guarantee contracts | 2.1 | 2.1 | 0.0 | 2.1 | 0.0 |
| Loan commitments | 48.7 | 48.7 | 0.0 | 48.7 | 0.0 |
| **SUBTOTAL** | **50.8** | **50.8** | **0.0** | **50.8** | **0.0** |
| **TOTAL** | **2,592.3** | **2,592.3** | **2,534.1** | **56.0** | **2.2** |

The calculation of gross cash flows for non-derivative financial liabilities includes estimated interest payments.

In the case of liabilities from guarantees, as well as credit risks from loan commitments not yet drawn down, the information on the term is based on the first possible draw-down date.

### 30.3.4 MARKET RISK

Market risk is the risk of loss that may occur due to adverse changes in market prices and parameters derived from them. These changes in market value can appear in the income statement, in other comprehensive income or in hidden reserves. At bank99 AG, market risk is split into interest rate risk and credit spread risk. bank99 AG does not have any foreign currency risks or a market risk from trading positions due to its business model.

#### INTEREST RATE RISK IN THE BANKING BOOK

Interest rate risk in the banking book is measured with regard to possible changes in the economic value of equity (EVE) as well as with regard to changes in net interest income (NII).

All positions (both client business and the Treasury portfolio and other positions) are held in the banking book and are included in the management and limitation of the interest rate risk if an interest rate risk (EVE, NII) arises from the positions concerned. This means that, in the present value perspective (EVE), all interest rate-sensitive positions (including interest rate-sensitive provisions) are taken into account. In the NII perspective, all interest-bearing positions are taken into account.

The Treasury department is responsible for the operational management of interest rate risk. Monitoring and limiting interest rate risk is the responsibility of Strategic Risk Management.

As part of the present value management of interest rate risk (EVE perspective), this risk is limited by:

- Monitoring and limiting the present value VaR at a confidence level of 99.9% as part of the gone-concern approach to risk-bearing capacity
- Monitoring and limiting the change in the economic value of equity (EVE) using defined EBA interest rate shocks (scenarios according to EBA/GL/2018/02)

To quantify the interest rate risk, interest rate gap analyses are prepared on the basis of interest maturity statements, which include all positions (assets and off-balance sheet transactions). Positions with unspecific fixed interest rate periods are mapped using statistical models as well as expert estimates and are reviewed at regular intervals.

Risk quantification is based on a VaR approach (historical simulation). The change in present value is calculated on the basis of the six EBA scenarios, with the scenarios for the going-concern perspective being scaled based on a confidence level of 95% and a holding period of one year, with a confidence level of 99.9% for the gone-concern perspective.

Interest rate risk is an earnings-based parameter and quantifies the risk of a change in budgeted net interest income in the event of a change in the yield curve. The calculation is performed for the six EBA scenarios, as well as for a parallel upward and downward shift in the yield curve of 100 basis points (bp).

Based on the OeNB's interest rate risk statistics, the interest rate risk remains at a low level compared to the regulatory limits (20% of eligible capital).



## Value at Risk – EVE

| EUR m | 2020 | 2021 |
|---|---|---|
| VaR EVE | –1.6 | –19.5 |

The results of the calculation based on the EBA scenarios are shown in the following table:

| | NPV | | NII | |
|---|---|---|---|---|
| Shift | 2020 | 2021 | 2020 | 2021 |
| Parallel up | 21.60% | 19.50% | 9.00% | 9.20% |
| Parallel down | –4.20% | 4.30% | –2.00% | –1.84% |
| Steepener | –4.20% | –8.70% | –2.00% | –1.84% |
| Flattener | 12.40% | 15.30% | 9.10% | 9.26% |
| Short rate up | 18.10% | 17.50% | 11.30% | 11.51% |
| Short rate down | 4.20% | –12.20% | –2.00% | –1.84% |

The change in interest rate risk in the individual scenarios compared to the previous year is attributable to the acquisition of the ING portfolio. Based on analyses, bonds issued by the Republic of Austria and France were purchased to reduce the interest rate risk.

#### CREDIT SPREAD RISK

Credit spread risk is the risk of a negative change in the market value of financial instruments due to deteriorations in the issuer's credit rating as perceived by the market.

Historical changes in benchmark credit default swap (CDS) spreads of peer groups are used to determine the credit spread risk for the going-concern approach. The historical change (five-year time series) of the CDS spreads are applied to the modified duration of the bonds concerned to arrive at a present value distribution. The sum of the changes in value across all bonds in the portfolio produces an overall present value distribution. The result for the 95% confidence level is taken as the relevant quantile (95% VaR). The risk quantified in this manner corresponds to the risk of a write-down at a confidence level of 95%.

