GROUP MANAGEMENT REPORT

Knowing what matters.

In the 2022 financial year, revenue developed in line with the previous year. In light of the ongoing economic and political crises, the first half of the year was very subdued.
It wasn't until the second half of the year that positive development was recorded.

Find out more about business development starting on page 51

1. Group Overview and Market Environment

1.1 Business Operations and Organisational Structure

Österreichische Post Aktiengesellschaft, hereinafter also referred to as the Austrian Post Group, the Group or Austrian Post, 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. 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 Southeast and Eastern Europe and Türkiye is on parcel and logistics services.

Austrian Post groups 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 management, as well as 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 product and service portfolio of 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-letters and cross-media solutions. The offering is complemented by additional physical and digital services in customer communications and document processing. In 2022, Austrian Post delivered 599 million letters, 361 million addressed and 2.9 billion unaddressed direct mail items, 310 million print media items and 333 million regional media items.

The core business of the Parcel & Logistics Division encompasses the transportation of parcels and express mail items. The company offers comprehensive, one-stop solutions spanning the entire value chain. In addition to conventional parcel products, express delivery and food delivery, the portfolio also includes tailored fulfilment solutions ranging from warehousing and order picking to returns management, web shop logistics and web shop infrastructure. Valuable goods and cash are also transported in line with the very highest security standards. In 2022, Austrian Post transported 433 million parcels, express mail items and documents across the Group. A regional breakdown shows that the company is the leading service provider in Austria, delivering 181 million mail-order business and private customer parcels and B2B items. Internationally, the Parcel & Logistics Division is represented in ten countries through its subsidiaries. Austrian Post transported 198 million parcels and documents in Türkiye in 2022, and an additional 54 million parcels in Southeast and Eastern Europe.

The range of services offered by the Retail & Bank Division comprises the branch and financial services business of Austrian Post. The division operates in the company's home market of Austria along with the subsidiary bank99 AG (hereafter referred to as bank99). Austrian Post customers have access to 1,726 postal service points, including 379 company-operated postal branches and 1,347 postal partners. With a frequency of around 65 million customer contacts every year, Austrian Post's branch network is one of the largest private customer networks inthe country. In addition to postal services, the branch network offers the distribution of tele-communications 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 at numerous locations. Customers can use the 539 drop-off stations, which are available at almost all Austrian Post branches, to stamp and send parcels and letters or to drop off returns. Customers can use 524 pick-up walls, which can be found at Austrian Post branches and the numerous dispersed locations, to collect their parcels and letters that have been delivered to 106,689 post office boxes. At Austrian Post's 539 drop-off stations, customers can stamp and send parcels and letters or drop off postage-paid returns conveniently around the clock. All Austrian Post self-service solutions 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. Bank99 offers financial services throughout Austria. It flexibly combines modern digital products with Austrian Post's strong branch network to meet its customers' individual needs. As a digital bank, bank99 offers a large product range such as bank accounts, payment transaction and transfer services, consumer loans, investment and savings options, housing finance and insurance in combination with Austrian Post's postal service points. bank99's 343 employees serve around 260,000 customers across Austria.

1.2 Sales Markets and Market Position

Austrian Post and its Group companies are active in eleven countries. 81% of revenue was generated in the home market of Austria in 2022. Here Austrian Post holds a leading market position in the delivery of letters, direct mail items, newspapers and parcels. Austrian Post succeeded in keeping parcel volumes constant as against the high prior-year figures in the highly competitive parcels market and in the face of increasing competitive and price pressure. The company holds a 52% market share of the overall Austrian parcel volume. The market share of parcel volumes in the private customer segment is 62%, while the figure for the business parcel segment (B2B) comes to 29% (source: Branchenradar CEP Services in Austria 2023).

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 Türkiye. In 2022, Austrian Post entered the Slovenian market with the establishment of Express One SI d.o.o.

1.3 Economic Environment

The global economic market once again failed to make a full recovery in 2022. Both Russia's attack on Ukraine in spring 2022 and the renewed rapid spread of COVID-19 in China slammed the brakes on economic growth in global gross domestic product (GDP) to 3.4%. At the same time, global inflation peaked at 8.8% in 2022. According to the International Monetary Fund (IMF), this figure is set to decline to 6.6% in 2023 and to 4.4% in 2024. The fact that China has opened back up, coupled with effective monetary policy measures and the surprisingly rapid easing of the situation on the energy markets, hold the promise of a recovery from the second half of 2023 onwards. Given these circumstances, IMF experts predict that global GDP will initially decline to 2.9% in 2023 before rising to 3.1% in 2024. (IMF, January 2023)

In the euro zone, economic growth responded more dynamically to the difficult environment than expected. This was reflected in positive consumption and investment behaviour in the third quarter of 2022, which was strongly influenced by fiscal policy measures. Nevertheless, high inflation put a damper on sentiment and eroded consumer confidence. After a figure of 5.3% in 2021, the IMF estimates that GDP will have come to 3.5% in 2022. The projections for 2023 and 2024 are 0.7% and 1.6% respectively. (IMF, January 2023)

In the second half of 2022, the global economic downturn also hit the Austrian economy. After a strong first half of the year, high energy prices, high price momentum and uncertainty had a negative impact on sentiment. Positive economic developments are on the cards for the spring of 2023. The easing of the situation on the energy markets is expected to lift the mood and stabilise private consumption and investment behaviour alike. This development is also reflected in GDP, which was up by 4.7% in 2022. In 2023, however, GDP will stagnate at 0.3% and will not increase again until 2024 (by 3.2%). In parallel with these developments, inflation is expected to have peaked at 8.5% in 2022 and to fall to 6.5% in 2023 and 3.2% in 2024. (Austrian Institute of Economic Research (WIFO), December 2022)

These circumstances also left their mark on other markets in which Austrian Post operates in 2022. For Germany, the IMF estimates economic growth of 1.9% in 2022 compared to 2.6% a year earlier. As far as 2023 is concerned, stable development of 0.1% is initially expected, followed by an increase of 1.4% in 2024. The IMF predicts GDP growth of 3.9% for Europe's emerging markets in 2022 after an increase of 6.7% in the previous year. Economic growth of 4.0% and 4.2% is projected for 2023 and 2024, respectively. Türkiye reported GDP growth of 5.0% in 2022, down from 11.4% the previous year. Looking ahead to 2023 and 2024, the IMF expects GDP to increase by 3.0% and inflation to level off over the next few years. (IMF, January 2023)

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 onset of the COVID-19 pandemic accelerated the trend towards e-substitution. The Russia-Ukraine war had a further negative impact on volume trends in the form of rising energy and paper prices, as well as on the business activities of major customers.

Private customer parcel volumes are consistently high thanks to the continued strong role played by the online retail segment. The COVID-19 pandemic created an extraordinary level of additional volume, especially in 2021. There is still real potential for e-commerce in the CEE/SEE markets, and in Türkiye, 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. Competition 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 more than 10 years by offering carbon neutral delivery and the gradual decarbonisation of logistics, 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 that only vehicles with alternative drive systems or non-motorised vehicles are being used.

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

There were no significant changes in the scope of consolidation in the 2022 financial year. A complete overview of all changes to the scope of consolidation in the 2022 financial year can be found in the consolidated financial statements under Note 6.2.

2.2 Financial Performance

2.2.1 Development of Revenue

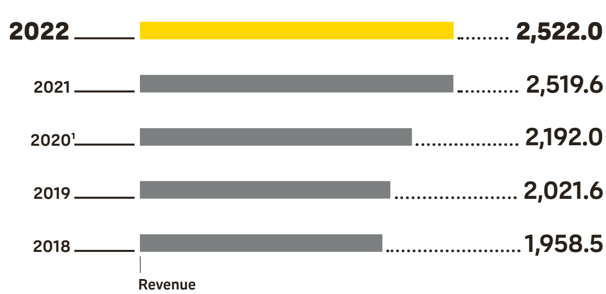
The Austrian Post Group's revenue rose slightly by 0.1% to EUR 2,522.0m in 2022. After a subdued first half of the year (-4.0%) compared to the excellent development in the previous year, there was a positive trend in the second half (+4.2%). The parcel business in Türkiye was hit hard by inflation and currency effects after an extraordinarily successful year in 2021. Excluding the business in Türkiye (Parcel Türkiye), revenue increased by 1.9% in the 2022 financial year. G 14

The Mail Division recorded a slight drop in revenue of 0.5% in the 2022 financial year, with the Parcel & Logistics Division reporting a drop of 2.5%. Excluding the business in Türkiye (Parcel Türkiye), revenue increased by 0.8%. The Retail & Bank Division showed positive development with revenue up by 64.0% to EUR 122.5m in 2022.

The Mail Division accounted for 47.7% of Austrian Post's revenue in the 2022 financial year. The decline in revenue of 0.5% was due to the structural decline in the volume of addressed letters and direct mail due to electronic substitution and a lower volume of international mail. This was countered by positive special effects in conventional letters, as well as adjustments in the price structure in the entire product portfolio.

G 14 Revenue Development

EUR m



[1] Change in the presentation of financial services

T 03 Revenue by Division

EUR m	2020[1]	2021	2022	Change %	Change EUR m
Revenue	**2,192.0**	**2,519.6**	**2,522.0**	**0.1**	**2.4**
Mail	1,222.7	1,224.2	1,218.0	–0.5	–6.2
Parcel & Logistics	913.6	1,245.7	1,214.6	–2.5	–31.1
Retail & Bank	67.4	74.7	122.5	64.0	47.8
Corporate/Consolidation	–11.7	–25.0	–33.2	–32.6	–8.2
Working days in Austria	252	252	250	–	–

[1] The presentation of financial services in the consolidated income statement has been adjusted. Income from financial services is recognised under revenue, while expenses for financial services are recorded separately (previously, income and expenses from financial services were shown in net terms under revenue).

The Parcel & Logistics Division generated 47.5% of total revenue in the reporting period. Particularly in the parcel business in Türkiye, the current market situation (inflation and currency effects) led to a decline compared with the successful business performance witnessed in 2021. In Austria, parcel revenue rose by 1.5% compared to the previous year, with the increase in Southeast and Eastern Europe coming in at 4.0%. Logistics Solutions recorded lower revenue than in the same period of the previous year due to reduced positive special logistics services associated with the pandemic.

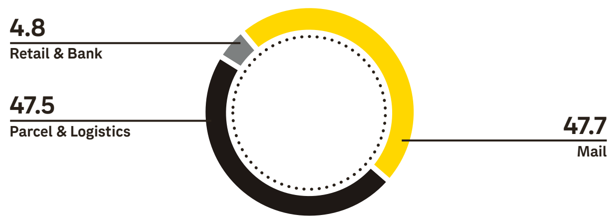
The Retail & Bank Division achieved a 4.8% share of revenue in the 2022 financial year with revenue of EUR 122.5m (+64.0%). The retail banking business of ING in Austria was taken over in December 2021. This had a positive effect on the interest and commission income of bank99. G 15 T 03

A regional breakdown of Austrian Post's revenue shows that 81.2% of revenue was generated in Austria in the 2022 financial year. International markets were responsible for 18.8% of Austrian Post's revenue in 2022. Türkiye accounted for 10.0% and the Southeast and Eastern Europe region for 6.7% of revenue. 2.1% of revenue was generated in Germany. G 16

Revenue in the Mail Division amounted to EUR 1,218.0m in 2022, 63.1% of which can be attributed to the Letter Mail & Business Solutions business, 26.5% to Direct Mail and 10.4% to Media Post. T 04 G 17

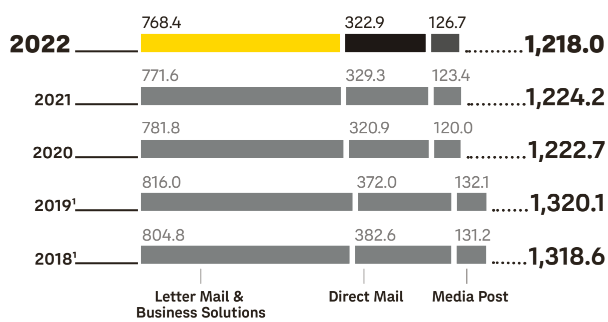
At EUR 768.4m, revenue in the Letter Mail & Business Solutions business fell short of the prior-year level by 0.4%. The fundamental trend towards declining volumes resulting from the substitution of letters by electronic forms of communication continued. The decline in vaccination and test-related communication also had a negative impact. Price adjustments in the second half of the year, as well as special effects due to one-off mailings from public authorities and energy suppliers, as well as

G 15 **Revenue by Division** **2022**
in %



G 16 **Revenue by Region** **2022**
in %

G 17 **Mail Revenue by Product Group**
EUR m



¹ Adjustment to segment reporting

T 04 Development of Revenue in the Mail Division

EUR m	2020	2021	2022	Change %	Change EUR m
Revenue	**1,222.7**	**1,224.2**	**1,218.0**	**–0.5**	**–6.2**
Letter Mail & Business Solutions	781.8	771.6	768.4	–0.4	–3.1
Direct Mail	320.9	329.3	322.9	–1.9	–6.4
Media Post	120.0	123.4	126.7	2.7	3.3
Revenue intra-Group	3.1	3.0	3.8	27.1	0.8
Total revenue	**1,225.8**	**1,227.2**	**1,221.9**	**–0.4**	**–5.3**
thereof revenue with third parties	1,216.7	1,214.6	1,201.9	–1.1	–12.8

T 05 Development of Revenue in the Parcel & Logistics Division

EUR m	2020[1]	2021[1]	2022	Change %	Change EUR m
Revenue	**913.6**	**1,245.7**	**1,214.6**	**–2.5**	**–31.1**
Parcel Austria	632.1	716.3	727.2	1.5	10.9
Parcel Türkiye	101.5	290.7	251.7	–13.4	–39.0
Parcel CEE/SEE	144.9	165.3	172.0	4.0	6.7
Logistics Solutions/Consolidation	35.1	73.4	63.7	–13.2	–9.7
Revenue intra-Group	1.0	0.9	0.7	–27.0	–0.2
Total revenue	**914.5**	**1,246.6**	**1,215.3**	**–2.5**	**–31.3**
thereof revenue with third parties	905.3	1,227.6	1,195.1	–2.6	–32.5

[1] The presentation of revenue in the Parcel & Logistics Division was adjusted. Revenue is now broken down into parcel logistics, with revenue presented by region, and additionally into logistics services. The comparative figures for previous years were adjusted.

elections, had a positive impact on revenue. Conventional letter volumes fell slightly in the 2022 financial year (–3%), supported by special effects. The development in letter volumes is still characterised by the difficult overall conditions. Increases in fuel, energy and staff costs prompted by inflation also lead to necessary price adjustments: a price adjustment for economy letters came into effect on 1 July 2022 and an adjustment of prices for priority items took effect on 1 October 2022. There was a decline in international letter mail, while the Business Solutions segment showed an increase. G 18

Revenue from direct mail fell by 1.9% to EUR 322.9m in the 2022 financial year. In the direct mail business, the move by governments to close businesses in response to COVID-19 had a particularly negative impact in the previous year. The current restrained direct mail behaviour was partially offset by adjustments to the price structure. The pressure in the direct mail market is being exacerbated further by the higher energy and paper prices. As a result, we expect the direct mail business to continue on a downward trend.

The revenue from media post, i.e. the delivery of newspapers and magazines, rose by 2.7% year-on-year to EUR 126.7m.

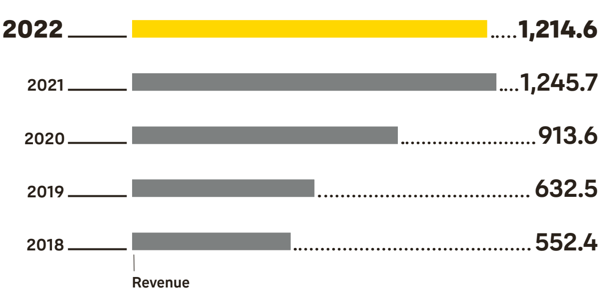
Revenue in the Parcel & Logistics Division fell by 2.5% to EUR 1,214.6m in the 2022 financial year. The decline is mainly due to the parcel business in Türkiye. While the revenue reported by the Turkish subsidiary in local currency terms increased by almost 70% (based on an IAS 29 hyperinflation measurement) in the 2022 financial year, a decline of 13.4% was reported in euros. Parcel volumes in 2022 were down by 9% compared to the previous year, although a recovery emerged in the fourth quarter of 2022 (+7%). G 19 T 05

G 18 Share of Mail Revenue by Product Group 2022

in %

G 19 Revenue Parcel & Logistics Division

EUR m



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The Austrian parcel business saw revenue increase by 1.5% year-on-year in the 2022 reporting period. After extraordinarily high volume growth in previous years (2021: +11%, 2020: +30%), parcel volumes are now showing signs of consolidation (–1%). The second half of 2022 brought a parcel volume increase of 4% (adjusted on a daily basis) and showed a return to a positive trend.

The parcel business in Southeast and Eastern Europe continues to grow, rising by 4.0% to EUR 172.0m in the 2022 financial year, with parcel volumes up by 6% year-on-year in 2022.

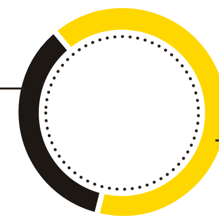
Logistics Solutions (incl. consolidation), which also provides special logistics services such as the transportation of COVID-19 test kits, decreased by 13.2% to EUR 63.7m in the current reporting period. The decline in positive special effects from logistics services provided in connection with the pandemic in the previous year had an impact in the 2022 financial year.

An analysis by region shows that in 2022, 65.1% of divisional revenue was generated in Austria, with a slight drop of 0.2% compared to the previous year. 34.9% of divisional revenue was generated by the international business of the subsidiaries, with 20.7% generated in Türkiye, 13.9% in Southeast and Eastern Europe and 0.3% in Germany. G 20

Revenue in the Retail & Bank Division improved by 64.0% from EUR 74.7m to EUR 122.5m in the 2022 financial year. Revenue from branch services decreased by 5.4% from EUR 41.8m to EUR 39.5m in the current reporting period. Income from financial services increased from EUR 32.9m to EUR 83.0m in 2022, showing a strong increase due to the acquisition of ING's retail banking business at the end of 2021. Bank99 offers a focused portfolio of financial products and services, such as current accounts, loans, housing loans and fund and savings products. G 21 T 06

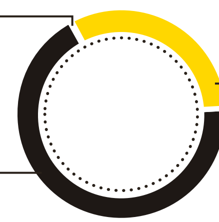
G 20 Parcel Revenue by Division 2022

in %



G 21 Retail & Bank Division 2022

in %



T 06 Development of Revenue in the Retail & Bank Division

EUR m	2020[1]	2021	2022	Change %	Change EUR m
Revenue	**67.4**	**74.7**	**122.5**	**64.0**	**47.8**
Branch Services	44.8	41.8	39.5	–5.4	–2.3
Result from Financial Services	22.6	32.9	83.0	>100	50.1
Other	0.1	0.1	0.1	8.4	0.0
Revenue intra-Group	183.4	186.3	192.1	3.1	5.8
Total revenue	**250.8**	**261.0**	**314.6**	**20.5**	**53.6**
thereof revenue with third parties	67.3	74.4	122.1	64.2	47.7

[1] The presentation of financial services in the consolidated income statement has been adjusted. Income from financial services is recognised under revenue, while expenses for financial services are recorded separately (previously, income and expenses from financial services were shown in net terms under revenue).