The calculation system in the gone-concern approach matches the going-concern approach, but is calculated based on a confidence level of 99.9% instead.

### Credit Spread Risk

| EUR m | 2020 | 2021 |
|---|---|---|
| Credit spread risk | 0.0 | –0.7 |

### 30.3.5 OPERATIONAL RISK

Operational risk is the risk of loss resulting from the inadequacy or failure of internal processes, people, systems or external events, as well as the associated legal risks. The OpRisk management framework comprises a variety of relevant activities, processes and systems. They cover, for example, scenarios involving wilful and negligent misconduct, conflicts of interest, losses as a result of inadequate or failed internal processes, cyberattacks, system failures, etc. The bank's business operations also include a number of outsourced activities, and the resulting risk is also subsumed under operational risk.

Although operational risks can be minimised using an adequately designed internal control system (ICS) that is consistent with market standards, they cannot be completely eliminated. In addition, the outsourcing of certain activities to ARZ, Bank Burgenland and the parent company Österreichische Post AG places special demands on the bank's ICS and creates additional operational risk. Due to the circumstances referred to above, the operational risk that bank99 AG is exposed to is assessed as material as part of the risk materiality assessment for the preparation of the risk profile, and is monitored and managed by Non-Financial Risk Management in close cooperation with Strategic Risk Management and the outsourcing officer.

bank99 AG manages its operational risks in line with the principles Prevent – Detect – Mitigate. bank99 AG implements these principles in particular by ensuring that the bank's Management Board, executives and all other employees of the bank, in particular in Non-Financial Risk Management, take into account possible operational risks in all of their activities and, as far as possible, avoid them, recognise and measure them as early as on possible and take targeted measures to manage and mitigate them.

bank99 AG uses the following tools, among others, to identify potential operational risks.

**Risk Materiality Assessment** At least once a year or on an ad hoc basis, Strategic Risk Management works closely with Non-Financial Risk Management and the relevant departments to identify potential risks and assess their materiality. A risk is considered to be material if both its probability of occurrence and the potential loss from that risk are considered to be sufficiently high.

**Risk and Control Self-Assessment** Non-Financial Risk Management updates process-related risks and controls in the relevant departments at least once a year or on an ad hoc basis. The aim is to raise awareness of operational risks in the departments and to create a systematic inventory of potential or existing risks so as to improve processes and evaluate the effectiveness of controls. The self-assessment is performed using an Excel questionnaire (risk control matrix).

**Key Risk Indicators** Key risk indicators are early warning systems that indicate latent operational risks at an early stage. This involves monitoring various areas with a high potential for possible OpRisk losses on a regular basis using defined key figures.

The evaluation of the loss history from the loss database by Non-Financial Risk Management also provides indications that help to identify potential new operational risks.

The bank uses the Basic Indicator Approach according to Article 315 CRR to quantify the unexpected loss from operational risk. The data for the evaluation of the risk indicators is supplied by various organisational units and is evaluated by Strategic Risk Management before being incorporated into the regular non-financial risk reports.

### 30.3.6 OTHER RISKS

The other risks that bank99 AG has classified as relevant include:

- Macroeconomic risk – potential for loss due to exposure to macroeconomic risk factors, such as changes in the real GDP growth rate, increase in unemployment, significant change in the inflation rate, etc.
- Risk of money laundering and terrorist financing – risk of the credit institution being abused for money laundering and terrorist financing purposes
- Business risk – negative effects on equity and earnings resulting from business policy decisions, changes, incorrect entrepreneurial action given the economic environment and poor decision-making
- Reputational risk – potential adverse effect arising from a negative opinion about the bank or a bad reputation in terms of expertise, trust, integrity, etc.
- Risk of excessive indebtedness – leverage risk – risk to the institution's stability arising from its actual or potential indebtedness
- Model risk – potential losses resulting from the consequences of decisions based on the results of internal approaches that are due to errors in the development, implementation and application of such approaches

Organisational and procedural measures, in particular, have been implemented to manage other risks. A conservative buffer has been set up for these risks in the risk-bearing capacity analysis.

# 31. Other Disclosures

## 31.1 Consolidated Cash Flow Disclosures

In accordance with IAS 7, **cash and cash equivalents** encompass cash in hand, demand deposits and current, liquid financial investments, which can be converted into specified cash amounts at any time and are only subject to immaterial movements in value. As a rule, financial investments with a remaining time to maturity as calculated from the acquisition date of not more than three months are classified as cash equivalents.