T 07 **Financial Performance of the Group**

EUR m	2020[1]	2021	2022	Change %	Change EUR m
Revenue	**2,192.0**	**2,519.6**	**2,522.0**	**0.1**	**2.4**
Other operating income	64.1	95.2	107.3	12.7	12.1
Raw materials, consumables and services used	–596.2	–715.7	–750.1	–4.8	–34.4
Expenses for financial services	–2.8	–5.4	–11.3	<–100	–5.9
Staff costs	–1,041.4	–1,160.1	–1,144.2	1.4	15.9
Other operating expenses	–314.4	–363.8	–352.3	3.2	11.5
Results from financial assets accounted for using the equity method	1.5	0.6	–0.3	<–100	–1.0
Net monetary gain	0.0	0.0	1.8	>100	1.8
EBITDA	**302.8**	**370.4**	**372.7**	**0.6**	**2.4**
Depreciation and amortisation	–139.8	–159.6	–181.6	–13.8	–22.0
Impairment losses	–2.3	–6.1	–2.7	55.3	3.3
EBIT	**160.6**	**204.7**	**188.4**	**–8.0**	**–16.3**
Financial result	1.4	11.7	–24.7	<–100	–36.4
Earnings before tax	**162.1**	**216.4**	**163.7**	**–24.4**	**–52.7**
Income tax	–46.8	–58.0	–35.6	38.7	22.5
Profit for the period	**115.3**	**158.4**	**128.1**	**–19.1**	**–30.3**
Attributable to:					
Shareholders of the parent company	118.3	152.3	125.7	–17.5	–26.6
Non-controlling interests	–3.0	6.1	2.5	–59.6	–3.7
Earnings per share (EUR)[2]	**1.75**	**2.25**	**1.86**	**–17.5**	**–0.39**

[1] The presentation of financial services in the consolidated income statement has been adjusted. Income from financial services is recognised under revenue, while expenses for financial services are recorded separately (previously, income and expenses from financial services were shown in net terms under revenue).
[2] Undiluted earnings per share in relation to 67,552,638 shares

2.2.2 Earnings Development

The Group's earnings were driven by stable revenue and higher expenses in 2022. The structure of expenses of Austrian Post is characterised by a high share of staff costs. Accordingly, 46.9% of total operating expenses incurred by Austrian Post in 2022 were accounted for staff costs. The second largest expense item, at 30.7%, was the cost of raw materials, consumables and services used, which largely includes outsourced transport services. Furthermore, 14.4% could be attributed to other operating expenses and 7.5% to writedowns. Expenses for financial services account for 0.5% of total operating expenses. G 22

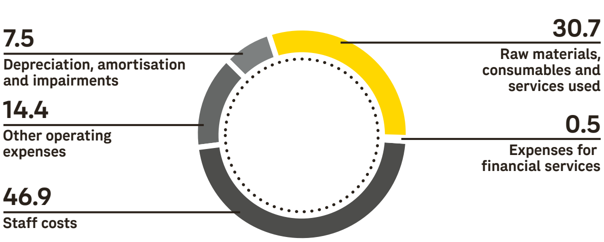
Staff costs in the 2022 financial year amounted to EUR 1,144.2m, down by 1.4% or EUR 15.9m.

Operating staff costs increased compared to the previous year, while non-operating staff costs decreased. The Austrian Post Group had an average of 27,132 employees (full-time equivalents) in 2022, compared to an average of 27,275 employees in the same period of the previous year (–0.5%).

Non-operating staff costs relate to severance payments and changes in provisions, which can be attributed primarily to the specific employment situation of civil servant employees. In contrast to 2021, no additional provisions had to be made for this in the 2022 financial year.

G 22 **Structure of Expenses** **2022**

in %



Raw materials, consumables and services used increased by 4.8% to EUR 750.1m in 2022. The increase is due primarily to higher fuel and energy costs, as well as the resulting increase in transport costs for external freight companies. The currency translation of the Turkish lira, which resulted in lower expenses in euros compared to the previous year, had the opposite effect on this item.

Other operating income increased by 12.7% to EUR 107.3m in the 2022 financial year, mainly due to COVID-19 refunds and a positive valuation effect relating to the option liability for the remaining 20% of the shares in Aras Kargo. Other operating expenses fell by 3.2% to EUR 352.3m in the reporting period.

EBITDA in 2022 came to EUR 372.7m, 0.6% above the previous year's level of EUR 370.4m, corresponding to an EBITDA margin of 14.8% in 2022.

Depreciation, amortisation and impairment losses in 2022 were up by 11.3% or EUR 18.7m year-on-year to EUR 184.3m. The increase is mainly due to investments in new parcel logistics infrastructure locations.

Due to the application of the accounting standard IAS 29 (Financial Reporting in Hyperinflationary Economies) for the financial statements of the Turkish subsidiary, all items in the income statement were adjusted using a general price index from the date the income and expenses in question were first recognised in the financial statements. The profit or loss from net monetary items is presented as a separate item in the income statement.

EBIT reached EUR 188.4m in the 2022 financial year, compared to EUR 204.7m in the previous year. The EBIT margin amounted to 7.5%. The option measurement of the remaining 20% stake in the Turkish parcel services provider Aras Kargo and the IAS 29 hyperinflation measurement led to positive one-off effects of EUR 13.6m in EBIT and negative valuation effects of EUR 18.8m in the financial result. G 23

The Group's financial result in 2022 came to minus EUR 24.7m, as against EUR 11.7m in the previous year. After deducting income taxes of EUR 35.6m, the profit for the period in the 2022 financial year was EUR 128.1m, compared to EUR 158.4m in 2021. Basic earnings per share were EUR 1.86 compared to EUR 2.25 in the previous year. G 24 T 07

Due to the current challenging market environment, consolidated EBIT for 2022 decreased from EUR 204.7m to EUR 188.4m (–8.0%). In particular, the earnings contribution made by the Turkish parcel business decreased in the 2022 financial year due to volume consolidation, inflation and currency pressure after an extremely successful 2021.

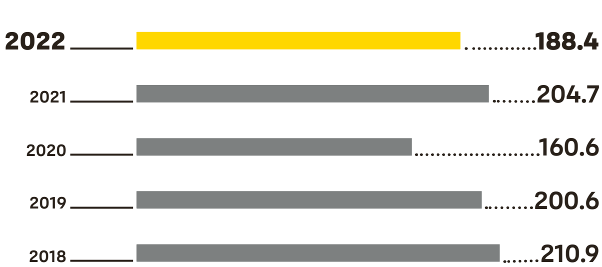
In terms of divisional result, the Mail Division achieved EBIT of EUR 157.6m as against EUR 155.2m in the previous year. The positive revenue trend, bolstered by special effects from one-off mailings, led to this positive contribution to earnings.

The Parcel & Logistics Division generated EBIT of EUR 88.8m in the 2022 financial year, compared to EUR 118.1m in the previous year. This corresponds to a decline of 24.8% and can be attributed to the fact that special logistics services were reduced, as well as to the difficult environment on the Turkish market, where the local subsidiary was able to achieve a reduced but positive result.

The Retail & Bank Division reported EBIT of minus EUR 26.7m in 2022, compared to minus EUR 39.2m in the previous year, meaning that earnings improved by 32.0% or EUR 12.6m. The ramp-up of the financial services business resulting from the takeover of ING's retail banking business in Austria at the end of 2021 had a positive effect. Increased integration and IT expenses counteracted this positive trend.

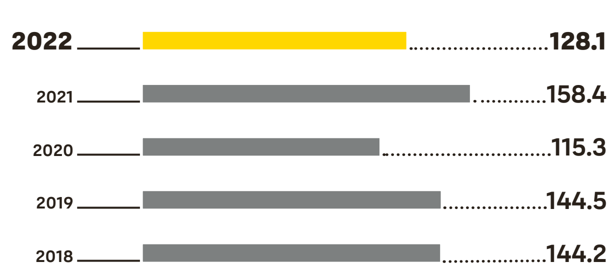
G 23 EBIT

EUR m



G 24 Profit of the Period

EUR m



EBIT in the Corporate Division (incl. Consolidation and the intra-group apportionment procedure) changed from minus EUR 29.4m to minus EUR 31.3m. 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

T 08 EBIT by Division

EUR m	2020	2021	2022	Change %	Change EUR m	Margin 2022[1]
EBIT	**160.6**	**204.7**	**188.4**	**–8.0**	**–16.3**	**7.5%**
Mail	164.4	155.2	157.6	1.6	2.4	12.9%
Parcel & Logistics	73.5	118.1	88.8	–24.8	–29.3	7.3%
Retail & Bank	–43.8	–39.2	–26.7	32.0	12.6	–
Corporate/Consolidation[2]	–33.5	–29.3	–31.3	–6.9	–2.0	–

[1] Margin of the divisions related to total earnings
[2] Also includes the intra-group apportionment procedure

2.3 Assets and Financial Position

T 09 Balance Sheet as at 31 December

Mio EUR	31 Dec. 2020	31 Dec. 2021	31 Dec. 2022	Structure 31 Dec.2022
ASSETS				
Property, plant and equipment	1,137.2	1,206.5	1,333.6	24.8%
Intangible assets and goodwill	158.3	143.8	161.5	3.0%
Investment property	74.4	76.3	84.2	1.6%
Financial assets accounted for using the equity method	11.4	8.2	7.2	0.1%
Inventories, trade and other receivables	484.6	519.1	545.9	10.1%
Other financial assets	116.1	37.0	71.6	1.3%
thereof securities/money market investments	110.6	31.4	65.3	–
Financial assets from financial services	589.5	2,715.8	3,125.1	58.0%
Cash and cash equivalents	108.2	85.8	54.8	1.0%
Assets held for sale	0.5	0.1	0.0	0.0%
	2,680.2	**4,792.6**	**5,383.9**	**100%**
EQUITY AND LIABILITIES				
Equity	655.0	672.2	710.4	13.2%
Provisions	632.5	687.9	627.5	11.7%
Other financial liabilities	351.6	404.4	580.1	10.8%
Trade and other payables	508.2	484.6	500.3	9.3%
Financial liabilities from financial services	532.9	2,543.5	2,965.6	55.1%
	2,680.2	**4,792.6**	**5,383.9**	**100%**

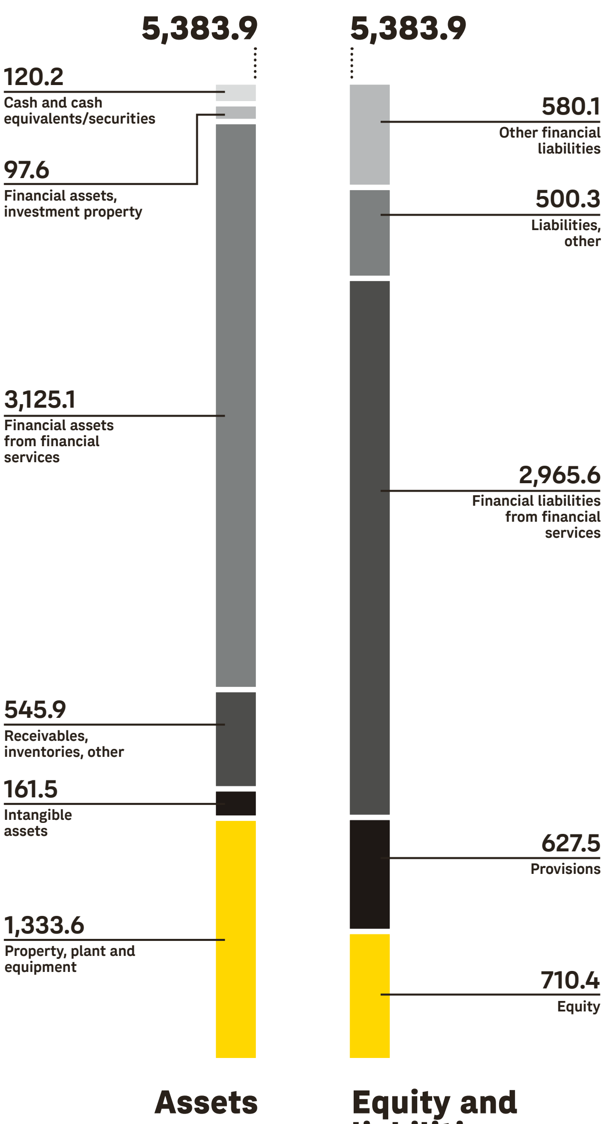
2.3.1 Balance Sheet Structure

Austrian Post's total assets of EUR 5.4bn as at 31 December 2022 have expanded significantly since the inclusion of bank99 in 2020. On the assets side, the consolidated balance sheet as at 31 December 2022 showed cash and cash equivalents of bank99 amounting to EUR 0.9bn and loans of bank99 amounting to EUR 1.6bn, while on the liabilities side, the consolidated balance sheet includes customer deposits of bank99 amounting to EUR 2.8bn.

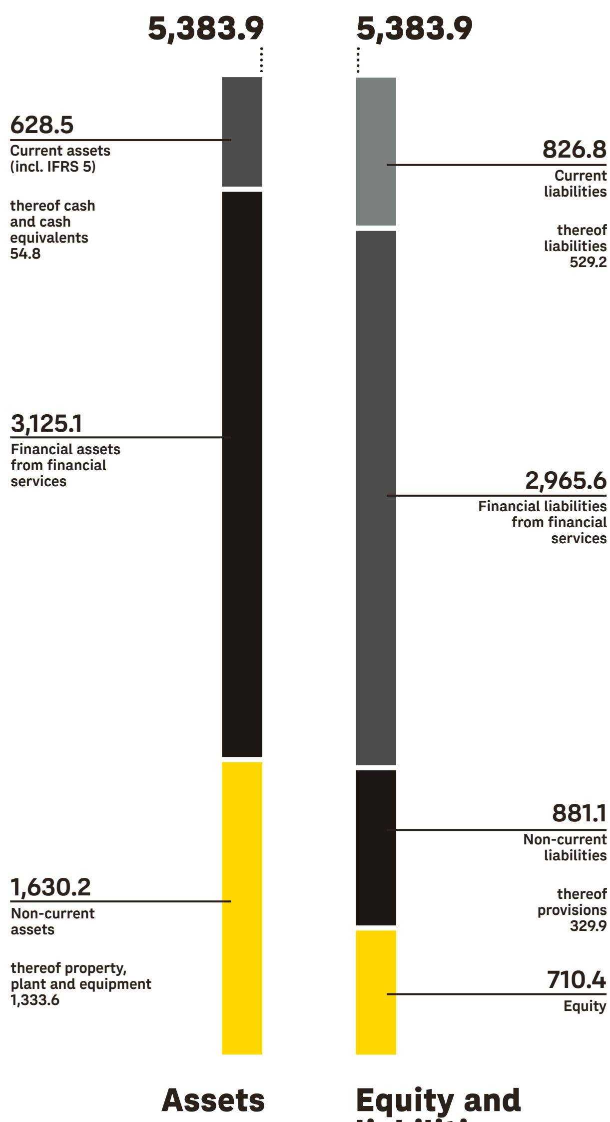
Including bank99, the balance sheet is as follows: property, plant and equipment of EUR 1,333.6m was one of the largest balance sheet items and included right-of-use assets under leases of EUR 403.0m. In addition, there were intangible assets and goodwill from business combinations, which are reported in the amount of EUR 161.5m as at 31 December 2022. The balance sheet shows receivables of EUR 390.0m, which include current trade receivables of EUR 298.7m. Other financial assets amounted to EUR 71.6m as at 31 December 2022. Financial assets from financial services amounted to EUR 3,125.1m at the end of 2022 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 65.3m at the end of the year

G 25 **Balance Sheet Structure by Item 2022**
EUR m



G 26 **Balance Sheet Structure by Maturity 2022**
EUR m



(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 54.8m as at 31 December 2022. Cash and cash equivalents including money market and securities investments and excluding cash and cash equivalents of bank99 amounted to EUR 120.2m as at 31 December 2022. bank99's cash and cash equivalents amounted to EUR 875.8m at the end of 2022. Including bank99, cash and cash equivalents amounted to EUR 995.9m as at 31 December 2022.

On the equity and liabilities side of the balance sheet, the equity of the Austrian Post Group amounted to EUR 710.4m as at 31 December 2022 (equity ratio of 13.2%). The pro forma equity ratio, taking into account bank99 using the equity method, came to 30% at the end of December 2022. Furthermore, provisions of EUR 627.5m are shown on the equity and liabilities side as at 31 December 2022. Around 75% of the provisions were staff-related provisions, with EUR 174.6m attributable to provisions for underutilisation. A further EUR 178.1m relates to legally and contractually required provisions for social capital (severance payments and anniversary bonuses) and EUR 100.1m to other staff-related provisions. Other provisions amounted to EUR 174.6m and included obligations for possible compensation payments in connection with credited recovery claims from non-wage labour costs paid in previous periods. In total, 43% of the provisions at Austrian Post have a maturity of more than three years, 10% of more than one year. 47% of the provisions are current provisions with a maturity of less than one year. Other financial liabilities amounted to EUR 580.1m and included non-current lease liabilities of EUR 338.2m. As at 31 December 2022, trade and other payables (incl. contractual and tax liabilities) of EUR 500.3m included current trade payables of EUR 249.7m. Financial liabilities from financial services amounting to EUR 2,965.6m result mainly from the business activities of bank99 (deposit and investment business of bank99's customers). G 25 T 09

The analysis of the balance sheet structure by maturity shows that 30% of total assets, or EUR 1,630.2m, are accounted for by non-current assets. At EUR 1,333.6m, property, plant and equipment plays a significant role within non-current assets. Financial assets from financial services account for 58% of total assets, or EUR 3,125.1m. This item mainly includes cash and cash equivalents and balances with central banks, as well as receivables from customers. The largest items in current assets, which account for 12% or EUR 628.5m, include trade and other receivables of EUR 378.9m and cash and cash equivalents of EUR 54.8m.

On the equity and liabilities side, total assets are made up of equity (13%), non-current liabilities (16%), financial liabilities from financial services (55%) and current liabilities (15%). Non-current liabilities in the amount of EUR 881.1m primarily include provisions in total of EUR 329.9m and other financial liabilities in the amount of EUR 488.2m. Financial liabilities from financial services of EUR 2,965.6m include liabilities to customers of EUR 2,847.6m. Current liabilities in the amount of EUR 826.8m are dominated by EUR 529.2m in liabilities and provisions in the amount of EUR 297.6m. G 26

2.3.2 Cash Flow

Cash flow from earnings amounted to EUR 330.6m in the 2022 financial year, compared with EUR 442.4m in 2021. At minus EUR 80.0m, cash flow from operating activities was below the previous year's figure of EUR 493.3m. The biggest effects here can be traced back to changes in the core banking assets of bank99 amounting to minus EUR 334.3m, as against EUR 193.2m in the same period of the previous year. The change in core banking assets in the current reporting period includes, among other things, the purchase of government bonds in the amount of EUR 479m. 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 the deposit and investment business of bank99. Cash flow from operating activities excluding core banking assets amounted to EUR 254.3m in the 2022 financial year.