**Currency Translation Differences** Within the context of putting together the consolidated cash flow statement, the cash flows of subsidiaries whose functional currency is not the euro are directly converted into euros for reasons of simplification. Currency effects relating to the cash flows of the Turkish subsidiary Aras Kargo a.s., whose functional currency is the Turkish lira, however, are calculated separately and adjusted at the individual item level. The effects on the company's cash and cash equivalents are shown in the consolidated cash flow statement in the item "Currency translation differences in cash and cash equivalents". Possible currency effects of the remaining non-euro subsidiaries are considered to be immaterial.

**Cash Flow Relating to the Acquisition and Disposal of Subsidiaries** The cash flow arising from the acquisition and disposal of subsidiaries is comprised of the following:

| EUR m | 2020 | 2021 |
|---|---|---|
| **CASH OUTFLOW FOR ACQUISITIONS** | | |
| Acquisition date in the current financial year (purchase price) | –35.3 | –27.7 |
| Outstanding purchase price liability | 0.2 | 0.0 |
| Acquisition date in previous years (remaining purchase price) | –1.6 | 0.0 |
| **CASH AND CASH EQUIVALENTS ACQUIRED** | **36.4** | **364.2** |
| | **–0.3** | **336.5** |

**Other Non-Cash Transactions** The other non-cash transactions neutralised in the operating cash flow are comprised of the following:

| EUR m | 2020 adjusted[1] | 2021 |
|---|---|---|
| Results from the disposal of property, plant and equipment | –1.0 | –5.5 |
| Measurement of securities and stakes at fair value through profit and loss | –8.9 | –1.4 |
| Net interest income/expense | 4.3 | 2.5 |
| Valuation of receivables | 2.0 | 6.7 |
| Without effect in profit and loss (IAS 19) | –2.8 | –6.3 |
| Currency differences recognised in profit or loss | 1.7 | –10.4 |
| Acquisition retail banking ING-DiBa AG - Badwill | 0.0 | –14.1 |
| Liabilities from obligation to acquire non-controlling interests | 0.0 | 13.2 |
| Other | 5.7 | 8.4 |
| | **1.1** | **–7.0** |

[1] Adjustment see Note 3.2 Changes in Accouting Methods and Adjustment of Prior-Year Figures

**Financial Assets/Liabilities from Financial Services** The cash-effective change in financial assets and liabilities from financial services is shown in detail as follows:

| EUR m | 2020 | 2021 |
|---|---|---|
| Receivables from customers | –1.7 | –19.5 |
| Investments | –0.3 | –73.1 |
| Other | –8.7 | 1.2 |
| **FINANCIAL ASSETS FROM FINANCIAL SERVICES** | **–10.7** | **–91.4** |
| Borrowings from banks | 11.8 | –9.6 |
| Banking clients deposits | 519.5 | 295.0 |
| Other | 1.5 | –0.8 |
| **FINANCIAL LIABILITES FROM FINANCIAL SERVICES** | **532.9** | **284.6** |
| **FINANCIAL ASSETS/LIABILITIES FROM FINANCIAL SERVICES** | **522.2** | **193.2** |



**Loans Granted** In the 2021 financial year, loans granted included cash inflows and outflows of less than EUR 1.0m, as in the previous period.

**Change in Short-Term Financial Liabilities** The change in short-term financial liabilities includes cash inflows and outflows from short-term revolving items which are netted in the reported amounts pursuant to IAS 7.22 (a) as well as cash inflows and outflows from cash advances which are netted in the reported amounts pursuant to IAS 7.22 (b).

**Reconciliation of Other Financial Liabilities** The reconciliation from 1 January to 31 December, taking account of the cash flow from financing activities, is as follows:



## 2020 Financial Year

| EUR m | Borrowings from banks | Lease liabilities | Total other financial liabilities |
|---|---|---|---|
| **BALANCE AS AT 1 JANUARY 2020** | **1.1** | **308.4** | **309.5** |
| Cash flow from financing activities | 29.0 | –40.8 | –11.8 |
| Acquisition of subsidiaries | 0.0 | 19.0 | 19.0 |
| Other non-cash inflows and outflows | 0.0 | 35.0 | 35.0 |
| **BALANCE AS AT 31 DECEMBER 2020** | **30.1** | **321.5** | **351.6** |

## 2021 Financial Year

| EUR m | Borrowings from banks | Lease liabilities | Total other financial liabilities |
|---|---|---|---|
| **BALANCE AS AT 1 JANUARY 2021** | **30.1** | **321.5** | **351.6** |
| Cash flow from financing activities | 38.5 | –50.9 | –12.4 |
| Acquisition of subsidiaries | 2.0 | 2.8 | 4.8 |
| Other non-cash inflows and outflows | 0.0 | 60.4 | 60.4 |
| **BALANCE AS AT 31 DECEMBER 2021** | **70.7** | **333.7** | **404.4** |

The cash and cash equivalents presented in the consolidated cash flow statement can be reconciled to the cash and cash equivalents in the consolidated balance sheet as follows:

| EUR m | 31 Dec. 2020 adjusted[1] | 31 Dec. 2021 |
|---|---|---|
| **CASH AND CASH EQUIVALENTS** | **687.1** | **1,304.1** |
| Financial assets from financial services | 578.9 | 1,218.2 |
| Cash, cash equivalents and central bank balances | 578.9 | 1,218.2 |
| Impairment losses on receivables due from banks | 0.0 | 0.1 |
| **CASH AND CASH EQUIVALENTS** | **108.2** | **85.8** |

[1] Adjustment see Note 3.2 Changes in Accouting Methods and Adjustment of Prior-Year Figures

## 31.2 Related Party Transactions

The Republic of Austria holds a 52.8% share in Österreichische Post AG through Österreichische Beteiligungs AG (in short ÖBAG). This means that the Republic of Austria and the companies that it controls or significantly influences are considered related parties of the Austrian Post Group, along with all subsidiaries, joint venture companies and associates of Österreichische Post AG. Related parties include the members of the management bodies, namely the Supervisory Board and Management Board, of Österreichische Post AG as well as their close family members.

Balances and business transactions between Österreichische Post AG and its subsidiaries are eliminated within the context of consolidation and correspondingly no explanations are provided. Outstanding items with related parties at the balance sheet date are recognised under trade receivables and trade payables.

Business transactions with related parties only exist within the service portfolio of the Austrian Post Group and are provided or purchased at standard market rates.

The following table shows the extent of business transactions with joint venture companies, associates and other related companies and persons:

### 2020 Financial Year

| EUR m | Associates | Other related companies | Total |
|---|---|---|---|
| Total operating income | 1.8 | 193.1 | 194.8 |
| Total operating expenses | 8.5 | 31.4 | 39.9 |
| Outstanding receivables | 1.9 | 31.6 | 33.4 |
| Outstanding payables | 1.7 | 2.8 | 4.5 |

### 2021 Financial Year

| EUR m | Associates | Other related companies | Total |
|---|---|---|---|
| Total operating income | 0.2 | 201.3 | 201.5 |
| Total operating expenses | 1.5 | 26.5 | 28.0 |
| Outstanding receivables | 1.8 | 30.3 | 32.1 |
| Outstanding payables | 0.0 | 3.3 | 3.3 |

The operating income in 2020 and 2021 relates mainly to services provided by BBG Bundesbeschaffung GmbH. There is an agreement in the name of and for the account of the federal government for the delivery of postal items for federal agencies. In the 2021 financial year, delivery services valued at EUR 144m (2020: EUR 129.8m) were provided for the federal agencies stipulated in the agreement.

Operating expenses mainly refer to IT services and telephone services from A1 Telekom Austria AG amounting to EUR 7.9m (2020: EUR 11.7m) and energy purchases from the OMV Group of EUR 2.2m (2020: EUR 2.3m).

The following table shows the remuneration, including changes in provisions, which was paid to members of the Supervisory Board and the Management Board:

### 2020 Financial Year

| EUR m | Supervisory Board | Management Board | Total |
|---|---|---|---|
| Short-term employment benefits | 0.4 | 4.3 | 4.7 |
| Post-employment benefits | 0.0 | 0.3 | 0.3 |
| Other long-term employment benefits | 0.0 | 0.0 | 0.0 |
| Severance payment | 0.0 | 0.0 | 0.0 |
| Allocation to share-based remuneration programme | 0.0 | 2.2 | 2.2 |
| | **0.4** | **6.8** | **7.2** |

### 2021 Financial Year

| EUR m | Supervisory Board | Management Board | Total |
|---|---|---|---|
| Short-term employment benefits | 0.4 | 4.4 | 4.8 |
| Post-employment benefits | 0.0 | 0.3 | 0.3 |
| Other long-term employment benefits | 0.0 | 0.0 | 0.0 |
| Severance payment | 0.0 | 0.0 | 0.0 |
| Allocation to share-based remuneration programme | 0.0 | 1.3 | 1.3 |
| | **0.4** | **6.0** | **6.4** |

## 31.3 Audit Fees

The fees for the auditor BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft in the 2020 and 2021 financial years can be broken down as follows:

**Audit Fees**

| EUR thousand | 2019 | 2020 |
|---|---|---|
| Audit of individual and consolidated financial statements as at 31 Dec. | 0.0 | 484.7 |
| Other services | 30.0 | 84.6 |
| | **30.0** | **569.3** |

The auditor's fees for the previous year amounted to EUR 301.3 thousand for the audits of the consolidated and annual financial statements as at 31 December, EUR 24.8 thousand for other audit services and EUR 128.0 thousand for other services in the 2020 financial year.