Cash flow from investing activities amounted to minus EUR 190.4m in 2022 as against EUR 255.1m in the previous year. Expenses for the acquisition of property, plant and equipment and investment property (CAPEX) amounted to EUR 151.8m in the reporting period.

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 the financial year. Operating free cash flow, excluding the change in core banking assets, amounted to EUR 183.1m in the current reporting period, compared to EUR 217.9m in the previous year, putting it at a solid level.

Cash flow from financing activities came in at minus EUR 90.3m in 2022 as against minus EUR 123.3m in the previous year and mainly included distributions of minus EUR 136.3m. T10

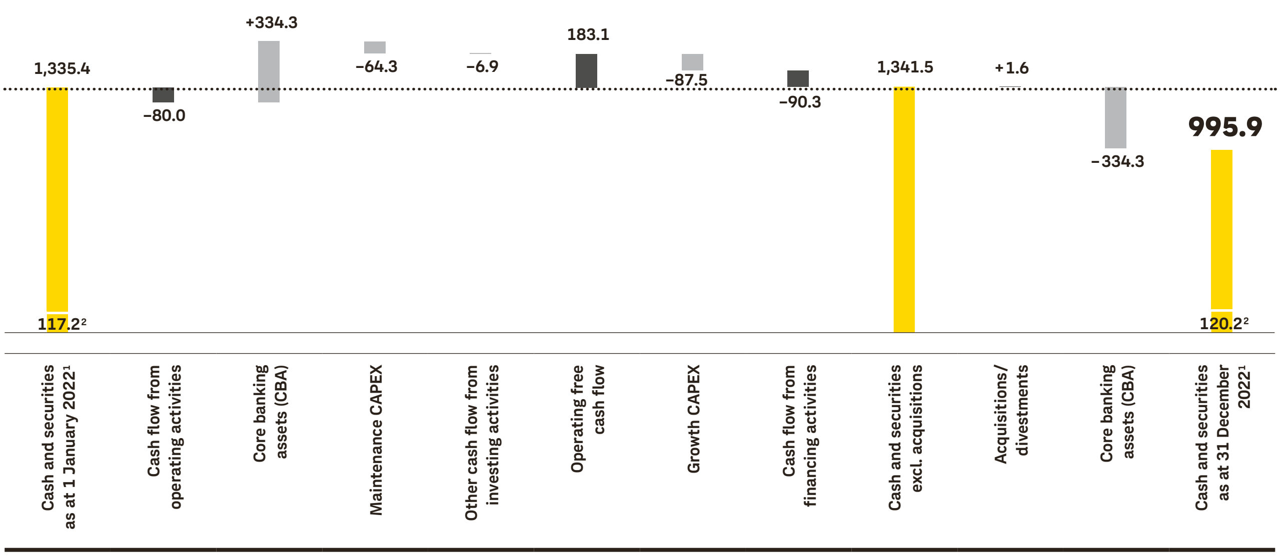
T10 Cashflow

EUR m	2020[1]	2021	2022
Gross cash flow	328.3	442.4	330.6
Cash flow from operating activities	**732.6**	**493.3**	**-80.0**
Thereof core banking assets from financial services business (CBA)	522.2	193.2	-334.3
Cash flow from operating activities excl. CBA	**210.4**	**300.1**	**254.3**
Cash flow from investing activities	7.0	255.1	-190.4
thereof maintenance CAPEX	-67.8	-81.2	-64.3
thereof growth CAPEX	-75.5	-80.1	-87.5
thereof cash flow from acquisitions/divestments	37.0	337.4	1.6
thereof acquisition/disposal of securities/money market investments	130.2	80.0	-33.3
thereof other cash flow from investing activities	-16.9	-1.0	-6.9
Free cash flow	739.6	748.4	-270.3
Operating free cash flow[2]	**125.7**	**217.9**	**183.1**
Cash flow from financing activities	-153.1	-123.3	-90.3
thereof dividends	-141.2	-120.0	-136.3
Change in cash and cash equivalents	583.6	617.0	-373.5

[1] The presentation of the provision of financial services has been adjusted. Interest related to the provision of financial services is reported separately in cash flow from operating activities.
[2] Free cash flow before acquisitions/securities/money market investments, growth CAPEX and core banking assets

G 27 **Cash Flow Development** **2022**

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

The analysis of the development of cash, securities and money market investments in 2022 shows the following picture: as at 1 January 2022, Austrian Post's cash and cash equivalents amounted to EUR 1,335.4m; excluding cash and cash equivalents relating to bank99, the portfolio would come to EUR 117.2m. In 2022, cash flow generated from operating activities amounted to minus EUR 80m. Including core banking assets of EUR 334.3m and payments for maintenance CAPEX of EUR 64.3m in the 2022 financial year, the operating free cash flow amounts to EUR 183.1m. The planned dividend payment for the 2022 financial year of EUR 118.2m (proposal to be made to the Annual General Meeting on 20 April 2023) can be covered by the operating free cash flow in full. After taking into account the growth CAPEX of EUR 87.5m and the cash flow from financing activities, as well as the acquisitions and divestments, cash and cash equivalents as at 31 December 2022 amounted to EUR 995.9m after deducting the core banking assets. Cash and cash equivalents, including money market and securities investments, excluding the cash and cash equivalents of bank99, amounted to EUR 120.2m as at 31 December 2022. G 27

2.3.3 Dept

The Austrian Post Group reported net debt of EUR 655.9m at the end of 2022. Excluding leases (IFRS 16), the value as at 31 December 2022 was EUR 256.0m. Leases are material in the Austrian Post Group due to the structure of the company. Austrian Post mainly leases land and buildings with rights of use amounting to EUR 394.6m as at 31 December 2022, which mainly have a useful life of 5 to 15 years. After deducting non-current provisions, the Group's net financial liquidity amounts to EUR 60.5m. The majority of non-current provisions have a term of more than three years.

As these indicators are only relevant for the logistics business, the detailed calculations in the following table are presented without the company bank99: Net debt amounted to EUR 835.4m as at 31 December 2022. Excluding leases (IFRS 16), net debt came to EUR 447.7m, or EUR 131.6m excluding non-current provisions. T 11

T 11 Net Debt

EUR m	31 Dec. 2020	31 Dec. 2021	31 Dec. 2022 (Group excl. bank99[1])	31 Dec. 2022 (Group)
+ Other financial liabilities excl. IFRS 16	30.1	70.7	180.2	
+ IFRS 16 liabilities	317.5	319.9	387.7	
+ Interest-bearing liabilities	11.7	11.7	58.7	
+ Non-current interest-bearing provisions	347.0	366.3	316.1	
+ Current interest-bearing provisions	30.7	38.1	37.5	
Interest-bearing debt	**737.0**	**806.6**	**980.2**	
– Other non-current financial assets	-5.4	-5.6	-6.2	
– Other current financial assets	-110.6	-31.4	-65.3	
– Interest-bearing receivables	-10.2	-20.4	-18.4	
– Cash and cash equivalents	-108.2	-85.8	-54.8	
Interest-bearing assets	**–234.5**	**–143.2**	**–144.8**	
– Assets held for sale	-0.5	-0.1	0.0	
Net debt	**502.0**	**663.4**	**835.4**	**655.9**
– IFRS 16 liabilities	-317.5	-319.9	-387.7	
Net debt excl. IFRS 16	**184.5**	**343.5**	**447.7**	**256.0**
– Non-current interest-bearing provisions	-347.0	-366.3	-316.1	
Net liquidity (–)/net debt (+) excl. IFRS 16 and provisions	**–162.5**	**–22.7**	**131.6**	**–60.5**

[1] bank99 was not included in the calculations as the content of these indicators is only relevant for the logistics business.

T 12 Financial Debt

EUR m	31 Dec. 2020 (Group[1])	31 Dec. 2021 (Group[1])	31 Dec. 2022 (Group[1])
+ Other financial liabilities excl. IFRS 16	30.1	70.7	180.2
– Cash and cash equivalents, securities and money market investments	-218.9	-117.2	-120.2
Financial liquidity (–)/financial debt (+) excl. IFRS 16	**–188.7**	**–46.5**	**60.0**
Ratio financial debt excl. IFRS 16/EBITDA[2]	**–**	**–**	**0.2**

[1] The item shown do not include any values for bank99.
[2] As financial liquidity is reported in the years 2020 and 2021, this indicator is not included in this year's report due to its limited informational value.

The low level of debt is particularly evident when looking at the pure financial debt of the Austrian Post Group. This amounted to EUR 60.0m as at 31 December 2022. The Group holds loans totalling EUR 150m with a maturity of 5 to 7 years that will have to be refinanced in 2027 (EUR 100m) and 2029 (EUR 50m). On the other hand, the Group also holds conservative bonds and money market investments.

The change in the debt level in recent years is due to the extensive investment programme of the logistics division in Austria. Its aim is to nearly triple sorting capacity in response to rising parcel volumes. During the period from 2018 to 2022, more than EUR 380m was invested in growth CAPEX.

The ratio of financial debt to EBITDA as at 31 December 2022 is 0.2. This aim is for debt not to exceed 1.0 × EBITDA.

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 expenditure in the 2022 financial year totalled EUR 310.0m, of which EUR 138.1m was attributable to rights of use (IFRS 16 Leases) and EUR 171.8m to traditional core investments.

Viewed by category, the investment total is distributed as follows:

Other equipment, furniture and fittings constituted 18.4% 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. Land/buildings and investment property constituted 49.6% in the reporting period, while payments received in advance and assets under construction constituted 20.2% of the capex programme, primarily for the parcel expansion programme and delivery vehicles. In addition, 5.8% can be attributed to technical equipment and machinery in the logistics centres. Intangible assets constituted 6.0%.

The lion's share of capital expenditure was made in the parcels segment in connection with the capacity programme to expand the logistics infrastructure.

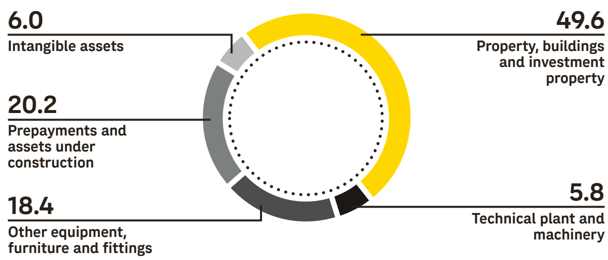
A detailed profitability assessment is carried out for investments in both new as well as replacement assets. Investments in replacement assets are made if either the newer technology enables increased productivity achieving an ongoing reduction in costs for the company's own or external staff or in 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.

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 1.5m in 2022. 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.

G 28 **Investments by Category — 2022**
in %



2.4 Value-based Key Performance Indicators

2.4.1 Capital Employed

The capital employed of the Austrian Post Group increased from EUR 1,126.9m in the previous year to EUR 1,310.9m as at 31 December 2022. The company bank99 was not included here as the content of these indicators is only relevant for the logistics business. The change is due to a disproportionate increase in non-interest-bearing assets compared to non-interest-bearing debt. T 13

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.

2.4.2 Ratios

The EBITDA margin of Austrian Post increased from 14.7% in 2021 to 14.8% in 2022. The EBIT margin came to 8.1% in 2021 and fell to 7.5% in 2022. The return on equity changed from 29.5% to 23.9% in the 2022 financial year. The return on capital employed in the 2022 financial year amounted to 16.7%, compared to 21.0% in the previous year. T 14

T 13 Capital Employed

EUR m	31 Dec. 2020[1]	31 Dec. 2021[1]	31 Dec. 2022[1]
+ Property, plant and equipment, intangible assets and goodwill	1,277.6	1,313.5	1,450.8
+ Investment property	74.4	76.3	84.2
+ Financial assets accounted for using the equity method	11.4	8.2	7.2
+ Inventories	15.5	16.5	21.2
+ Trade and other receivables and tax assets[2]	415.2	432.8	482.3
– Non interest-bearing debt	–741.0	–720.4	–734.6
Capital employed	**1,053.1**	**1,126.9**	**1,310.9**

[1] bank99 was not included in the calculations as the content of these indicators is only relevant for the logistics business.
[2] Less interest-bearing receivables

T 14 Ratios

in %	2020	2021	2022
EBITDA margin[1]	13.8	14.7	14.8
EBIT margin[2]	7.3	8.1	7.5
ROE[3]	20.6	29.5	23.9
ROCE[4]	19.4	21.0	16.7

[1] EBITDA margin = EBITDA/revenue
[2] EBIT margin = EBIT/revenue
[3] Return on equity = Profit for the period/(equity on 1 January less 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 2022 was 27,132 full-time equivalents. This corresponds to a decrease of 144 full-time equivalents compared to the previous year. The majority of the Group's employees work for Österreichische Post AG (a total of 17,149 full-time equivalents). T 15

T 15 Average for the period in full-time equivalents

	2020	2021	2022	Share in 2022
Mail	865	886	882	3.3%
Parcel & Logistics	4,829	9,003	9,050	33.4%
Retail & Bank	2,077	1,970	2,057	7.6%
Corporate	1,724	2,012	2,162	8.0%
Operating divisions	**9,494**	**13,872**	**14,151**	**52.2%**
Logistics Network	13,472	13,404	12,981	47.8%
Group	**22,966**	**27,275**	**27,132**	**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, sustainability requirements and changing life-styles 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 based on internal research and development measures. The investments and innovations include not only expanded and improved services, but also expansion and improvement measures for the logistical backbone made up of the company's 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. The 2022 financial year was once again characterised by challenging overall conditions for Austrian Post. A research and innovation model that is ideally suited to the needs of Austrian Post, while proving efficient at the same time, is becoming even more important in this context.

Combining central management of innovation activities with decentralised innovation teams working in different business areas of Austrian Post remains a successful approach. Austrian Post's central innovation management team spurs innovation in every area of the company by identifying market requirements and future trends at an early stage and launching initiatives in response. The "Partner Screening" process was established in the central innovation department to ensure that we take a targeted and efficient approach to selecting which partnerships to enter into. In line with a defined roadmap, ideal partners and companies are identified as part of a GATE process for search fields defined with the business areas. Another new feature, our landing page for potential partners, gives start-ups and entrepreneurs another way to enter into a dialogue with Austrian Post.

Thanks to regular networking at events, as well as internal and external programmes, Austrian Post benefits from numerous external partnerships, such as its participation in the VERBUND Accelerator Programme 2022, which resulted in a pilot project for "electric vehicle battery management" between Austrian Post's fleet management team and a Finnish start-up. Another example involves networking with other postal companies operating in a similar market environment as part of the "Postal Innovation Platform" – a partnership that was stepped up in 2022. One example of an internal initiative is the pilot project for an ideas platform focusing on incremental innovation at the logistics centres in Vienna, where Austrian Post colleagues can contribute ideas for solutions to everyday problems in the workplace and, if they wish, also implement them independently during "innovation time". Austrian Post identifies market requirements and future trends in a timely manner and launches initiatives in response. This allows Austrian Post to strengthen its long-term competitive position and drive innovation forward in the industry.

Austrian Post also has long-standing partnerships with reputable Austrian universities, universities of applied sciences and other research facilities. Key partners include the Austrian Research Promotion Agency, the Climate and Energy Fund and the Rail Infrastructure Service Society (Schieneninfrastruktur-Dienstleistungsgesellschaft). The objective of the partnership is to further intensify the focus on innovation and develop products and services that are based on sound scientific research findings. To ensure that the best possible coordination between research topics and numerous research partners, a central platform was set up for partnerships in the field of research. 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. Addressing the current topic "New Work – is everything different in the here and NOW!?", the research question as to "How has advertising behaviour changed due to the influencing factors in the New Normal?" is being examined. Six universities and universities of applied sciences are involved in developing new concepts with ten of Austrian Post's customers. 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 its customers with fresh insights which will strengthen 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 2022 financial year. With the relaunch of the Aktionsfinder app, for example, it is now even easier for customers to find offers that are relevant to them. Saving money is made easy and effective with new filter functions and the option of saving favourites or creating optimised shopping lists. Companies can place advertisements on the Aktionsfinder app that the target group is genuinely interested in.

While a number of projects are initiated and handled in the product management teams within the divisions, end customer services are developed centrally to ensure service leadership. The aim is to use the latest technologies to improve core services and to create and explore 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 Post app, which was rolled out in 2022, is proving particularly popular with users.

All of the requirements for the "in-home delivery" innovation project have already been developed. "In-home delivery" is a new and innovative approach to deliveries which will allow staff to deliver parcels inside the homes of our customers.

As far as stamps are concerned, measures were taken in 2022 to make the collection of digital stamps even more fun with crypto stamp art (CSA). This new product category focuses on collecting NFTs, with the physical product following the digital one. The limited edition of the "CSA Mystery Boxxx" featuring non-fungible tokens (NFT) designed by international artists was available for purchase.

Another première was marked by the crypto stamp innovation project, with the stamp appearing in two countries simultaneously for the first time in cooperation with PostNL. In the latest iteration of the Blockchain stamp, a popular collector's motif, the bull, comes to life thanks to augmented reality. The motif and design of the new crypto stamp was presented exclusively in September 2022 at the Decentraland metaverse – the crypto stamp HQ. A digital gallery in the metaverse also allows a virtual tour of crypto stamp issues since 2019.

There was also further innovation in the field of conventional stamps. The recycled "postman's shirt" transforms a former piece of laundry into a stamp in which the blue fibres of the original shirts are still clearly visible. Customers can use Austrian Post's new "Post Card Studio" (Post KartenStudio) to design and send high-quality greeting cards for various occasions – including the ability to choose the paper and the envelope. Austrian Post was responsible for printing, enveloping and mailing these greeting cards.

The Mail Division of Austrian Post continued with its systematic innovation journey in 2022, too. One focal topic last year was advertising, where key digitalised advertising aspects were emphasised to underline Austrian Post's significance as a comprehensive provider on the advertising market. One innovation in this area was the fact that the digital-out-of-home (DOOH) advertising offering, which was expanded this year to a total of 43 screens in further locations, can now be booked by customers as part of a programme. This reduces lead times for customer campaigns and opens up new targeting possibilities to reduce advertising wastage.

Austrian Post is breaking new ground when it comes to combining digital and physical advertising channels. While flyers exploit the advantages of printed media – long-term attention and the possibility of passing the flyer on to others, the comparison platform at Juuhu.at makes it possible to bundle millions of products and offers from the largest major e-commerce providers under one umbrella.

This allows companies to reduce wastage through improved targeting or react quickly to the latest market developments thanks to shorter campaign lead times. The comprehensive market overview helps customers to save money.

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.

As of 1 January 2023, for example, the Info.Post Collect product will combine the delivery of flyers with a digital component for advertising customers. Ad impressions amounting to 10% of physical circulation are shown as programmed online banners that redirect customers to the digital version of the flyer. Physical reach is extended by a digital one, enabling efficient retail marketing.

The “EinfachWerben Print” and “EinfachWerben Banner” applications offer customers easy access so that they can design, produce, display and send out advertising campaigns and mailings themselves. 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.

The Business Solutions segment is the leading provider of innovative, physical and digital business process solutions. Following the merger of the subsidiaries D2D, EMD, Scanpoint and sendhybrid under the new Post Business Solutions brand name, business customers are offered the full potential of efficient business solutions in the areas of business process outsourcing, input and output management, document logistics services and digital information process automation.