## 31.4 Events After the Reporting Period

The Austrian Ecosocial Tax Reform Act was passed in its third reading in the plenary session of the Austrian National Council on 20 January 2022. Among other things, it provides for a gradual reduction in the corporate tax rate from 25% to 23% (2023: 24%, 2024: 23%). The impact on deferred taxes was explained in Note 16 Income Taxes.

Events after the reporting period that are material for assessment on the balance sheet date as at 31 December 2021, such as pending court cases or claims for damages and other obligations or impending losses, which have to be recognised in accordance with IAS 10 have been included in the consolidated financial statements. No other reportable events occurred after the reporting period.

## 31.5 Group Companies

| Company and location | 31 Dec. 2020 Interest in % | 31 Dec. 2020 Method of consolidation[1] | 31 Dec. 2021 Interest in % | 31 Dec. 2021 Method of consolidation[1] |
|---|---|---|---|---|
| ACL advanced commerce labs GmbH, Graz | 70.00 | FC | 70.00 | FC |
| adverserve | | | | |
| adverserve Holding GmbH, Vienna | 100.00 | FC | 100.00 | FC |
| adverserve digital advertising Services Gesellschaft m.b.H., Vienna | 100.00 | FC | 100.00 | FC |
| adverserve digital advertising Services d.o.o., Zagreb | 75.00 | FC | 75.00 | FC |
| adverserve digital advertising Services Schweiz GmbH, Zurich | 100.00 | FC | 100.00 | NK |
| adverserve digital advertising Services Deutschland GmbH, Hamburg | 100.00 | FC | 100.00 | NK |
| Aras Kargo Yurtiçi ve Yurtdişi Taşimacilik A.Ş. | 80.00 | FC | 80.00 | FC |
| Austrian Post International Deutschland GmbH, Bonn | 100.00 | FC | 100.00 | FC |
| bank99 AG, Vienna | 80.00 | FC | 90.00 | FC |
| City Express d.o.o., Belgrade | 100.00 | FC | 100.00 | FC |
| D2D – direct to document GmbH, Vienna | 70.00 | EM | 100.00 | FC |
| EMD – Elektronische- u. Mikrofilm-Dokumentationssysteme Ges.m.b.H., Haid bei Ansfelden | 100.00 | FC | 100.00 | FC |
| Express One d.o.o., Sarajevo | 100.00 | FC | 100.00 | FC |
| Express One Hungary Kft., Budapest | 100.00 | FC | 100.00 | FC |
| Express One Montenegro d.o.o. (formerly City Express Montenegro d.o.o,), Podgorica | 100.00 | FC | 100.00 | FC |
| Express One Slovakia s.r.o. (formerly IN TIME s.r.o.), Ivanka pri Dunaji | 100.00 | FC | 100.00 | FC |
| feibra GmbH, Vienna | 100.00 | FC | 100.00 | FC |
| M&BM Express OOD, Sofia | 76.00 | FC | 76.00 | FC |
| Medien.Zustell GmbH, Vienna | 100.00 | FC | 100.00 | FC |
| Overseas Trade Co Ltd d.o.o., Hrvatski Leskovac | 100.00 | FC | 100.00 | FC |
| Post 001 Finanzierungs GmbH, Vienna | 100.00 | FC | 100.00 | FC |
| Post 002 Finanzierungs GmbH, Vienna | 100.00 | FC | 100.00 | FC |
| Post 102 Beteiligungs GmbH, Vienna | 100.00 | FC | 100.00 | FC |
| Post 104 Beteiligungs GmbH, Vienna | 100.00 | FC | 100.00 | FC |
| Post 106 Beteiligungs GmbH, Vienna | 100.00 | FC | 100.00 | FC |
| Post 107 Beteiligungs GmbH, Vienna | 100.00 | FC | 100.00 | FC |
| Post 108 Beteiligungs- und Dienstleistungs GmbH, Vienna | 100.00 | FC | 100.00 | FC |
| Post 202 Beteiligungs GmbH, Vienna | 100.00 | FC | 100.00 | FC |
| Post 206 Beteiligungs GmbH, Vienna | 100.00 | FC | 100.00 | FC |
| Post 207 Beteiligungs GmbH, Vienna | 100.00 | FC | 100.00 | FC |
| Post 301 Beteiligungs GmbH, Vienna | 100.00 | FC | 100.00 | FC |
| Post E-Commerce GmbH, Vienna | 100.00 | FC | 100.00 | FC |
| Post Immobilien GmbH, Vienna | 100.00 | FC | 100.00 | FC |
| Post IT Services GmbH, Vienna | 100.00 | FC | 100.00 | FC |
| Post Systemlogistik GmbH, Vienna | 100.00 | FC | 100.00 | FC |
| Post & Co Vermietungs OG, Vienna | 100.00 | FC | 100.00 | FC |
| Post.Wertlogistik GmbH, Vienna | 100.00 | FC | 100.00 | FC |
| PROWERB Gesellschaft für produktive Werbung GmbH, Vienna | 100.00 | FC | 100.00 | FC |
| Scanpoint GmbH, Vienna | 100.00 | FC | 100.00 | FC |
| Scanpoint Slovakia s.r.o., Nitra | 100.00 | FC | 100.00 | FC |
| sendhybrid ÖPBD GmbH, Graz | 51.00 | FC | 51.00 | FC |