As part of an ideas competition on the topic of Robotic Process Automation (RPA), the RPA Challenge, we spent last year on the lookout for new, internal use cases that use automation to boost the efficiency of internal processes and also serve as a practical example for our customers. 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, especially in times of major change. One particular focus is on supporting companies that are relying increasingly on flexible forms of work – such as working from home, hybrid working or four-day weeks. With its flexible solutions, Post Business Solutions is now forging ahead with the “new normal” in the office, on the road or while working from home and is supporting Austrian companies – from SMEs to large enterprises – in the increasing digitisation and optimisation of document-based business processes. With the digital inbox, EinfachBrief, e-salary slip, hybridSign, as well as invoice entry and Mailroom Invoice services, Austrian Post’s business customers have digital solutions at their disposal that provide optimum support for flexible and hybrid working.

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 or sustainable packaging and return solutions. A milestone in the history of postal system logistics is the investment in a robot-based AutoStore facility that sets new benchmarks in terms of efficiency, flexibility and sustainability. Thanks to this forward-looking innovation, e-commerce customers receive the best possible support to help them rise to future challenges. Furthermore, Austrian Post’s system logistics arm is investing in the implementation of new picking and warehouse management technologies. By way of example, intelligent picking gloves were introduced to enable employees responsible for picking to work more efficiently, safely and ergonomically. The switch to a new warehouse management system will also support and further advance operational order processing.

Together with ACL advanced commerce labs, customers have a perfect partner on hand to help them expand and extend their logistics value chain. This enables the Logistics Solutions area 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. For example, ACL is working on continuous automation and process improvement in its Customer Care Centre. As part of a current research project, the influence of algorithmic and AI-supported speech recognition methods on ticket categorisation and automatic response options is being analysed. 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.

Post Wertlogistik GmbH handles cash logistics for all well-known banks, retail companies and ATM operators and relies fully on digitalisation in these activities. Examples include cash forecasting, which optimises route planning with the help of predictive analytics, reducing journeys to be greatest extent possible by processing a dynamic data set (season, day of the week, weather, events, etc.). This saves customers money, and saves society emissions. Post Wertlogistik is also a front-runner in digital solutions for physical security; for example, with geofencing, the automation of vehicle testing or Safe Haven via GPS tracking for vehicle stops. The “Cash24” deposit safe digitises cash for customers. The daily cash receipts deposited are credited daily to the reference account stored in the system.

In the area of processes and procedures, a major focus of research and development is strengthening sustainability. In this context, Austrian Post is making ongoing investments in measures to improve carbon-neutral and pollution-free delivery. As part of a field trial in Graz, fine particulate matter was filtered out of the air thanks to suction fans installed in delivery vehicles. This allows Austrian Post not only to score points with emission-free electric delivery vehicles, but also to make an active contribution to improving air quality.

The "GreenPack" project – which introduces a sustainable and reusable packaging solution – also made further advances in 2022 together with the research partner, the University of Applied Sciences in Upper Austria. In a six-month pilot test, selected products from project partners dm, INTERSPORT, Interspar Weinwelt, Tchibo and Thalia were shipped using reusable packaging. In addition to the positive market response, one particularly encouraging aspect is the fact that this project has received numerous awards, including the "Smart Packaging 2022" state prize awarded by the Austrian Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology and the Federal Ministry of Energy and Economic Affairs in the "Innovation" category, as well as the "VCÖ Mobility Award 2022". As part of an open innovation process, customers were involved in the "Re:Postboxing" project, which asked them to come up with ideas and suggestions for the reusable shipping packaging solutions of tomorrow. These findings were combined with the results of the pilot tests and bundled to create a marketable product to be launched in spring 2023.

The opening of two new logistics centres – in Allhaming in Upper Austria and in Vomp in Tyrol – will contribute to the necessary upgrading to reflect increasing parcel volumes. The utmost attention was paid to meeting the very highest standards of environmental sustainability – maximising the use of biodiverse green spaces. The systematic use of available building space for photovoltaic systems further supports the path towards more green electricity and self-sufficiency in terms of energy.

Austrian Post is always on the lookout for optimisation opportunities in order to make a significant contribution to reducing carbon and noise emissions in urban areas. For example, it won the tender for the "Öffi-Packerl" project initiated by the City of Vienna, in which users are to transport parcels between pick-up stations on the routes covered by the Viennese public transport network. The joint pilot project is to evaluate possible effects in terms of practicability and savings.

Austrian Post consistently seeks out funding opportunities for innovation and investment. The funding management unit within the CSR & Environmental Management department advises and supports all the areas concerned and also coordinates the research tax credits.

In this area, the COVID-19 investment premium from Austria Wirtschaftsservice GmbH (AWS) continued to play a major role, and in 2022 it was possible to settle almost all of the subsidy applications of the subsidiaries and to complete the partial settlement process for the Österreichische Post AG application. The associated funding is expected to be disbursed in 2023, with the majority ear-marked for investments related to green processes and digitalisation.

In order to promote Austrian Post's research activities, the company is constantly looking to identify funding opportunities for individual projects. The support and knowhow of the Climate and Energy Fund, the Austrian Research Promotion Agency (FFG) and other government funding bodies enables us to implement projects featuring a high level of research and innovation and/or relevance to environmental protection.

The objective of various projects is to further expand climatefriendly mobility solutions in the form of e-vehicle fleets and alternative delivery solutions. One example is the "Öffi-Packerl" project mentioned above, in which the consortium has set itself the objective of testing the collection of packages by public transport passengers between different drop-off points. In addition, the "GreenPack" project, which is funded by the packaging coordination agency VKS, is attempting to establish an approach to packaging material in delivery that does more to conserve resources. Other projects have a research focus and are subsidised by funding from the Austrian Research Promotion Agency (FFG). These include the "QuanTD" project which is using an algorithm to assess the quality of data sets and the "Green Diversity Linz" pilot project, which is developing potential innovative greening technologies for the construction project at Linz railway station. A large number of projects are funded by the Austrian Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology through the funding bodies Kommunalcredit Public Consulting (KPC) and Schieneninfrastruktur-Dienstleistungsgesellschaft mbH (SCHIG).

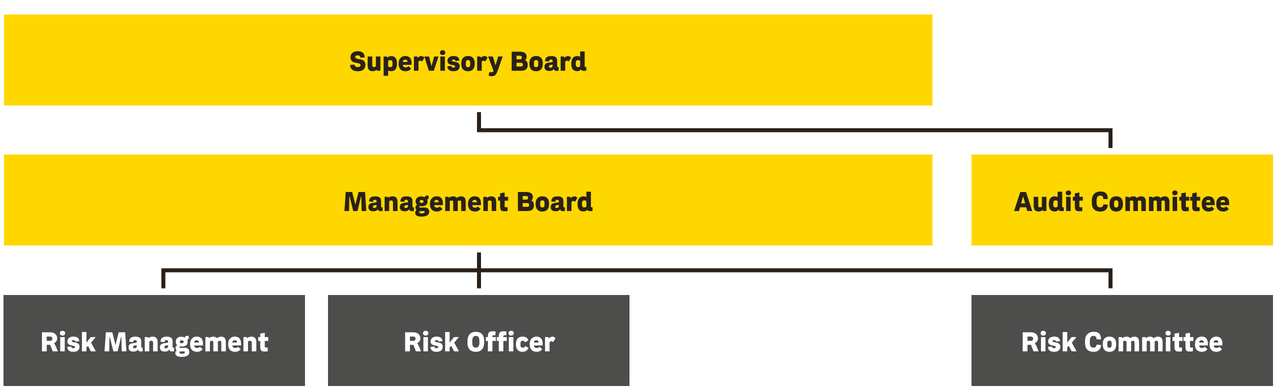
The above-mentioned projects provide a selection, but not an exhaustive list, of research projects.

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 CO-SO 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

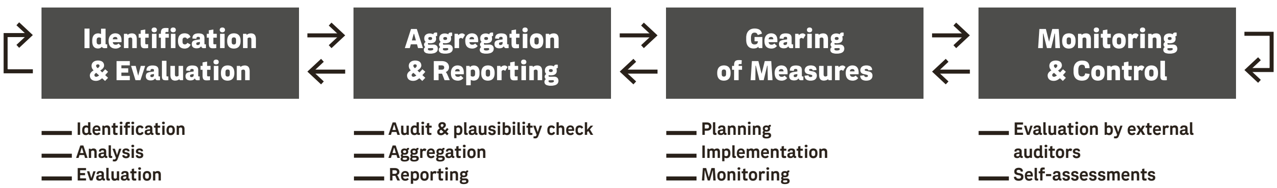


Austrian Post's risk policy focuses on safeguarding and sustainably increasing enterprise value and is incorporated into the corporate and sustainability strategy.

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 safeguarding 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 Main Opportunities and Risks

Austrian Post's opportunities and risks result from the overall risk environment and from the trends and changes that the company is exposed to or confronted with. We have identified significant opportunities and risks in the following business areas:

4.2.1 Environmental, Social and Governance (ESG)

Austrian Post has been pursuing sustainability objectives for more than 10 years now. This is reflected in the integrated Group and sustainability strategy. ESG issues are a top priority, which is why Austrian Post welcomes and supports climate and environmental protection measures. In order to take account of the increased focus on sustainability, Austrian Post has paid particular attention to ESG opportunities and risks in its risk management system by further developing the system to create an integrated risk management system.

For a detailed list of ESG opportunities and risks, as well as measures to exploit these opportunities or reduce risks, please refer to the 2022 Sustainability Report.

4.2.2 Mail Market

Austrian Post is continually expanding its range of services in the mail segment to include various additional physical and electronic services, and is adapting its product portfolio in the Mail Division to meet the needs of its customers. These adjustments to the product and service portfolio are complemented by pricing measures, which creates further potential opportunities. If the adjusted mail portfolio succeeds in slowing down the projected pace of decline, then this slowdown is to be considered an opportunity.

Nevertheless, the trend towards the electronic substitution of letters and especially towards electronic delivery will continue in future. This development could lead to a significant decline in mail volumes and may thus negatively impact earnings.

What is more, 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.

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. Rising paper prices could also be a negative driver. In addition, digital advertising and uncertainties regarding GDPR may reduce physical mailings.

Following the successful exploitation of opportunities in connection with the climate bonus, there is a risk of revenue losses if this part of the Austrian Ecosocial Tax Reform Act is not pursued by the federal government in its current form as planned.

4.2.3 Parcel Market

E-commerce continues to show growth potential, albeit at a more moderate rate than during the pandemic. This opens up opportunities in terms of volume and price development. In the e-commerce segment, 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 delivery quality. Nevertheless, competition remains intense. This can lead to shifts in market share or to price and volume risks. Furthermore, parcel growth is being driven by large online mail order companies that are still growing at a disproportionately fast 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 this customer. Fluctuating fuel costs also have an impact on price development.

4.2.5 Staff Costs And Structure Of Employment Contracts

The business model of Austrian Post is characterised by a high staff cost structure. The current economic situation and the associated inflation carry the risk of steadily increasing staff costs. The tense labour market situation exacerbates this risk even further. 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 can 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. 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. On the other hand, there is an opportunity in the form of positive earnings effects resulting from the increased reduction in provisions due to the age structure, as well as staff optimisation measures.

4.2.5 Logistics And Infrastructure Costs

The shift in mail volumes from letter mail to parcels is resulting in adjustments in the logistics process. There is an opportunity to achieve productivity gains in this area. This opportunity is countered by the 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, coupled with the dramatic rise in fuel costs, the company is exposed to the risk of cost increases. Austrian Post takes this new environment into account in its projections, meaning that a less dramatic increase in costs is to be assessed as an opportunity.

4.2.6 Key Investments

●● **Aras Kargo (Türkiye)** Austrian Post holds an 80% stake in the Turkish parcel services provider Aras Kargo a.s. Due to what is currently a difficult political situation in Türkiye, there is a risk that economic parameters, in particular, could develop to Austrian Post's detriment. The exchange rate and the inflation trend, which was exacerbated further only recently, 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 personnel-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 more intense competition and increased self-delivery by large mail order companies will continue.

●● **bank99 (Austria)** In the future, the development of bank99's revenue and earnings will depend primarily on how interest rates develop. The recent increase in key rates presents an opportunity for bank99's business model. This means, conversely, that adverse developments in interest rates could have a negative impact on earnings. These opportunity and risk aspects could result in the earnings reported by bank99 deviating from Austrian Post's expectations. The ongoing global uncertainty could have an impact on the financial industry and lead to the risk that, in the event of the resolution of a member of the Austrian deposit guarantee scheme (ESA), bank99 would have to make a contribution. 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 extra capital resources.

4.2.7 Financial Instruments

Detailed information on financial instruments and the associated risks and risk management can be found in Note 29.2 of the Notes to the Consolidated Financial Statements.

4.2.8 Overall Legal/Regulatory Conditions

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

As a result, it is impossible to rule out a scenario in which, despite the greatest possible care taken by Austrian Post, other authorities, e.g. tax authorities, supervisory authorities or courts, could take a different legal view, and that this could lead to additional payments, penalties or compensation payments.

4.2.9 It And Other Technical Facilities

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 with associated revenue losses, as well as a loss of reputation and customer defections and additional expenses.

4.2.10 Geopolitical And Economic Environment

There is a risk that the geopolitical and macroeconomic environment will exacerbate existing trends. This means that an established inflation trend could have a negative impact on the risk situation both directly and indirectly through a change in consumption behaviour.

Despite the recent easing of the situation on the energy market, shortages on the energy market are impossible to rule out, especially with a view to next year or next winter, which would represent an additional risk. In such cases, the Austrian Post Group would be indirectly affected, as bottlenecks among customers could lead to production and economic difficulties.

4.3 Overall Assessment of the Group's Opportunity and 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 triggered by the macroeconomic and geopolitical environment is increasing 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 has years of experience in the area of 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 in the area of risk management and internal control system for banks. 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. For the specific area relating to the bank, the internal control system and risk management have been expanded and adapted to meet the specific requirements for 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 sets out the obligation to establish an accounting and internal control system that meets the company's requirements. In particular, the accounting, financial and sustainability reporting processes as well as the up-stream 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 continually monitored by Group Accounting 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 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 these 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 report to 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, especially with regard to 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/investor) 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 risk management and internal control system guidelines 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 are carried out by the Group's Internal Audit department. 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 out-standing 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 06 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 06 August 2020.

Share Buy-Back Programme The Annual General Meeting of Austrian Post held on 21 April 2022 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 running from 1 May 2022 to 31 October 2024, 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 of the Austrian Stock Corporation Act (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 further enhanced over the next few years.

Austrian Post is obliged to publish a non-financial statement in accordance with the requirements of the Austrian 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 set out by the Global Reporting Initiative (GRI) 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.

6. Outlook for 2023

The political and economic challenges that emerged in Europe in the course of 2022 will continue to shape the economic environment in 2023. In particular, high inflation driven by excess demand, as well as bottlenecks in the energy and commodity markets, will keep companies on their toes for longer due to the wage-price effects that are now starting to set in. It is important to take cost increases that cannot be avoided into account as much as possible when designing products and defining prices.

Revenue Growth in 2023

Austrian Post, too, will have to address these challenging overall conditions both in terms of revenue and costs. This will require both price adjustments as well as efficiency improvements in internal processes. The company is striving to maintain or increase its revenue in all areas. Based on consolidated revenue of EUR 2.5bn in 2022, the company is aiming for growth in the low to mid single-digit range.

In the Mail Division, a slight dip in revenue is forecast for 2023. The fundamental trend in the volume development of conventional letters will continue to decline in the order of approx. 5% p.a. Direct mail and media post volumes are also under pressure. Increased gas and paper prices are putting pressure on cost structures for many of our customers. Due to the international pressure of factor cost increases for fuel, energy or staff, for example, it is crucial to constantly evaluate the product and price structure of the entire letter mail portfolio in order to ensure an attractive and up-to-date offering that provides value for money.

The Parcel & Logistics Division is now expected to grow again after the slight decline in the 2022 financial year. Assuming a stable economic environment in the countries in which Austrian Post operates, revenue growth in the upper single-digit range is within the realms of possibility. Challenges remain, however, in all of the regions covered by Austrian Post, and purchasing power and consumer behaviour in the current inflationary environment is difficult to forecast. Planning uncertainty is created by increased self-delivery by customers with large mail volumes and volatile exchange rates with the Turkish lira.

Revenue in the Retail & Bank Division is also expected to continue to increase in 2023. The top priority in bank99's financial services business lies in further expanding the customer base and new services, as well as pushing ahead with IT integration. The aim is still to reach the break-even point at bank99 in 2024.

Group Earnings in 2023

It is difficult to forecast Group earnings for 2023 due to the current overall conditions. The macro issues described earlier will become even more challenging than in the past financial year due to strong factor cost increases coupled with economic headwind. As a result, there is only limited visibility for the mail and parcel markets in 2023. Unavoidable cost increases will have to be taken into account in product design and pricing. Earnings strength must continue to guarantee high-quality operations, as well as the necessary investments in capacity expansion and the switch to sustainable, emissions-free delivery.

As a result, the company's target for 2023 is to counteract the increase in costs by generating revenue growth and, in doing so, to achieve earnings (EBIT) at about the same level as the previous year.

Investment Programme in 2023

The investment programme includes the finalisation of capacity expansion measures for parcel services in Austria to achieve a sorting capacity of 140,000 parcels per hour. Furthermore, the expansion of the sustainable vehicle fleet towards greater e-mobility is set to continue. Investment activities in 2023 will be based on maintenance CAPEX in Austria, Southeast and Eastern Europe, and Türkiye on a scale of EUR 100m. In addition, growth CAPEX of EUR 60m to EUR 80m is planned in Austria.

Austrian Post's aim remains to offer a combination of growth and strong dividends. The growth opportunities that are emerging are being secured by making appropriate structural investments. In addition, the cash flow generated from operations should continue to ensure the necessary basic investments, as well as an attractive dividend policy.

The Management Board will propose to the Annual General Meeting scheduled for 20 April 2023 that it approve the distribution of a dividend in the amount of EUR 1.75 per share. Thus, the company is continuing its attractive dividend policy: Austrian Post continues to pursue the objective of distributing at least 75% of the Group's net profit to its shareholders.

Vienna, 28 February 2023

The Management Board

GEORG PÖLZL
CEO
Chairman of the
Management Board

WALTER OBLIN
Deputy CEO
Mail & Finance (CFO)

PETER UMUNDUM
Member of the
Management Board
Parcel & Logistics (COO)

CONSOLIDATED FINANCIAL STATEMENTS

Knowing what matters.

Austrian Post's total assets of EUR 5.4bn as at 31 December 2022 have expanded significantly since the inclusion of bank99 in 2020.