| Company and location | 31 Dec. 2020 | | 31 Dec. 2021 | |
|---|---|---|---|---|
| | Interest in % | Method of consolidation[1] | Interest in % | Method of consolidation[1] |
| Slovak Parcel Service s.r.o., Ivanka pri Dunaji | 100.00 | FC | 100.00 | FC |
| trans-o-flex Group | | | | |
| trans-o-flex Logistics Group GmbH, Weinheim | 100.00 | NC | 0.00 | n.a. |
| Weber Escal d.o.o., Hrvatski Leskovac | 100.00 | FC | 100.00 | FC |
| ADELHEID/AEP | | | | |
| ADELHEID GmbH, Berlin[2,3] | 51.52 | EM | 51.52 | EM |
| AEP GmbH, Alzenau[2,3] | 51.52 | EM | 51.52 | EM |
| PHS Logistiktechnik GmbH, Graz | 48.36 | EM | 48.36 | EM |

[1] FC – Full consolidation, NC – Subsidiary not consolidated due to immateriality, EM – Equity method
[2] The profit for the period of assets accounted for using method corresponds to the proportionate profit for the period of the respective group
[3] No controlling influence due to a contractual agreement or legal circumstances

## OTHER INVESTMENTS

| Company and location | Interest in % | Equity EUR m | Profit for the period EUR m |
|---|---|---|---|
| EURODIS GmbH, Weinheim | 37.60 | 0.6 | 0.1 |

The Management Board of Austrian Post approved the audited consolidated financial statements for the financial year ending on 31 December 2021, for transmission to the Supervisory Board on 25 February 2022. The Supervisory Board is responsible for reviewing and approving the audited consolidated financial statements.

Vienna, 25 February 2022

The Management Board

**GEORG PÖLZL**
CEO
Chairman of the Management Board

**WALTER OBLIN**
Deputy CEO
Mail & Finance

**PETER UMUNDUM**
Member of the Management Board
Parcel & Logistics

# AUDIT OPINION

## Report on the Consolidated Financial Statements

### Audit Opinion

We have audited the consolidated financial statements of

**Österreichische Post Aktiengesellschaft,**
**Vienna,**

and its subsidiaries (the Group) consisting of the consolidated balance sheet as at 31 December 2021, the consolidated income statement, the consolidated statement of comprehensive income, the presentation of the components of equity and their development, the consolidated statement of cash flows for the financial year ending on this date, and the Notes to the Consolidated Financial Statements.

In our opinion, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as at 31 December 2021 and of its financial performance and its cash flows for the financial year ending on this date in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and the additional stipulations contained in Section 245a of the Austrian Commercial Code (UGB).

### Basis for the Audit Opinion

We conducted our audit in accordance with Regulation (EU) No 537/2014 (requirements relating to the statutory audit of public-interest entities) as well as generally accepted accounting principles in Austria. These standards require the application of International Standards on Auditing (ISA). Our responsibilities under those standards and additional guidelines are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the requirements of Austrian commercial law and the rules of professional conduct, and we have fulfilled our other ethical responsibilities applicable in Austria in accordance with these requirements. We believe that the audit evidence we have obtained up until the date of the audit opinion is sufficient and appropriate to provide a basis for our audit opinion on this date.

### Other Matters

The consolidated financial statements as at 31 December 2020 were audited by another auditor and received an unqualified audit opinion on 1 March 2021.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters.

Below, we present the key audit matters:

1. Valuation of the provisions for underutilisation
2. Initial consolidation of the retail banking business acquired from ING-DiBa in Austria

### 1. VALUATION OF THE PROVISIONS FOR UNDERUTILISATION

**Audit Matters and Reference to Further Information**

The provisions for underutilisation contained in the consolidated balance sheet as at 31 December 2021 amount to approximately EUR 202.2m.

The valuation of these provisions is based on forward-looking estimates and assumptions of the legal representatives regarding the degree of underutilisation of the respective employees, future salary increases and employee turnover, and the appropriate discount rate. The valuation is therefore associated with uncertainty, especially since changes in these parameters have substantial effects on the amount of these provisions and the net income for the year.

For the consolidated financial statements, there is a risk of an incorrect valuation of the provisions for underutilisation.

**Reference to Further Information**

For more information, please refer to Notes 6.16, 7.7 and 27.3 in the Notes to the Consolidated Financial Statements.

**Our Audit Approach**

As part of our audit procedure, we gained an understanding of the processes and controls the Company has in place, which ensure the appropriate valuation of the provisions for underutilisation. We reviewed these processes and evaluated selected controls with respect to their organisation, implementation and effectiveness. We discussed the parameters and assumptions used for the valuation with the employees responsible for the valuation, critically assessed them and evaluated their appropriateness. For a statistically selected number of employees, we examined whether the level of underutilisation underlying the valuation was determined in a comprehensible manner. Material changes regarding individual employees were analysed and the reasons for the changed valuation were examined. Where employees were newly included in the provisions or where employees were no longer included in the provisions, we examined the reasons for this and acknowledged the explanations given. Furthermore, we verified the sensitivity analyses presented in the disclosures in the consolidated financial statements. We ultimately satisfied ourselves that the results of the valuations had been properly accounted for.

### 2. INITIAL CONSOLIDATION OF THE RETAIL BANKING BUSINESS ACQUIRED FROM ING-DIBA IN AUSTRIA

**Audit Matters and Reference to Further Information**

With the closing of the transaction on 1 December 2021, the Group has gained control over the retail banking business of the Austrian branch of ING-DiBa AG. The total amount of the consideration transferred was EUR 26.6m. Pursuant to the provisions of IFRS 3, the identifiable assets acquired and liabilities assumed must be measured at acquisition-date fair value as part of the purchase price allocation. The initial recognition is based on the assumptions made by management and the valuation model used. In determining the values, extensive estimates and discretionary decisions had to be made, especially for the valuation of receivables from customers. As the net assets acquired (value of the identified assets less the liabilities assumed) exceed the total amount of the consideration, negative goodwill of EUR 14.2m has been recognised in profit or loss under other operating income.

Due to the assumptions and estimates to be made within the scope of the purchase price allocation and the uncertainties associated with this, there is a risk that the valuation of the acquired assets and liabilities may be incorrect in the consolidated financial statements.

**Reference to Further Information**

For more information, please refer to Note 4.2 in the Notes to the Consolidated Financial Statements under the comments on the changes to the scope of consolidation.

**Our Audit Approach**

As part of our audit, we have read the contractual foundations and other relevant documentation in order to gain an understanding of the key terms and conditions. On this basis, we assessed whether the acquisition date was correctly determined.

We also assessed whether the accounting policies applied comply with the provisions of IFRS 3.

When reviewing the underlying assumptions and estimates of the fair values of receivables from customers, we consulted internal valuation specialists. In order to determine the fair values of receivables from customers, extensive assumptions must be made with regard to the input parameters to be used. In this context, we assessed whether the applied input parameters were consistent and the capitalisation rate was within a reasonable range of publicly available information and market data.

Furthermore, we assessed whether the intangible assets recognised that were previously not recognised at the level of the acquiree had been identified and evaluated appropriately.

We reviewed the transfer of assets and liabilities into the Group's accounting on the basis of the closing accounts and the accounting records in the Group's SAP system.

We ultimately satisfied ourselves that the business case was appropriately presented in the Notes to the Consolidated Financial Statements.

## Other Disclosures

The legal representatives are responsible for the other disclosures. Other disclosures comprise all information in the Annual Report with the exception of the consolidated financial statements, the Group Management Report and the audit opinion.

We obtained the Corporate Governance Report, the consolidated non-financial report and the Statement of Legal Representatives before the date of the audit opinion. The other parts of the Annual Report are expected to be made available to us after this date.

Our audit opinion on the consolidated financial statements does not extend to these other disclosures, and we will not provide any kind of assurances on this information.

In connection with our audit of the consolidated financial statements, it is our responsibility to read these other disclosures and to assess whether they are materially inconsistent with the consolidated financial statements or the knowledge obtained in the course of our audit, or whether they otherwise seem to represent a material misrepresentation.

If, based on the work we have performed on the other disclosures obtained by us prior to the date of the audit opinion issued by the auditor of the annual financial statements, we should conclude that there is a material misstatement of these other disclosures, we are required to report the fact. We have nothing to report in this regard.