Consolidated Income Statement

for the 2022 financial year

EUR m	Note	2021	2022
Revenue	(8.)	2,519.6	2,522.0
thereof results from financial services	(9.)	32.6	82.6
thereof results from effective interest		1.8	33.9
Other operating income	(12.1.)	95.2	107.3
Total operating income		**2,614.8**	**2,629.3**
Raw materials, consumables and services used	(10.)	–715.7	–750.1
Expenses for financial services	(9.)	–5.4	–11.3
Staff costs	(11.)	–1,160.1	–1,144.2
Depreciation, amortisation and impairment losses	(16., 17., 18., 19., 20.)	–165.6	–184.3
Other operating expenses	(12.2.)	–363.8	–352.3
thereof impairment losses in accordance with IFRS 9		–6.9	–7.8
Total operating expenses		**–2,410.7**	**–2,442.3**
Results from financial assets accounted for using the equity method	(6.4.2.)	0.6	–0.3
Net monetary gain		0.0	1.8
Earnings before financial result and income tax (EBIT)		**204.7**	**188.4**
Financial income		28.0	8.1
Financial expenses		–16.3	–32.8
Financial result	(13.)	**11.7**	**–24.7**
Profit before tax		**216.4**	**163.7**
Income tax	(14.)	–58.0	–35.6
Profit for the period		**158.4**	**128.1**
Attributable to:			
Shareholders of the parent company	(25.)	152.3	125.7
Non-controlling interests	(25.)	6.1	2.5

EARNINGS PER SHARE (EUR)

	Note	2021	2022
Basic earnings per share	(15.)	**2.25**	**1.86**
Diluted earnings per share	(15.)	**2.25**	**1.86**

Consolidated Statement of Comprehensive Income

for the 2022 financial year

EUR m	Notes	2021	2022
Profit for the period		**158.4**	**128.1**
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO THE INCOME STATEMENT:			
Currency translation differences and hyperinflation adjustment – investments in foreign businesses	(25.)	–32.0	17.7
Total items that may be reclassified		**–32.0**	**17.7**
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO THE INCOME STATEMENT:			
Changes in fair value FVOCI – equity instruments	(29.)	0.1	0.7
Tax effect of changes in the fair value	(14.)	0.0	–0.1
Revaluation of defined benefit obligations	(26.)	–6.3	11.7
Tax effect of revaluation	(14.)	1.5	–3.7
Total items that will not be reclassified		**–4.6**	**8.5**
Other comprehensive income		**–36.6**	**26.2**
Total comprehensive income		**121.8**	**154.3**
Attributable to:			
Shareholders of the parent company	(25.)	122.2	149.6
Non-controlling interests	(25.)	–0.4	4.7

Consolidated Balance Sheet

as at 31 December 2022

EUR m	Notes	31 Dec. 2021	31 Dec. 2022
ASSETS			
NON-CURRENT ASSETS			
Goodwill	(16.)	62.0	59.8
Intangible assets	(17.)	81.8	101.7
Property, plant and equipment	(18.)	1,206.5	1,333.6
Investment property	(20.)	76.3	84.2
Financial assets accounted for using the equity method	(6.4.1.)	8.2	7.2
Other financial assets	(23.2)	5.6	6.2
Other receivables	(22.)	14.3	11.1
Deferred tax assets	(14.)	46.6	26.5
		1,501.3	**1,630.2**
FINANCIAL ASSETS FROM FINANCIAL SERVICES	(23.1.)		
Cash and cash equivalents and central bank balances		1,218.2	875.8
Receivables from banks		0.0	30.3
Receivables from customers		1,402.3	1,596.1
Investments		73.5	553.4
Other		21.9	69.6
		2,715.8	**3,125.1**
CURRENT ASSETS			
Other financial assets	(23.2)	31.4	65.3
Inventories	(21.)	16.5	21.2
Contract assets	(8.2.)	3.1	3.6
Trade and other receivables	(22.)	376.7	378.9
Tax assets	(14.)	62.0	104.7
Cash and cash equivalents	(24.)	85.8	54.8
		575.4	**628.5**
Assets held for sale		0.1	0.0
		4,792.6	**5,383.9**

Consolidated Balance Sheet

as at 31 December 2022

EUR m	Notes	31 Dec. 2021	31 Dec. 2022
EQUITY AND LIABILITIES			
EQUITY	(25.)		
Share capital		337.8	337.8
Capital reserves		91.0	91.0
Revenue reserves		278.2	275.7
Other reserves		–62.6	–24.8
Equity attributable to the shareholders of the parent company		**644.3**	**679.7**
Non-controlling interests		**27.9**	**30.7**
		672.2	**710.4**
NON-CURRENT LIABILITIES			
Provisions	(26.)	379.8	329.9
Other financial liabilities	(28.2.)	281.4	488.2
Other payables	(27.)	59.4	60.4
Contract liabilities	(8.2.)	3.8	2.2
Deferred tax liabilities	(14.)	0.1	0.3
		724.5	**881.1**
FINANCIAL LIABILITIES FROM FINANCIAL SERVICES	(28.1.)		
Borrowings from banks		2.3	99.6
Liabilities to customers		2,532.9	2,847.6
Other		8.3	18.4
		2,543.5	**2,965.6**
CURRENT LIABILITIES			
Provisions	(26.)	308.2	297.6
Tax liabilities	(14.)	6.5	2.8
Other financial liabilities	(28.2.)	123.0	91.9
Trade and other payables	(27.)	386.1	404.5
Contract liabilities	(8.2.)	28.6	30.1
		852.4	**826.8**
		4,792.6	**5,383.9**

Consolidated Cash Flow Statement

for the 2022 financial year

EUR m	Notes	2021	2022
OPERATING ACTIVITIES			
Profit before tax		216.4	163.7
Depreciation, amortisation and impairment losses		165.6	184.3
Results from financial assets accounted for using the equity method	(6.4.)	–0.6	0.3
Provisions non-cash		68.0	–10.4
Net position of monetary items – non-cash		0.0	11.6
Other non-cash transactions	(30.1)	–7.0	–18.9
Gross cash flow		**442.4**	**330.6**
Trade and other receivables		–20.6	–6.0
Inventories		–1.1	–6.0
Contract assets		1.3	–0.5
Provisions		–18.5	–43.2
Trade and other payables		–23.7	21.5
Contract liabilities		–1.7	0.1
Financial assets/liabilities from financial services	(30.1)	193.2	–334.3
Interest received from financial services		3.0	32.5
Interest paid from financial services		–3.4	–4.9
Taxes paid		–77.6	–69.9
Cash flow from operating activities		**493.3**	**–80.0**
INVESTING ACTIVITIES			
Acquisition of intangible assets		–14.9	–19.1
Acquisition of property, plant and equipment/investment property		–161.2	–151.8
Sale of property, plant and equipment/investment property		9.7	7.6
Acquisition of subsidiaries/non-controlling interests/business units	(6.2)	336.5	–0.3
Sale of financial assets accounted for using the equity method		0.0	1.8
Payouts for hedging foreign currency transactions		0.0	–0.7
Payments for hedging foreign currency transactions		0.9	0.8
Acquisition of financial investments in securities/money market investments		–10.0	–118.1
Cash receipts from sales of financial investments in securities/ money market investments		90.0	84.9
Loans granted	(30.1)	–0.1	0.4
Interest received and income from securities		4.2	4.2
Cash flow from investing activities		**255.1**	**–190.4**
Free cash flow		**748.4**	**–270.3**

CONSOLIDATED FINANCIAL STATEMENTS

INFORMATION

Consolidated Cash Flow Statement

for the 2022 financial year

EUR m	Notes	2021	2022
FINANCING ACTIVITIES			
Acceptance of long-term financing		0.0	150.0
Settlement of lease liabilities		–50.9	–59.9
Changes of short-term financial liabilities	(30.1)	38.5	–40.5
Dividends paid		–120.0	–136.3
Interest paid		–5.2	–6.7
Payments from non-controlling interests		14.3	3.0
Cash flow from financing activities		**–123.3**	**–90.3**
Currency translation differences in cash and cash equivalents		–8.1	–3.3
Monetary loss on cash and cash equivalents		0.0	–9.6
Change in cash and cash equivalents		**617.0**	**–373.5**
Cash and cash equivalents at 1 January		687.1	1,304.1
Cash and cash equivalents at 31 December	(30.1)	**1,304.1**	**930.6**

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**

Consolidated Statement of Changes in Equity

for the 2022 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 2022	**337.8**	**91.0**	**278.2**	**–32.6**	**0.9**	**–31.0**	**644.3**	**27.9**	**672.2**
Initial application – hyperinflation	0.0	0.0	–0.2	0.2	0.0	13.8	13.8	3.4	17.2
Balance as at 1 January 2022 adjusted	**337.8**	**91.0**	**278.0**	**–32.4**	**0.9**	**–17.2**	**658.1**	**31.4**	**689.5**
Profit for the period	0.0	0.0	125.7	0.0	0.0	0.0	125.7	2.5	128.1
Other comprehensive income	0.0	0.0	0.0	9.4	0.5	13.9	23.9	2.3	26.2
Total comprehensive income	**0.0**	**0.0**	**125.7**	**9.4**	**0.5**	**13.9**	**149.6**	**4.7**	**154.3**
Dividends paid	0.0	0.0	–128.4	0.0	0.0	0.0	–128.4	–7.9	–136.3
Acquisition of non-controlling interests	0.0	0.0	0.4	0.0	0.0	0.0	0.4	–0.5	–0.1
Payments to subsidiaries with non-controlling interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.0	3.0
Transactions with owners	**0.0**	**0.0**	**–128.0**	**0.0**	**0.0**	**0.0**	**–128.0**	**–5.4**	**–133.4**
Balance as at 31 December 2022	**337.8**	**91.0**	**275.7**	**–23.0**	**1.5**	**–3.3**	**679.7**	**30.7**	**710.4**

Notes to the Consolidated Financial Statements for the 2022 Financial Year

1. Reporting Entity

Österreichische Post AG and its subsidiaries are postal, 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 2022 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 2022, 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 income statement has been prepared using the nature of expense method. The consolidated cash flow statement is presented using the indirect method.

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. 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.

3.1 Scope of Consolidation and Financial Assets Accounted for Using the Equity Method

3.1.1 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. Please refer to Note 3.1.2 Business Combinations for further explanatory information.

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. 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.

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.

3.1.2 BUSINESS COMBINATIONS

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. 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 retrospective restatement 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.

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 retrospective restatement 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.

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.

3.1.3 FINANCIAL ASSETS ACCOUNTED FOR 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.

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.

3.2 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 balance 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 are translated using the average reference exchange rate for the month in question in order to comply with IAS 21 even in cases involving more pronounced exchange rate fluctuations. The resultant currency translation differences are recognised directly in equity.

Financial statements of subsidiaries whose functional currency is the currency of a hyperinflationary economy are translated using the European Central Bank's reference exchange rate that applies on the reporting date after restatement in accordance with IAS 29 Financial Reporting in Hyperinflationary Economies.

3.3 Hyperinflation

The financial statements of subsidiaries in hyperinflationary economies are restated before translation into the Group currency in accordance with IAS 29 Financial Reporting in Hyperinflationary Economies. For non-monetary items in the balance sheet carried at cost or amortised cost, the restatement is based on a general price index from the acquisition or production date. Monetary items in the balance sheet are not restated. Restatements for equity components are based on a general price index dating from the time of their addition. All items in the income statement and statement of comprehensive income are restated using a general price index from the date on which the income and expenses in question were first recognised in the financial statements. Differences between the carrying amount of individual assets and liabilities in the balance sheet and their tax base are accounted for in accordance with IAS 12 Income Taxes.

The profit or loss from the net position of monetary items is shown in a separate item in the income statement under earnings before financial result and income tax (EBIT). The inflation adjustment effect resulting from the translation of the financial statements of a subsidiary whose functional currency is the currency of a hyperinflationary economy is presented as part of the exchange difference in the currency translation reserves. The adjustment of non-monetary assets is included in the currency translation differences. In accordance with IAS 21.42(b), no adjustment is made to the comparative figures for the previous period.

The financial statements of the Turkish subsidiaries are based on the historical cost concept. Due to changes in the general purchasing power of the functional currency in Türkiye (Turkish lira, TRY), the financial statements of the Turkish subsidiaries had to be included applying IAS 29 for the first time from 30 June 2022. In order to reflect the change in the purchasing power of the Turkish lira in accordance with the standard, the financial statements of the Turkish subsidiaries have been restated retrospectively as at 1 January 2022 for the 2022 financial year. The consumer price index (2003) published by the Turkish Statistical Institute was used for the adjustment. The consumer price index stood at 1,128.45 as at 31 December 2022 (31 December 2021: 686.95).

The change in the consumer price index in the current reporting period is shown below:

Monthly change in consumer price index

in %	2022
January	11.10
February	4.81
March	5.46
April	7.25
May	2.98
June	4.95
July	2.37
August	1.46
September	3.08
October	3.54
November	2.88
December	1.18

3.4 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.

3.4.1 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 benefits 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. Explanatory information on measurement is provided in Note 3.21 Financial Instruments.

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).

3.4.2 RESULT FROM FINANCIAL SERVICES

The result from financial services comprises the following items:

- Income from financial services
- Expenses for financial services
- Impairment losses in accordance with IFRS 9
- Revaluation and derecognition income

Income from Financial Services 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 investment 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 that form an integral component of the effective interest rate of a financial instrument are covered by IFRS 9. For fees and commission that do not form an integral component of the effective interest rate, the provisions set out in IFRS 15 are applied and the revenue is 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 presented 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 Impairment losses in accordance with IFRS 9 are recognised in other operating expenses. Please refer to Note 3.21.3 Impairment Losses for further explanatory information.

Revaluation and derecognition income The revaluation and derecognition income is shown under other operating income/other operating expenses and mainly includes any ineffectiveness from hedge accounting, as well as disposal results from the premature termination of loans.

3.4.3 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 30.1 Consolidated Cash Flow Disclosures).

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.

3.5 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 types/services of the Austrian Post Group is provided below for each reportable segment in accordance with the figure in Note 8.1 Revenue from Contracts with Customers.

MAIL

●● **Letter Mail, Direct Mail and 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** Business Solutions services include outsourcing services for the digitalisation and automation of business processes in B2B information management. This includes, among other things, the digitalisation of incoming mail including intelligent data reading, data processing with the help of robotic process automation and the like, as well as transactional printing or the electronic delivery of items.

These performance obligations are predominantly satisfied over time, with a period of performance that is generally less than one month. As a result, revenue is recognised over time. 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 Austrian Post 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.

RETAIL & BANK

●● **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, the Austrian Post Group 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).

●● **Financial Services** For information on revenue from contracts with customers from financial services, please refer to Note 3.4.2 Result from Financial Services.

3.6 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 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.

3.7 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 came 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.

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

Country	2021	2022
Bosnia and Herzegovina	10%	10%
Bulgaria	10%	10%
Germany	33%	33%
Croatia	10–18%	18%
Montenegro	9–12%	9%
Austria	25%	23–24%
Serbia	15%	15%
Slovakia	21%	21%
Slovenia	n/a	19%
Hungary	9%	9%
Türkiye	20–23%	20%

3.8 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.

3.9 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 carrying amount. 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.

3.10 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 3.9 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.

3.11 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 3.9 Impairment of Assets IAS 36.

3.12 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	4–10
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 3.9 Impairment of Assets IAS 36. If there are indications that a recognised impairment no longer exists, the recoverable amount is re-estimated, and if necessary, the impairment loss is reversed. When reversing an impairment loss, the increased carrying amount may not exceed the cost.

3.13 Leases

3.13.1 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. Rights of use are assigned to the same balance sheet items in the balance sheet in which the underlying assets of leases are stated. Lease liabilities are reported under other financial 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. The useful lives taken as a basis are shown in Note 3.12 Property, Plant and Equipment. 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.

3.13.2 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.

3.14 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 3.3% to 13.0% (2021: 3.4% to 13.0%) and the capitalisation rates/property rates used range from 3.3% to 7.1% (2021: 3.4% to 7.2%).

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.

3.15 Inventories

Inventories are stated at the lower amount of historical cost and net realisable value on the balance sheet date. Discounts for lack of marketability are applied for inventory risks resulting from the storage period or reduced usability. The stock value is measured according to the moving average price method.

3.16 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.

3.17 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	
	2021	2022	2021	2022
Discount rate	2.29%	4.91%	1.00%	4.24%
Salary/pension increase	4.70%	5.65%	3.48%–3.97%	5.21%–5.46%
Employee turnover rate	0.89%	2.00%	0.93%–18.07%	1.33%–17.49%

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

Retirement age	2021	2022
Female employees	58–65	53–65
Male employees	60–65	56–65
Civil servants	65	65

The average weighted duration of the defined benefit obligation amounts to 11 years for severance payments (2021: 12 years) and 10 years for anniversary bonuses (2021: 10 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 26.2 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).

3.18 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 personnel 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 3.17 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	2021	2022	Change EUR m
Discount rate	0.75%	4.00%	–21.9
Salary increase	3.25%	5.75%	20.3
Employee turnover discount	10.30%	6.80%	5.8
Rate of underutilisation	72.70%	67.70%	–10.2

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	2021	2022
Discount rate	0.00%–1.00%	3.00%–4.00%
Salary increase	2.75%–3.25%	5.00%–7.25%

3.19 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 2022. These programmes are a share-based and performance-oriented remuneration model whose tranches extend over a three-year period (performance period) and 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. 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.

Remuneration is paid out on the basis of bonus shares, with payment being made either in the form of shares in Österreichische Post AG 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 fair value of the share-based payments 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. Until the liability is settled, the fair value is to be remeasured at each reporting date and on the settlement date and is reported under provisions. All changes in fair value are recognised in profit or loss under staff costs.

3.20 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.

3.21 Financial Instruments

3.21.1 CLASSIFICATION

●● **Financial Assets** 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, receivables from offsetting 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 "recognised 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).

●● **Financial Liabilities** 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 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.

3.21.2 EVALUATION

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 – i.e. 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 29.1 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 securities 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.

3.21.3 IMPAIRMENT LOSSES

Impairments losses in accordance with IFRS 9 include both impairments on financial assets/contract assets and income/expenses from the provision for off-balance sheet risk positions. Off-balance sheet risk positions are obligations from which a risk may arise, for example in the case of loan commitments or liabilities from guarantees in the context of the banking business.

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

The scope of application of the provisions of IFRS 9 includes:

- Financial assets at fair value through other comprehensive income (FVOCI) – debt instruments
- Financial assets at amortised cost
- Contract assets pursuant to IFRS 15;
- Lease receivables and
- Loan commitments and financial guarantees not measured at fair value through profit or loss in accordance with IFRS 9.

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

- Central bank balances from financial services
- Receivables from banks resulting from financial services
- Receivables from customers from financial services
- Other financial assets from financial services, including long-term financial assets
- Off-balance sheet risk positions (financial services)
- Securities in the category measured at amortised cost
- Securities in the category measured at FVOCI
- Money market investments
- Bank balances
- Trade receivables
- Other receivables incl. lease receivables
- Contract assets

Financial Assets From Financial Services and Off-balance Sheet Risk Positions (Summarised Below as Financial Assets From Financial Services) A distinction is made between three impairment levels for the purposes of calculating the expected credit losses on financial assets from financial services:

- Stage 1: Stage 1 relates to financial assets from financial services for which no significant increase in credit risk has been identified since initial recognition. Impairment losses are recognised in the amount of the 12-month expected credit losses. For investment grade securities, the low credit risk exemption pursuant to IFRS 9.5.5.10 is applied. As long as there is an investment grade rating, a low credit risk is therefore assumed and there is no transfer to stage 2.
- Stage 2: Financial assets from financial services in stage 2 show a significant increase in credit risk since initial recognition. Impairment losses are recognised in the amount of the expected credit losses over their term. Quantitative and qualitative criteria are used to check the significant increase in credit risk. Quantitative criteria are evident from a deterioration in the internal rating scale. Qualitative criteria are checked at account and customer level and include the setting of forbearance indicators, inclusion in the payment reminder process and assignment as an estate. In addition, all of a customer's receivables are transferred to stage 2 if a customer's receivables are overdue by more than 30 days.
- Stage 3: Financial assets from financial services in stage 3 are considered to be in default. Interest income is recognised in such cases using the effective interest rate on the amortised cost (net carrying amount). 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.