## Responsibilities of the Management Board and the Audit Committee of the Supervisory Board for the Consolidated Financial Statements

The legal representatives of Austrian Post are responsible for the preparation of the consolidated financial statements which comply with IFRS as adopted by the EU and the supplementary requirements of Section 245a of the Austrian Commercial Code and give a true and fair view of the net assets, financial position and financial performance of the Group in accordance with these requirements. Furthermore, the legal representatives are responsible for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the legal representatives either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee of the Supervisory Board is responsible for overseeing the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit opinion that includes our opinion on the same. Reasonable assurance is a high level of assurance but not a guarantee that an audit conducted in accordance with Regulation (EU) No 537/2014 and generally accepted accounting principles in Austria for the audit of financial statements requiring compliance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these consolidated financial statements.

As part of an audit in accordance with Regulation (EU) No 537/2014 and generally accepted accounting principles in Austria requiring compliance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement, whether due to fraud or error, in the consolidated financial statements, design and plan the carrying out of audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of the internal control system relevant to the audit in order to design audit procedures that are appropriate in the circumstances, however not for the purpose of giving an opinion on the effectiveness of the Group's internal control system.
- Evaluate the appropriateness of accounting policies used by the legal representatives and the reasonableness of their accounting estimates and related disclosures.
- Draw conclusions on the appropriateness of the legal representatives' use of the going concern basis of accounting and, based on the audit evidence obtained, also conclude whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If

we conclude that a material uncertainty exists, we are required to draw attention in our audit opinion to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit opinion. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee, among other topics, on the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control system that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current financial year and are therefore the key audit matters. We describe these matters in our report on the audit of the consolidated financial statements unless laws or regulations preclude public disclosure about the matter or, in extremely rare cases, we determine that specified circumstances are not to be disclosed in our audit opinion, because it can be reasonably assumed that the negative consequences of such a disclosure would outweigh the advantage for public interest.

# Other Legal and Regulatory Requirements

## Report on the Group Management Report

Pursuant to Austrian commercial law regulations, the Group Management Report is to be audited as to whether it is consistent with the consolidated financial statements and whether it complies with valid legal stipulations.

The legal representatives are responsible for the preparation of the Group Management Report in accordance with Austrian commercial law regulations.

We carried out our audit in compliance with accepted professional standards governing the audit of a Group Management Report.

**AUDIT OPINION**

In our view, the Group Management Report complies with valid legal regulations, provides accurate information pursuant to the stipulations of Section 243a of the Austrian Commercial Code and is consistent with the consolidated financial statements.

**DECLARATION**

In the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit of the consolidated financial statements, we did not detect any material misstatements in the Group Management Report.

**ADDITIONAL DISCLOSURES PURSUANT TO ARTICLE 10 (EU) NO 537/2014**

We were selected by the Annual General Meeting on 15 April 2021 to serve as auditors. We were engaged by the Supervisory Board on 14 May 2021. We were commissioned to audit the consolidated financial statements for the first time for the 2021 financial year.

We declare that the audit opinion in the section “Report on the Consolidated Financial Statements” is consistent with the additional report submitted to the Audit Committee pursuant to Article 11 (EU) No 537/2014.

We also declare that we have not performed any impermissible non-audit services (Article 5(1) (EU) No 537/2014) and that we have maintained our independence from the Group companies in carrying out the audit.



# Responsible Auditor

The certified public accountant responsible for carrying out the audit is Mr Gerhard Posautz.

Vienna, 25 February 2022

WIRTSCHAFTSPRÜFUNGS- UND STEUERBERATUNGSGESELLSCHAFT
BDO Austria GmbH
BDO
Am Belvedere 4
1100 Wien

**BDO Austria GmbH**
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

**Gerhard Posautz m.p.**
Certified Public Accountant

**Peter Bartos m.p.**
Certified Public Accountant

# STATEMENT OF LEGAL REPRESENTATIVES PURSUANT TO SECTION 124 (1) (3) OF THE AUSTRIAN STOCK EXCHANGE ACT

As the legal representatives of Österreichische Post AG, we declare, to the best of our knowledge, that the consolidated financial statements as at 31 December 2021, which were prepared in accordance with the applicable financial reporting standards, present a fair and accurate picture of the assets, financial and earnings position of the Group, and that the Group Management Report for the 2021 financial year presents the business performance, results and situation of the Group such that an accurate view of the assets, financial and earnings position of the Group is given, and that the Group Management Report describes the fundamental risks and uncertainties to which the Group is exposed.

Vienna, 25 February 2022

The Management Board

**GEORG PÖLZL**
CEO
Chairman of the
Management Board

**WALTER OBLIN**
Deputy CEO
Mail & Finance

**PETER UMUNDUM**
Member of the
Management Board
Parcel & Logistics

**CONSTANTLY IMPROVING.**

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