For financial assets from financial services in stages 1 and 2, the expected credit losses are calculated using standardised model parameters. For stage 3 financial assets from financial services, the calculation depends on the significance of the outstanding amount: if the outstanding amount is less than EUR 0.3m, the expected credit losses are determined using model parameters. If the outstanding amount exceeds EUR 0.3m, the expected credit losses are determined on the basis of an individual estimate.

The following model parameters are used to calculate the expected credit losses:

- Probability of default (PD): The PD stands for the probability that a debtor will not fulfil the latter's financial obligations and will default. The PD calculated is used for non-defaulted receivables positions (stages 1 and 2) and is adjusted annually. A PD of one is used for defaulted receivables (stage 3).
  The default probabilities for receivables from customers required to calculate the expected credit losses are calculated using internal rating models. The necessary input parameters are based primarily on historical empirical values of comparable business models that are obtained externally. The parameters used are validated once a year. If no sufficient history is available, expert estimates are used. External ratings are used to determine probabilities of default for calculating the expected credit losses for receivables from banks and other financial assets from financial services.

- Loss-given default (LGD): LGD embodies the expectation regarding the amount of loss on a defaulted receivable. As the current product landscape also includes collateral for mortgage loans, a distinction is made between unsecured LGD and secured LGD in the 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. These amount to 10.0% for the secured part and 42.0% for the unsecured part of the financing.
- Exposure at default (EAD): EAD corresponds to the amount owed at the time of default. Repayment cash flows and carrying amounts are used 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.

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 profit or loss as expenses or income in impairment losses.

●● **Trade Receivables** The simplified approach permitted under IFRS 9 is used to determine expected credit losses on trade receivables. Accordingly, impairment losses are determined in the amount of the credit losses expected over the term (stage 2 or stage 3) on the basis 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.

●● **Lease Receivables** Impairment losses for lease receivables are measured in the amount of the lifetime expected credit loss (stage 2 or stage 3). Austrian Post applies the simplified approach permitted under IFRS 9. For lease receivables associated with a low default risk, an external rating is considered investment grade.

●● **Miscellaneous Financial Assets** Impairment losses on miscellaneous financial assets subject to the IFRS 9 impairment model are recognised in the amount of the 12-month expected credit loss (stage 1). If a significant increase in credit loss occurs, impairment losses are recognised in the amount of the lifetime expected credit losses. Credit risk is assumed to have increased significantly when a trade receivable is more than 30 days overdue (stage 2). An exposure is considered non-performing or impaired (stage 3) if the following factors apply:

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

The effective interest rate for stage 3 receivables is to be applied to the amortised cost (net carrying amount) as opposed to the gross carrying amount.

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 onissuer-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, practical simplifications will be applied in line with IFRS 9.B5.5.35 based on the type and scope of the receivables and to 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. 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.

●● **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.

●● **Forbearance Measures** In the event of modifications or renegotiations involving financial assets from financial services, a check also has to be performed to determine whether these constitute forbearance measures. Forbearance measures are concessions made to debtors who are at risk of no longer being able to meet their payment obligations. They include contract modifications such as deferrals, term extensions, interest rate reductions or debt waivers, as well as internal debt restructuring. Accordingly, a measure is deemed to constitute a forbearance measure if all of the following three criteria are met:

- This is a transaction that is objectively suitable for providing relief on the repayment terms.
- The transaction represents subjective relief for the debtor that the bank would not have granted to other debtors with comparable credit ratings and collateral.
- The relief related to a default that had already occurred or it was designed to prevent an impending default.

Forbearance measures are used for risk positions such as loans, debt securities, as well as irrevocable and irrevocable loan commitments. Positions held in the trading portfolio are excluded. Forbearance positions can be both performing and non-performing. 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.

Write-offs 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, insolvency proceedings have been initiated and the chances of success are less than 50%, 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 debt 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.

3.21.4 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are used primarily 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 transaction were closed out. The calculation is based on observable market parameters such as currency forward rates.

3.21.5 HEDGE ACCOUNTING

In order to hedge interest rate risks arising from fixed-income financial assets from financial services, part of the derivative financial instruments of the Austrian Post Group have been designated as hedging instruments. These hedges (hedge accounting) are accounted for in accordance with the provisions set out in IFRS 9 and correspond to a fair value hedge as defined by IFRS 9.6.5.2a.

Derivative financial instruments designated as fair value hedges are used to hedge recognised assets or liabilities against the risk of a change in fair value. Both the change in the fair value of the hedging instrument and the offsetting change in the fair value of the hedged item, to the extent it is attributable to the hedged risk, are recognised in the consolidated income statement. Fluctuations in the value of the hedged item are generally offset by fluctuations in the value of the hedging instrument; any deviations (hedge ineffectiveness) are recognised in other operating income (in the event of a positive surplus) or in other operating expenses (in the event of a negative surplus).

The derivative designated as a hedging instrument is measured at fair value through profit or loss. Positive market values from the hedging instrument are reported under other financial assets from financial services, while negative market values are shown under other liabilities from financial services. The hedged items in the Austrian Post Group are financial assets from financial services, which are measured at amortised cost and adjusted to reflect the change in the fair value of the hedged risk in the context of the hedge (known as basis adjustments).

At the inception of the hedge, both the hedge and the risk management objectives and strategies for the hedge are formally designated and documented. The documentation includes the identification of the hedging instrument, the hedged item and the nature of the risk being hedged. The documentation also sets out the method used for assessing whether the hedge meets the requirements for hedge effectiveness.

A hedge is only accounted for if the following criteria as defined in IFRS 9.6.4.1 are met:

- There is an economic relationship between the hedged item and the hedging instrument.
- The impact of credit risk does not have any dominant influence on the changes in value resulting from this economic relationship.
- The hedge ratio corresponds to the ratio resulting from the volume of the actual hedged item and the volume of the hedging instrument used to hedge this volume of the hedged item.

When a hedging instrument expires, is sold or terminated, or when the criteria for hedge accounting are no longer met, the hedge is terminated. In such cases, the adjustments recognised (basis adjustment) on the financial assets designated as hedged items are reversed over the remaining term to maturity and are presented in the income statement under income from financial services.

4. Changes in Accounting and Valuation Methods

4.1 Mandatory and Early Application of New and Revised International Financial Reporting Standards (IFRS)

No new standards were to be applied as mandatory requirements for the first time in the 2022 financial year. The following amended standards, however, were made mandatory for the first time:

Mandatory Application of Revised Standards		Effective date EU[1]
IFRS 3	Business Combinations – Reference to the Conceptual Framework	1 Jan. 2022
IAS 16	Property, Plant and Equipment – Proceeds before Intended Use	1 Jan. .2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts: Cost of fullfilling a Contract	1 Jan. 2022
Miscellaneous	Improvements to IFRS (2018–2020)	1 Jan. 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.

In addition, the following standards have been endorsed by the European Union. While mandatory application is only planned for the future, the Austrian Post Group is applying these standards ahead of time:

Early Application of Revised Standards		Endorsement EU	Effective date EU[1]
IAS 12	Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	11 Aug. 2022	1 Jan. 2023

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

The exemption for the initial recognition of deferred taxes, which was restricted by the amendment to IAS 12, has already been taken into account and applied accordingly since the introduction of IFRS 16 Leases on 1 January 2019. As a result, the application of the amended standards did not have any impact on the Austrian Post Group.

4.2 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. The following standards have not been applied early.

New Standards not yet applied		Endorsement EU	Effective date EU[1]
IFRS 17	Insurance Contracts (including amendments to IFRS 17)	19 Nov. 2021	1 Jan. 2023
IFRS 17	Initial application of IFRS 17 and IFRS 9 – Comparative Information	8 Sept. 2022	1 Jan. 2023

Revised Standards not yet applied		Endorsement EU	Effective date EU[1]
IAS 1/IFRS Practice Statement 2	Disclosure of Accounting Policies	2 Mar. 2022	1 Jan. 2023
IAS 8	Definition of Accounting Estimates	2 Mar. 2022	1 Jan. 2023
IAS 1	Classification of Liabilities in current or non-current Liabilities and non-current Liabilities with Convenants	to be decided	planned 1 Jan. 2024
IFRS 16	Lease liability in a sale and leaseback	to be decided	planned 1 Jan. 2024

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

As no insurance contracts are held, IFRS 17 does not apply to the Austrian Post Group. As a result, the new standards that have not yet been applied have no impact on the consolidated financial statements.

In connection with the amendments to IAS 1 and IFRS Practice Statement 2, the Group is reviewing what information is disclosed as part of the accounting policies to ensure compliance with the amended requirements. However, no significant impact is expected.

The other revised standards that are not yet applied are also unlikely to have any material impact on the consolidated financial statements of Austrian Post.

4.3 First-time Adoption of IAS 29 Financial Reporting in Hyperinflationary Economies

Due to changes in the general purchasing power of the functional currency in Türkiye (Turkish lira, TRY) in the 2022 financial year, the financial statements of the Turkish subsidiaries had to be included by applying IAS 29 Financial Reporting in Hyperinflationary Economies for the first time. In order to reflect the changes in accordance with this standard, the financial statements of the Turkish subsidiaries were restated to include the effects of inflation with retroactive effect from 1 January 2022. For further information, please refer to Note 3.3 Hyperinflation.

The first-time adoption of IAS 29 for the financial statements of the Turkish subsidiaries has the following material impact on non-monetary items and reserves within the Group as at 1 January 2022. The initial restatement effects in Turkish lira (TRY) were converted using the closing rate and general price index as at 1 January 2022:

- With regard to goodwill, the carrying amounts were restated as at 1 January 2022 in the amount of EUR 0.4m.
- In the area of intangible assets, the carrying amounts were restated as at 1 January 2022 in the amount of EUR 11.4m, of which EUR 3.4m related to customer relationships, EUR 6.2m to trademark rights and EUR 1.7m to other intangible assets.
- With regard to property, plant and equipment, the carrying amounts were restated as at 1 January 2022 in the amount of EUR 8.7m. Of this amount, EUR 5.8m related to property and buildings (of which EUR 2.4m related to right-of-use assets), EUR 1.9m to technical plant and machinery, and EUR 1.0m to other equipment, operating and office equipment (of which EUR 0.1m related to right-of-use assets).
- With regard to investment properties, the carrying amounts were restated as at 1 January 2022 in the amount of EUR 0.5m.
- In the area of income taxes, deferred tax assets and liabilities were restated as at 1 January 2022 in the amount of minus EUR 4.0m.
- The first-time application effect of the inflation adjustment as at 1 January 2022 is presented as part of the currency translation reserve and amounts to EUR 17.2m.

5. 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. All assumptions and estimates are continually updated and are based on historical empirical values and other factors, including expectations regarding future events that appear reasonable under the circumstances. The assumptions and estimates derived from this process can differ from the amounts that actually occur.

The material future-related assumptions and estimates, which carry a significant risk that assets and liabilities may have to be adjusted in future financial years, are set out below and should be read in conjunction with the related notes:

- **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 16 Goodwill.
- **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. Further details and the resulting sensitivities are set out in Note 19 Leases.
- **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. Detailed information on the parameters used, as well as the resulting sensitivities, are set out in Notes 3.17 and 26.2 Provisions for Severance Pay and Anniversary Bonuses.
- **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. Detailed information on the parameters used, as well as the resulting sensitivities, are set out in Notes 3.18 Provisions for Underutilisation and 26.3 Other Employee Provisions.
- **Crediting of Previous Periods of Service for (Former) Civil Servants:** In a decision dated 11 November 2014, the European Court of Justice (ECJ) decided, 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 incompatible with Union law. Since the issue of crediting previous 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 removed it. This pay reform was also implemented for the civil servants employed by Österreichische Post AG. In a further preliminary ruling procedure by 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. Österreichische Post AG is implementing the amendment and has used a best possible estimate to make a provision of EUR 13.2m at 31 December 2022

(31 December 2021: EUR 13.3m) for the subsequent payments resulting from the recalculated pay-related length of service. Reference is made in this regard to Note 26.3 Other Employee Provisions.

- **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, for which a provision in an amount of EUR 99,6m was built as at 31 December 2022 (31 December 2021: 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. Reference is made in this regard to Note 26.4 Other Provisions.
- **Provision for Potential Compensation Payments Under Data Protection Law:** Provisions are set up for potential risks resulting from administrative criminal proceedings and civil proceedings for damages by way of a best estimate. The outcome of the administrative criminal proceedings as well as the civil proceedings for damages is subject to considerable estimation uncertainties. Please refer to Note 26.4 Other Provisions for further explanatory information.
- **Fair Value of Financial Instruments:** In particular, 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 is subject to a certain degree of estimation uncertainty. As at 31 December 2022, the liabilities resulting from purchase obligations of non-controlling interests result from options for the acquisition of the remaining 20% of the shares in Aras Kargo a.s., where the future purchase price depends on the company's success. Details and resulting sensitivities are given in Note 27 Trade payables.
- **Income Taxes:** 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 by the company's management concerning the amount of taxable income and their actual potential to be utilised, which in turn requires discretionary decisions.

Other areas of application for assumptions and estimation uncertainties include the estimation of variable consideration in the context of revenue recognition (Note 3.5 Revenue from Contracts with Customers) and the measurement of receivables (Note 3.21 Financial Instruments).

In addition to the explanations referred to above, the Group is confronted with external events and developments, such as climate change, COVID-19 and recovery from the pandemic, the war in Ukraine and macroeconomic developments, which require forward-looking assumptions and estimates and are presented below.

ASPECTS RELATING TO CLIMATE CHANGE OR CLIMATE-RELATED RISKS

As a postal, logistics and service company with international operations, the Austrian Post Group is exposed to climate-related risks that could potentially have a negative impact on the Group's assets, financial and earnings position, and require forward-looking assumptions and estimates. Climate-related risks relate primarily to delivery and transport logistics, as well as infrastructure, and could lead to cost increases in the future. When the consolidated financial statements were prepared, potential effects from climate-related risks were taken into account and are explained below where applicable. In addition, opportunities and risks associated with environmental, social and governance (ESG), as well as climate-related aspects were examined in particular in the Sustainability Report, and a climate risk and vulnerability analysis was carried out.

The Austrian Post Group has developed an integrated corporate and sustainability strategy to manage climate-related risks and seize climate-related opportunities. As the company implements measures to minimise climate-related risks, climate-related risks are also included in Austrian Post's financial planning process (medium-term plan = four 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 the Group'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).

Furthermore, in the course of the financial planning process for 2022, a detailed CO_2e emissions plan for the period 2023-2026 was prepared for the first time across the Group at individual company level, which should highlight the effects of the economic development and planned measures for CO_2e reduction. This means that the detailed planning of non-financial indicators for CO_2e emissions will become an integral part of the integrated planning of financial and non-financial indicators, making a direct contribution to the effective management of climate-related opportunities and risks, as well as to the achievement of the climate targets set by the Austrian Post Group.

Furthermore, from the current perspective, there are neither significant climate-related risks in connection with the infrastructure, nor risks that would not be covered by insurance nor significant effects on expected useful lives.

In connection with the banking business activities, climate-related risks can arise in both credit risk and operational risk. In the context of credit risk, these can be particularly relevant for real estate collateral. Climate risks can be roughly divided into two risk categories, although these can interact with each other: physical risks as a result of changing climatic conditions and transition risks as a result of the development towards a low-carbon economy and society. Stress tests were carried out at portfolio level with regard to both aspects of climate-related risks in order to estimate and quantify them. In addition, the Group is increasing the extent to which it takes energy efficiency certificates and climate event risks into account in its lending and collateral valuation processes.

In the area of trade receivables and other receivables, no customers have been identified who are affected by climatic events or climate-related measures or legislation, or whose creditworthiness is affected. As a result, no adjustment has been made to the expected loss rates for climate-related risks.

Similarly, as at 31 December 2022, there is no obligation that would justify setting up provisions according to IAS 37.

All in all, there are no material climate-related risks to the consolidated financial statements as at 31 December 2022 and, as a result, no effects on Austrian Post's ability to continue as a going concern. Since further developments are subject to uncertainty, the effects of climate-related risks are continuously monitored and taken into account in the Group's risk management.

COVID-19

In 2022 the global economy recover from the consequences of COVID-19. COVID-19-related restrictions and measures were reduced or lifted, resulting in an economic upswing. When the consolidated financial statements were prepared, current developments were taken into account, particularly with regard to the recovery and any remaining consequences of the pandemic, and possible effects were examined, particularly with regard to the impairment testing of assets in accordance with IAS 36 and IFRS 9, the recognition and measurement of liabilities and lease accounting.

As part of the critical infrastructure and as a postal, logistics and service company with international operations, the Austrian Post Group is operating in a sector that was less hard hit in economic terms. The expectations regarding macroeconomic development caused by COVID-19 and the recovery from the pandemic in the course of the financial year, as well as the industry-specific trends observed, were taken into account in the business plans for the-cash-generating units and investment property, and the existence of a possible triggers for impairment in accordance with IAS 36 was reviewed. In the 2022 financial year, there was once again no trigger identified and consequently no need for impairment as well as no significant impact on the fair value of investment properties.

In the area of trade and other receivables, no defaults or other significant impairments related to COVID-19 were observed in the 2022 financial year. As the Group no longer considers an increased risk, no COVID 19-related adjustments were included in the expected loss rates for the 2022 financial year.

In the area of receivables from customers from financial services, future expectations, including increased risks, had already been taken into account when defining and measuring credit risks. As at 31 December 2022, no COVID-19 related deteriorations or adjustments were observed in the loan portfolio within this context.

The lifting of pandemic-related restrictions or lockdown measures also meant that the Austrian Post Group, in its capacity as a lessor, did not have to grant any significant concessions or deferrals in the 2022 financial year. Similarly, there were no significant COVID-19-related rent losses.

As part of the COVID-19 investment grant, the Austrian Post Group expects to receive investment subsidies amounting to EUR 6.7m (31 December 2021: EUR 6.8m) for an investment volume of EUR 49.4m (31 December 2021: EUR 49.6m). As at 31 December 2022, receivables of EUR 4.4m (31 December 2021: EUR 3.3m) were recognised for the first partial settlement, which are expected to be disbursed in the course of the 2023 financial year. The remaining part of the subsidies granted will be collected in the course of the final settlement by 2025 at the latest.

In addition, compensation payments of EUR 18.3m (2021: EUR 4.2m) were made by the social security carrier and recognised in other operating income. These payments relate to employees from COVID-19 high-risk groups who had to be released from their duties under continued payment of salary as well as for employees who had to be granted special care leave.

WAR IN UKRAINE AND MACROECONOMIC ENVIRONMENT

Since the invasion of Ukraine by Russian troops at the end of February 2022, the Russian Federation has been at war with Ukraine. In the wake of the invasion, the European Union and the United States of America, in particular, imposed extensive sanctions on Russia and Belarus. Furthermore, the global financial and commodity markets reacted with a further increase in commodity and energy prices, and subsequently with an increase in interest rates and the high inflation.

The Austrian Post Group does not operate any subsidiaries or branches in Ukraine, Russia or Belarus, nor does it purchase relevant services from these countries. The preparation of the consolidated financial statements, however, involved examining current macroeconomic developments and their potential impact on the Group's assets, financial and earnings position. This relates, in particular, to the impairment testing of assets according to IAS 36, the recognition and measurement of assets pursuant to IFRS 9 and IFRS 13, the recognition and measurement of liabilities and employee benefits, as well as lease accounting.

The existing uncertainties and the general economic implications of the war and the macroeconomic environment were taken into account in the business plans for the cash-generating units, as well as in the weighted average cost of capital (WACC), and the existence of possible triggers for impairment in accordance with IAS 36 was reviewed. The reviews did not reveal any trigger and consequently no need for impairment for the 2022 financial year. Similarly, no material impact was identified on the fair value of investment property.

With regard to trade receivables and other receivables, there is no relevant end customer or partner business in any of the countries mentioned. Furthermore, no significant payment defaults were observed and no customers were identified who are directly or indirectly affected by an increased risk from the war or its economic consequences or by macroeconomic developments. On this basis, no adjustment was made to the expected loss rates for trade receivables and other receivables.

In the area of receivables from customers from financial services, there is no customer business in any of the countries mentioned. However, the effects of rising interest and inflation rates in connection with the war on receivables from customers from financial services were examined using stress tests. This involved performing ad hoc stress tests on the ICAAP (internal capital adequacy assessment process) to enable impact analyses and to check the Group's capital adequacy. The stress tests subjected the main influencing factors, probability of default (PD) and interest rates. The stress test for the probability of default (PD) factor was determined using the scoring model by reducing the income of current customers by a pessimistic inflation rate. The results of the stress test showed that the overall capacity limit is not at risk. Analyses nevertheless show that the unstable environment is causing, or is likely to cause, disruption to macroeconomic indicators. As these changes cannot yet be modelled, meaning that they are subject to considerable uncertainty, the model results were adjusted and risk provisions for receivables from customers from financial services were increased by EUR 1.0m. This reflects the expected uncertainty, especially in connection with the development of the unemployment rate and inflation.

In the area of leases, price and cost increases were taken into account with regard to the risk of necessary deferrals or rent defaults. As at 31 December 2022, no material concessions or defaults had arisen in this context.

Similarly, no material effects were identified with regard to provisions or in connection with employee benefits.

All in all, no material effects on the consolidated financial statements were identified as at 31 December 2022. Current developments in the macroeconomic environment in the form of rising interest rates and high inflation are being monitored on an ongoing basis. Our position is, however, bolstered by high levels of liquidity and a solid balance sheet, even in this challenging environment.

6. Scope of Consolidation and Financial Assets Accounted for Using the Equity Method

6.1 List of Shares in Companies

6.1.1 GROUP COMPANIES

In addition to Österreichische Post AG, 24 domestic (31 December 2021: 28) and 15 foreign (31 December 2021: 13) subsidiaries are included in the consolidated financial statements. Furthermore, one foreign (31 December 2021: one domestic and one foreign) company is accounted for using the equity method.

Company and location	31 Dec. 2021 Interest in %	31 Dec. 2021 Method of consolidation[1]	31 Dec. 2022 Interest in %	31 Dec. 2022 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	NC	100.00	NC
adverserve digital advertising Services Deutschland GmbH, Hamburg	100.00	NC	100.00	NC
Aras Digital Teknoloji Hizmetleri Anonim Şirketi a.s., Istanbul	0.00	n/a	80.00	FC
Aras Kargo Yurtiçi ve Yurtdişi Taşimacilik A.Ş., Istanbul	80.00	FC	80.00	FC
Austrian Post International Deutschland GmbH, Bonn	100.00	FC	100.00	FC
bank99 AG, Vienna	90.00	FC	90.00	FC
City Express d.o.o., Belgrade	100.00	FC	100.00	FC
EMD – Elektronische- u. Mikrofilm-Dokumentationssysteme Ges.m.b.H., Haid bei Ansfelden	100.00	FC	0.00	n/a
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., Podgorica	100.00	FC	100.00	FC
Express One SI d.o.o., Ljubljana	0.00	n/a	100.00	FC
Express One Slovakia 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	0.00	n/a
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

Company and location	31 Dec. 2021 Interest in %	31 Dec. 2021 Method of consolidation[1]	31 Dec. 2022 Interest in %	31 Dec. 2022 Method of consolidation[1]
Post Business Solutions GmbH (formerly D2D – direct to document 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	0.00	n/a
Scanpoint Slovakia s.r.o., Nitra	100.00	FC	100.00	FC
sendhybrid ÖPBD GmbH, Graz	51.00	FC	0.00	n/a
Slovak Parcel Service s.r.o., Ivanka pri Dunaji	100.00	FC	100.00	FC
Weber Escal d.o.o., Hrvatski Leskovac	100.00	FC	100.00	FC
ADELHEID/AEP				
ADELHEID GmbH, Alzenau[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	0.00	n/a

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

6.1.2 OTHER INVESTMENTS

Company and location	Interest in %	Equity EUR m	Profit for the period EUR m
EURODIS GmbH, Weinheim	37.60	0.5	0.0

6.2 Changes to the Scope of Consolidation

The following changes were made to the scope of consolidation and transactions with non-controlling interests in the 2022 financial year:

Company name	Interest from	Interest to	Date of transaction	Comment
MAIL				
Post 102 Beteiligungs GmbH, Vienna (Österreichische Post AG, Vienna)[1]	100%	0.00%	28 Apr. 2022	Merger
Scanpoint GmbH, Vienna (Post Business Solution GmbH, Vienna formerly D2D – direct to document GmbH)[1]	100%	0.00%	31 May 2022	Merger
EMD – Elektronische- u. Mikrofilm-Dokumentations-systeme Ges.m.b.H., Haid bei Ansfelden (Post Business Solutions GmbH, Vienna formerly D2D – direct to document GmbH)[1]	100%	0.00%	31 May 2022	Merger
Operational unit "Poststellenmanagement" of Österreichische Post AG (Post Business Solutions GmbH, Vienna, formerly D2D – direct to document GmbH)[2]	0.00%	0.00%	31 May 2022	Contribution of operational unit
sendhybrid ÖPBD GmbH, Graz	51.00%	100%	1 Jun. 2022	Acquisition
sendhybrid ÖPBD GmbH, Graz (Post Business Solutions GmbH, Vienna formerly D2D – direct to document GmbH)[1]	100%	0.00%	30 Aug. 2022	Merger
PARCEL & LOGISTICS				
PHS Logistiktechnik GmbH, Graz	48.36%	0.00%	11 Mar. 2022	Sale
Express One SI d.o.o., Ljubljana	0.00%	100%	1 Apr. 2022	Foundation
Aras Digital Teknoloji Hizmetleri Anonim Şirketi a.s., Istanbul	0.00%	100%	1 Sept. 2022	Foundation

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.
2 The mentioned operational unit was transferred to the susidiary listed in parenthesis.

MAIL

●● **sendhybrid ÖPBD GmbH** As at 1 June 2022, Österreichische Post AG acquired the remaining 49% of the shares in sendhybrid ÖPBD GmbH, Graz, which has been fully consolidated since 2018. The acquisition, which was recognised directly in equity, resulted in the reclassification of non-controlling interests of EUR 0.5m to equity attributable to shareholders of the parent company.

PARCEL & LOGISTICS

●● **PHS Logistiktechnik GmbH** As at 11 March 2022, the 48.36% share in the associate PHS Logistiktechnik GmbH, Graz, held by Austrian Post was sold. The end of significant influence and the termination of the application of the equity method resulted in a gain of EUR 1.3m, which is reported as other operating income.

From the first-time inclusion of ●● **Express One SI d.o.o.** and ●● **Aras Digital Teknoloji Hizmetleri Anonim Şirketi a.s.**, both newly founded companies in the 2022 business year, in the scope of consolidation of Österreichische Post AG, there were no material effects on the consolidated financial statements.

RETAIL & BANK

bank99 AG In June 2022, the purchase price allocation for the acquisition of the retail banking business of the Austrian branch of ING DiBa AG, Frankfurt, was completed with a closing date of 1 December 2021. As the final purchase price allocation resulted in only insignificant shifts, the decision was made not to make any retrospective adjustment to the values recognised in the consolidated balance sheet as at 31 December 2021.

6.3 Non-controlling Interests

The following table shows the breakdown of material non-controlling interests by company:

	Non-controlling interests		Interest in %	
EUR m	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022
Aras Kargo Yurtici Yurtdisi Tasimacilik a.s., Istanbul	10.5	13.5	20.00	20.00
bank99 AG, Vienna	15.9	16.5	10.00	10.00
Other	1.6	0.7	n/a	n/a
Non-controlling interests	**27.9**	**30.7**		

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

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	**18.9**	**–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**

2022 Financial Year

EUR m	Aras Kargo a.s.	bank99 AG
Percentage of non-controlling interests	**20.0%**	**10.0%**
Non-current assets	99.2	45.0
Financial assets from financial services	0.0	3,116.7
Current assets	56.9	8.1
Non-current liabilities	–24.3	–13.2
Financial liabilites from financial services	0.0	–2,924.6
Current liabilities	–64.4	–66.9
Net assets	**67.3**	**165.1**
Net assets of non-controlling interests	13.5	16.5
Revenue/result from financial services	251.7	83.0
Profit for the period	21.2	–21.2
Other comprehensive income	11.2	0.3
Total comprehensive income	**32.4**	**–20.9**
Profit attributable to non-controlling interests	4.2	–2.1
Other comprehensive income attributable to non-controlling interests	2.2	0.0
Cash flow from operating activities	41.3	–354.3
Cash flow from investing activities	–3.8	–13.3
Cash flow from financing activities	–43.0	25.2
Currency translation differences in cash and cash equivalents	–3.3	0.0
Loss of purchasing power on cash and cash equivalents	–9.6	0.0
Change in cash and cash equivalents	**–18.4**	**–342.4**

Dividends of EUR 6.9m (2021: EUR 9.9m) were allocated to the non-controlling interests in Aras Kargo a.s. in the 2022 financial year.

6.4 Joint Ventures and Associates

6.4.1 FINANCIAL ASSETS ACCOUNTED FOR USING THE EQUITY METHOD

Composition of Carrying Amounts

EUR m	Interest in %	2021	Interest in %	2022
ASSOCIATES				
ADELHEID GmbH, Alzenau	51.5	7.5	51.5	7.2
PHS Logistiktechnik GmbH, Graz[1]	48.4	0.7	–	0.0
Net carrying amount as at 31 December		**8.2**		**7.2**

[1] Termination of accounting using the equity method in the 2022 financial year; refer to Note 6.2 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%.

●● **PHS Logistiktechnik GmbH** The company was sold on 11 March 2022.

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	2021	2022
Net carrying amount as at 1 January	**11.4**	**8.2**
Proportionate share of profit for the period	0.6	–0.3
Decrease from sale of shares	0.0	–0.7
Decrease from change in accounting method	–3.8	0.0
Net carrying amount as at 31 December	**8.2**	**7.2**

6.4.2 RESULTS FROM FINANCIAL ASSETS ACCOUNTED FOR USING THE EQUITY METHOD

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

Results from Financial Assets Accounted for using the Equity Method

EUR m	2021	2022
IMMATERIAL ASSOCIATES		
Share of profit for the period	0.6	–0.3
Results from financial assets accounted for using the equity method	**0.6**	**–0.3**
Share of other comprehensive income	0.0	0.0
Share of total comprehensive income	**0.6**	**–0.3**

7. 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 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 and 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 Türkiye 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's properties, providing 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 write-downs and segment investments shown in this column mainly relate to the internal logistics network production unit.

INFORMATION ABOUT PROFIT OR LOSS

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 write-downs	-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

2022 Financial Year

EUR m	Mail	Parcel & Logistics	Retail & Bank	Corporate	Group Reconciliation	Group
Revenue (segments)	1,218.0	1,214.6	122.5	3.0	-36.2	2,522.0
Revenue intra-Group	3.8	0.7	192.1	0.0	-196.6	0.0
Total revenue	**1,221.9**	**1,215.3**	**314.6**	**3.0**	**-232.8**	**2,522.0**
thereof revenue with third parties	1,201.9	1,195.1	122.1	3.0	0.0	2,522.0
thereof results from financial services	0.0	0.0	83.0	0.0	-0.4	82.6
Results from financial assets accounted for using the equity method	0.0	-0.3	0.0	0.0	0.0	-0.3
Depreciation, amortisation and write-downs	-5.8	-36.2	-13.8	-24.1	-104.5	-184.3
thereof impairment losses recognised in profit or loss	0.0	-2.1	-0.6	0.0	0.0	-2.7
Reversal recognised in profit or loss	0.0	2.4	0.0	0.0	0.9	3.2
EBIT	**157.6**	**88.8**	**-26.7**	**-31.2**	**-0.1**	**188.4**
Financial result						-24.7
Profit before tax						**163.7**
Segment investments	4.5	35.3	21.9	14.7	233.6	310.0

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 fully reflected according to 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:

2021 Financial Year

EUR m	Austria	Türkiye	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

2022 Financial Year

EUR m	Austria	Türkiye	Germany	Other countries	Group
Revenue	2,049.1	251.7	52.3	168.9	2,522.0
Non-current assets other than financial instruments and deferred tax assets	1,425.0	95.6	1.4	62.4	1,584.4

8. Revenue from Contracts with Customers

8.1 Revenue from Contracts with Customers

The following table shows the revenue from contracts with customers by type of product/service or region for each reportable segment:

EUR m	2021	2022
Letter Mail	722.5	714.9
Business Solutions	40.4	43.1
Direct Mail	328.3	317.1
Media Post	123.4	126.7
Mail	**1,214.6**	**1,201.9**
Parcel Austria	716.3	727.2
Parcel Türkiye	290.7	251.7
Parcel CEE/SEE	165.3	172.0
Logistics Solutions/Consolidation	55.2	44.2
Parcel & Logistics	**1,227.6**	**1,195.1**
Branch Services	41.8	39.5
Commission income from financial services	30.7	48.7
Other	0.1	0.1
Retail & Bank	**72.6**	**88.3**
Other revenue	3.0	3.0
Corporate	**3.0**	**3.0**
Revenue from contracts with customers	**2,517.8**	**2,488.2**
thereof recognised in revenue	2,517.8	2,488.2

In order to ensure the most transparent and appropriate breakdown of revenue from contracts with customers, the manner in which information for the Parcel & Logistics segment is presented was adjusted in the 2022 financial year. The information is now broken down into parcel logistics, with revenue presented by region, and also logistics services. The comparative figures were adapted.

8.2 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 2021 and 31 December 2022.

EUR m	31 Dec. 2021	31 Dec. 2022
Trade receivables	303.8	298.7
Contract assets	3.1	3.6
Contract liabilities	32.4	32.2

The contractual liabilities recognised as at 31 December 2022 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 2022, EUR 27.9m (2021: EUR 28.7m) 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 2022 that have an expected original term of one year or less.

9. Result from Financial Services

The income from financial services and the expenses for financial services reported in the consolidated income statement comprise the items shown in the following two tables:

EUR m	2021	2022
Interest income	1.8	33.9
Commission income	30.7	48.7
Income from financial services	**32.6**	**82.6**

EUR m	2021	2022
Interest expense	–3.3	–4.9
Commission expenses	–2.1	–6.5
Expenses for financial services	**–5.4**	**–11.3**

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

Negative interest of EUR 2.3m (2021: EUR 2.8m) is recognised in interest expense.

The total result from financial services is as follows:

EUR m	2021	2022
Interest income	1.8	33.9
thereof results of the effective interest method	1.8	33.9
Interest expense	–3.3	–4.9
Net interest income/expense	**–1.5**	**29.0**
Commission income	30.7	48.7
Commission expense	–2.1	–6.5
Net commission income/expenses	**28.6**	**42.2**
Net interest and commission income/expenses	**27.1**	**71.2**
Revaluation and derecognition income	0.0	0.9
Impairment loss IFRS 9	–5.8	–6.3
Income from financial services	**21.3**	**65.8**

Interest income results primarily from receivables from customers in the amount of EUR 29.3m (2021: EUR 1.8m). EUR 18.3m (2021: EUR 12.6m) of the commission income relates to the current account business and payment transactions, while EUR 23.1m (2021: EUR 17.7m) relates to the other service business and EUR 6.9m (2021: EUR 0.5m) is attributable to the securities business.

10. Raw Materials, Consumables and Services Used

EUR m	2021	2022
MATERIAL		
Fuels	23.7	35.9
Merchandise	8.4	8.1
Supplies, clothing, stamps	27.7	30.8
Other	3.6	4.1
	63.4	**78.8**
SERVICES USED		
International postal carriers	53.7	52.7
Unaddressed mailing lists	8.8	7.7
Addressed mailing lists	8.0	7.9
Energy	16.3	24.1
Transport	374.9	392.3
Contract and leasing staff	37.6	42.8
Other	153.1	143.9
	652.3	**671.3**
	715.7	**750.1**

The cost of materials includes impairment losses due to a write-down to net realisable value of EUR 1.3m (2021: EUR 0.4m).

11. Staff Costs

EUR m	2021	2022
Wages and salaries	901.6	881.9
Severance payments	14.0	15.8
Pensions	0.2	0.2
Statutory levies and contributions	216.3	225.1
Other staff costs	27.9	21.2
	1,160.1	**1,144.2**

Expenses for severance payments can be broken down as follows:

EUR m	2021	2022
Management Board	0.1	0.1
Senior executives	1.1	–0.2
Other employees	12.8	15.9
	14.0	**15.8**

In the 2022 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 6.8m (2021: EUR 6.1m).

The average number of employees during the financial year was:

	2021	2022
Blue-collar employees	6,838	6,521
White-collar employees	17,725	17,980
Civil servants	4,626	4,288
Trainees	142	123
Total headcount	**29,331**	**28,912**
Corresponding full-time equivalents	**27,275**	**27,132**

12. Other Operating Income and Expenses

12.1 Other Operating Income

EUR m	2021	2022
Rents and leases	31.0	31.9
Work performed by the enterprise and capitalised	5.1	3.1
Oncharged expenses	7.2	18.3
Settlements of damage claims	4.2	3.3
Disposal of property, plant and equipment	7.2	6.3
Personnel leasing and administration	1.4	0.9
Other	39.1	43.5
	95.2	**107.3**

Other operating income from leases relates to assets leased in part (property, plant and equipment and investment property), which are classified as operating leases. Please refer to Note 19 Leases for further explanatory information.

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

Other operating income includes compensation payments in connection with COVID-19. For more information, please refer to Note 5 Future-related Assumptions and Estimation Uncertainties.

Other operating income also includes income from the subsequent measurement of liabilities resulting from purchase obligations of non-controlling interests amounting to EUR 17.0m (2021: EUR 0.0m). For more information, please refer to Note 27 Trade and Other Payables.

Furthermore, the remaining other operating income includes a large number of individual immaterial amounts.

12.2 Other Operating Expenses

EUR m	2021	2022
IT services	70.0	75.6
Maintenance	67.5	72.6
Travel and mileage	27.4	29.4
Settlements of damage claims	19.6	13.7
Communications and advertising	28.1	25.9
Consultancy	19.1	14.1
Waste disposal and cleaning	16.5	15.9
Leasing and rental payments	15.4	17.3
Other taxes (excl. income taxes)	17.6	17.0
Insurance	9.7	11.1
Telephone	5.1	4.9
Call centre expenses	1.4	2.3
Contract and leasing staff	3.9	6.4
Training and professional development	3.3	3.6
Impairment loss IFRS 9	6.9	7.8
Losses from the disposal of property, plant and equipment	1.7	1.4
Other	50.7	33.3
	363.8	**352.3**

The item Impairment losses in accordance with IFRS 9 relates to the banking business in the amount of EUR 6.3m (2021: EUR 5.8m) and logistics in the amount of EUR 1.5m (2021: EUR 1.1m).

The remaining other operating expenses include a large number of individual immaterial amounts.

13. Financial Result

EUR m	Note	2021	2022
FINANCIAL INCOME			
Interest income		3.4	3.4
Income from securities		0.8	0.5
Income from revaluation of financial assets and derivatives		1.1	0.0
Results from revaluation of realised derivatives		0.9	0.0
Income from foreign currency measurement		21.7	4.1
		28.0	**8.1**
FINANCIAL EXPENSES			
Interest expense from lease liabilities		–4.9	–4.8
Interest expense for other financial liabilities		–0.3	–1.8
Interest expense for other liabilities		–7.7	–7.9
Interest expense (interest effects of provisions)	(26.2)	–2.9	–4.0
Expense from revaluation of financial assets		–0.5	–0.4
Result from the revaluation of realised derivatives		0.0	–0.9
Expenses from foreign currency measurement		0.0	–13.0
		–16.3	**–32.8**
		11.7	**–24.7**

Income from the revaluation of financial assets and derivatives in the 2021 financial year included valuation gains from a foreign currency forward in the amount of EUR 1.0m and a result from the measurement of realised derivatives in the amount of EUR 0.9m. In the 2022 financial year, valuation expenses from foreign currency forwards amounting to minus EUR 0.9m are recognised in financial expenses as a result from the measurement of realised derivatives. See Note 23.2 Other Financial Assets for more information.

The income and expenses from foreign currency measurement relate, on the one hand, to income and expenses from foreign currency measurement and the inflation effects of liabilities resulting from purchase obligations of non-controlling interests in the amount of minus EUR 10.9m (2021: EUR 11.3m) and, on the other hand, the measurement of cash and cash equivalents and money market investments in Turkish lira amounting to EUR 4.1m (2021: EUR 10.4m), as well as expenses from the foreign currency measurement of dividend receivables amounting to minus EUR 2.1m (2021: EUR 0.0m).

Interest expense for other financial liabilities relates to expenses from the subsequent measurement of liabilities resulting from purchase obligations of non-controlling interests amounting to EUR 7.9m (2021: EUR 7.7m).

For further information on liabilities resulting from purchase obligations of non-controlling interests, please refer to Note 27. Trade and Other Payables.

Impairment losses in accordance with IFRS 9 on money market investments, bank balances and securities measured at fair value through other comprehensive income (FVOCI) are reported under expenses and income from the revaluation of financial assets and derivatives. Due to the immaterial amounts involved, they are not disclosed as separate items in the income statement in accordance with IAS 1.82.

14. Income Tax

EUR m	2021	2022
Income tax expense for the current year	58.4	24.6
Tax credits/arrears from prior tax years	0.2	–0.5
Deferred tax expense/income	–0.6	11.4
	58.0	**35.6**

Tax Reconciliation The Group tax rate is defined as the ratio of recognised income tax to profit before tax and is 21.7% in the 2022 financial year (2021: 26.8%).

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	2021	2022
Profit before tax	**216.4**	**163.7**
Expected taxes on income	**54.1**	**40.9**
TAX DEDUCTIONS DUE TO		
Write-down of subsidiaries to lower going concern value	–1.9	–1.8
Adjustments to foreign tax rates	–0.7	–0.9
Gains not affecting taxes (accounted for using the equity method)	–0.2	0.0
Badwill	–3.5	0.0
Asset revaluation in tax law[1]	–2.8	–10.2
Other tax-reducing items	–2.3	–6.5
	–11.4	**–19.4**
TAX INCREASES DUE TO		
Impairment losses on goodwill	0.4	0.5
Losses not affecting taxes (accounted for using the equity method)	0.0	0.1
Appreciation subsidiaries	5.0	0.1
Non-Tax Penalties	1.5	0.0
Adaption Earn-Out valuation[2]	3.3	0.4
Adjustment – hyperinflation	0.0	5.3
Effects of Austrian Ecosocial Tax Reform Act	0.0	1.9
Other tax-increasing items	4.6	4.9
	14.8	**13.2**
INCOME TAX EXPENSE FOR THE PERIOD	**57.4**	**34.8**
Adjustment of withholding tax	2.0	1.4
Adjustment of current tax income/expense from prior years	0.2	–0.5
Adjustment of deferred tax income/expense from prior years	–0.1	0.0
Change in unrecognised deferred tax assets	–1.5	–0.1
Current tax expense	**58.0**	**35.6**

[1] in Türkiye
[2] see Note 13 financial result and Note 27 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. 2021	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022
Goodwill	0.2	0.1	–0.3	–0.3
Customer relationships	0.6	0.4	–1.9	–2.6
Trademarks	0.1	0.0	–2.9	–5.2
Other intangible assets	0.3	0.0	–3.7	–2.3
Property, plant and equipment	6.6	8.9	–1.1	–2.9
Right-of-use	0.0	0.0	–77.1	–89.3
Financial assets (tax write-down to lower going concern value)	3.9	3.6	0.0	0.0
Other financial assets	0.0	0.0	–0.3	–0.4
Inventories	0.0	0.0	0.0	–0.2
Receivables	1.1	0.7	–0.6	0.0
Financial assets from financial services	0.1	0.0	0.0	0.0
Contract assets	0.0	0.0	–0.1	–0.1
Provisions	41.3	24.1	0.0	0.0
Payables and contract liabilities	2.5	2.3	–0.6	–0.6
Lease liabilities	78.6	89.2	–0.3	0.0
Tax loss carry forwards	0.5	0.7	0.0	0.0
	135.6	**130.0**	**–89.0**	**–103.8**
Depreciation deferred tax assets and loss carry forwards	–0.1	–0.1	0.0	0.0
Net balance	–88.9	–103.5	88.9	103.5
Deferred taxes – balance sheet recognition	**46.6**	**26.5**	**–0.1**	**–0.3**

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	2021	2022
Deferred tax assets (+)/tax liabilities (–) as at 1 January	**43.9**	**46.5**
Deferred tax expense (–) / income (+) recognised through income statement	0.6	–11.4
Changes in deferred taxes recognised directly in equity		
thereof relating to fair value adjustment FVOCI – equity and debt instruments	–0.1	–0.1
thereof relating to revaluation of defined benefit obligation	1.5	–3.7
Relating to acquisitions / desacquisitions	–0.2	0.0
Adjustment – hyperinflation	0.0	–4.7
Exchange rate impact and other changes	0.8	–0.5
Deferred tax assets (+)/tax liabilities (–) as at 31 December	**46.5**	**26.2**

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. 2021	31 Dec. 2022
UNRECOGNISED TEMPORARY DIFFERENCES FROM:		
Loss carry forwards	**52.7**	**53.1**
thereof due within not later than 2 years	0.2	0.2
thereof due within 3–4 years	0.0	0.6
thereof due within 5–6 years	0.7	1.5
due within an indefinite period of time	51.8	50.8
other temporary differences	**0.8**	**1.0**
	53.5	**54.1**

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 decreased by around EUR 2.9m in 2022.

Temporary differences of EUR 55.3m EUR (31 December 2021: EUR 62.0m) 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.

15. 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.

		2021	2022
Profit for the period attributable to equity holders of the parent company	(EUR m)	152.3	125.7
Adjusted profit for the period for the identification of diluted earnings per share	(EUR m)	152.3	125.7
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)	**2.25**	**1.86**
Diluted earnings per share	(EUR)	**2.25**	**1.86**

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 26.1 Share-based Payments.

16. Goodwill

EUR m	2021	2022
HISTORICAL COSTS		
Balance as at 1 January	**74.6**	**76.9**
Initial application – hyperinflation	0.0	0.4
Additions arising from acquisitions	2.3	0.0
Currency translation differences	0.0	–0.6
Balance as at 31 December	**76.9**	**76.7**
IMPAIRMENT LOSSES		
Balance as at 1 January	**13.1**	**14.9**
Additions	1.7	2.1
Balance as at 31 December	**14.9**	**16.9**
Carrying amount as at 1 January	**61.4**	**62.0**
Carrying amount as at 31 December	**62.0**	**59.8**

Additions arising from acquisitions in the previous year relate to the merger with D2D – direct to document GmbH.

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

EUR m	31 Dec. 2021	31 Dec. 2022
MAIL		
Mail	39.2	39.2
	39.2	**39.2**
PARCEL & LOGISTICS		
Parcel & Logistics Austria	11.7	11.7
Other	11.2	8.9
	22.9	**20.7**
	62.0	**59.8**

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 cash-generating unit (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 2023 financial year and the medium-term business planning for a period of an additional three years (2024–2026). 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% (2021: 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 long-term discount rates applied to the primary individual cash-generating units:

	WACC after Tax	
	2021	2022
MAIL		
Mail	6.4%	7.1%
PARCEL & LOGISTICS		
Parcel & Logistics Austria	6.4%	7.1%
Other	6.8%–23.3%	7.7%–18.6%

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

EUR m	2021	2022
PARCEL & LOGISTICS		
Aras Kargo	0.0	1.4
Express One	0.0	0.3
M&BM Express	1.7	0.4
	1.7	**2.1**

In the Parcel & Logistics Division, impairment losses were recognised on the goodwill of the Aras Kargo CGU, the M&BM Express CGU and the Express One CGU in the 2022 financial year. These are recognised in profit or loss in the income statement. The recoverable amount for the Aras Kargo CGU is EUR 142.6m, EUR 5.6m for the M&BM CGU and EUR 1.8m for the Express One CGU as at 31 December 2022.

The impairment losses for the M&BM Express CGU and the Express One CGU were recognised due to a continued difficult market environment, an increase in the weighted average cost of capital (WACC) and reduced earnings prospects.

In the case of the Aras Kargo CGU, the need for impairment results, on the one hand, from the effects of the adjustment in accordance with IAS 29 Financial Reporting in Hyperinflationary Economies and, on the other hand, from operational risks in connection with hyperinflation in Türkiye, which were taken into account when determining the value in use.

In addition to the impairment test, sensitivity analyses related to the primary valuation assumptions were also carried out for all significant cash-generating units. EBIT was reduced by ten percentage points in the first sensitivity analysis, whereas the discount rate was raised by one percentage point in the second sensitivity analysis. Given the current uncertainty regarding macroeconomic developments, the Russia-Ukraine conflict and climate risks, an additional extended sensitivity analysis was conducted in which EBIT was reduced by 20% and the discount rate was increased by two percentage points.

All other things being equal, the following additional impairment losses on goodwill would arise for the following material cash-generating units for 2022:

	EBIT				WACC			
	–10%		–20%		+1 percentage point		+2 percentage points	
EUR m	2021	2022	2021	2022	2021	2022	2021	2022
M&BM Express	0.3	0.5	0.6	0.9	0.5	0.5	0.8	0.9
Parcel & Logistics Austria	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.1

17. Intangible Assets

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		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**

2022 Financial Year

EUR m	Note	Customer relationships	Trademarks	Other intangible assets	Total
HISTORICAL COSTS					
Balance as at 1 January 2022		**26.0**	**18.0**	**125.3**	**169.2**
Initial application – hyperinflation	(4.)	4.3	6.2	2.6	13.1
Additions		0.0	0.0	18.7	18.7
Disposals		0.0	0.0	–1.9	–1.9
Currency translation differences		3.5	5.1	2.2	10.9
Balance as at 31 December 2022		**33.7**	**29.3**	**147.0**	**210.0**
DEPRECIATION AND IMPAIRMENT LOSSES					
Balance as at 1 January 2022		**14.7**	**3.5**	**69.2**	**87.4**
Initial application – hyperinflation		0.8	0.0	0.9	1.7
Depreciation		3.3	0.0	16.3	19.6
Disposals		0.0	0.0	–1.9	–1.9
Currency translation differences		0.7	0.0	0.8	1.4
Balance as at 31 December 2022		**19.5**	**3.5**	**85.3**	**108.3**
Carrying amount as at 1 January 2022		**11.3**	**14.4**	**56.1**	**81.8**
Carrying amount as at 31 December 2022		**14.3**	**25.7**	**61.7**	**101.7**

Intangible assets include trademarks with indefinite useful lives with a carrying amount of EUR 25.7m (31 December 2021: EUR 14.4m), of which EUR 25.4m (31 December 2021: EUR 14.1m) is allocated to the Aras Kargo CGU.

Additions to other intangible assets relate to internally developed software in the amount of EUR 0.8m (2021: EUR 2.8m).

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

18. Property, Plant and Equipment

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 COSTS						
Balance as at 1 January 2021		**1,274.5**	**240.2**	**415.2**	**55.3**	**1,985.2**
Additions arising from acquisitions		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
Reclassifications		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
Value recovery		0.0	0.0	–0.1	0.0	–0.1
Disposals		–10.3	–3.3	–23.3	0.0	–36.9
Reclassifications		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**

2022 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 COSTS						
Balance as at 1 January 2022		**1,360.3**	**270.7**	**454.1**	**69.2**	**2,154.4**
Initial application – hyperinflation	(4.)	7.0	2.5	1.6	0.0	11.1
Additions		148.5	17.9	57.2	62.7	286.3
Disposals		-16.0	-1.3	-19.5	-0.2	-37.0
Reclassifications		38.0	17.2	8.0	-63.3	0.0
Reclassification as investment property	(20.)	-17.2	0.0	0.0	0.0	-17.2
Currency translation differences		0.3	2.7	1.5	0.0	4.4
Balance as at 31 December 2022		**1,521.0**	**309.7**	**502.9**	**68.4**	**2,402.0**
DEPRECIATION AND IMPAIRMENT LOSSES						
Balance as at 1 January 2022		**550.0**	**152.0**	**245.9**	**0.0**	**947.9**
Initial application – hyperinflation	(4.)	1.2	0.6	0.6	0.0	2.4
Depreciation		79.9	25.7	54.7	0.0	160.3
Impairment losses		0.0	0.6	0.0	0.0	0.6
Value recovery		-3.1	0.0	0.0	0.0	-3.1
Disposals		-7.2	-0.7	-18.0	0.0	-26.0
Reclassifications		0.0	0.2	-0.2	0.0	0.0
Reclassification as investment property	(20.)	-13.8	0.0	0.0	0.0	-13.8
Currency translation differences		-0.7	0.3	0.5	0.0	0.1
Balance as at 31 December 2022		**606.3**	**178.6**	**283.5**	**0.0**	**1,068.4**
Carrying amount as at 1 January 2022		**810.3**	**118.8**	**208.2**	**69.2**	**1,206.5**
Carrying amount as at 31 December 2022		**914.7**	**131.1**	**219.4**	**68.4**	**1,333.6**

Reversals of impairment losses in the 2022 financial year amounting to EUR 3.1m relate to a property in the Republic of Croatia (EUR 2.4m) and a property in the Slovak Republic (EUR 0.7m), for which impairment losses had been recognised in the 2017 financial year.

Furthermore, no property, plant and equipment were pledged as collateral as at 31 December 2022, 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.

19. Leases

19.1 Leases as the Lessee

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 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
Value recovery	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**

Right-of-use Assets in the 2022 Financial Year

EUR m	Property and buildings	Technical plant and machinery	Other equipment, furniture and fittings	Total
Carrying amount as at 1 January 2022	**323.8**	**2.8**	**4.7**	**331.3**
Initial application – hyperinflation	2.4	0.0	0.1	2.5
Additions	133.0	0.0	5.3	138.2
Disposals	–7.3	0.0	0.0	–7.3
Depreciation	–55.4	–0.7	–3.3	–59.4
Impairment losses	0.0	–0.6	0.0	–0.6
Currency translation differences	–2.0	0.0	0.2	–1.8
Carrying amount as at 31 December 2022	**394.6**	**1.6**	**6.9**	**403.0**

The additions to right-of-use assets for property and buildings during the 2022 financial year mainly relate to buildings rented for the first time within Österreichische Post AG and, in the amount of EUR 54.0m, to the Tyrol logistics centre.

The lease liabilities are reported in the consolidated balance sheet as part of other financial liabilities (see Note 28.2). For more details on the maturity analysis of the lease liabilities based on the remaining term to maturity, see Note 29.2.2 Presentation of Types of Risk.

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

EUR m	2021	2022
Expense for leases of low value	0.3	0.3
Expense for short-term leases	1.6	0.7
Other operating expenses	**1.9**	**1.0**
Amortisation of right-of-use assets	50.6	59.4
Impairments on right-of-use assets	3.1	0.6
Depreciation, amortisation and impairment losses	**53.7**	**60.0**
Interest expense from lease liabilities	4.9	4.8
Financial expenses	**4.9**	**4.8**

Cash outflows for leases amounting to EUR 65.7m (31 December 2021: EUR 57.7m) in total are included in the **consolidated cash flow statement.**

A **sensitivity analysis** of the assumptions on the exercise of renewal options or non-exercise of termination options of the relevant right-of-use asset produced the following outcome: a change in the lease term by +/−1 year in each case would have the following effects on the amount of the right-of-use assets or lease liabilities recorded if all other factors remained the same:

	Lease term	
EUR m	+1 year	−1 year
right-of-use assets/lease liabilities	56.8	−54.2

19.2 Leases as the Lessor

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 sub-let. The sub-lease extends over the entire remaining lease term and is to be classified as a finance lease.

As at 31 December 2022, lease receivables totalling EUR 5.1m (31 December 2021: EUR 6.5m) are reported under trade and other receivables before impairment losses, EUR 3.8m (2021: EUR 5.2m) of which have a term of more than one year. Impairment losses in the amount of expected credit losses amounted to EUR 0.1m in the 2022 financial year (2021: EUR 0.2m).

Maturity Analysis

EUR m	31 Dec. 2021	31 Dec. 2022
No later than one year	1.3	1.4
Later than one year and not later than two years	1.4	1.4
Later than two years and not later than three years	1.4	1.4
Later than three years and not later than four years	1.4	1.0
Later than four years and not later than five years	1.0	0.0
Total amount of non-discounted lease receivables	6.5	5.1
Item in the income statement in which the ineffectiveness was recognised	**6.5**	**5.1**

Operating Leases The income from operating leases reported under leases in the consolidated income statement amounts to EUR 24.7m in the 2022 financial year (2021: EUR 24.3m). The underlying leases are largely terminable operating leases with the indexation of rents and operating subleases. The subleases relate to rented buildings that are subject to subcontractors based on the same terms and conditions as those set out in the original lease agreement. The terms of the lease agreements with subcontractors are linked to the terms of the original lease agreement and include further termination options.

The resulting amount of non-discounted lease payments due annually is as follows at the balance sheet date:

EUR m	31 Dec. 2021	31 Dec. 2022
No later than one year	23.6	25.4
Later than one year and not later than two years	20.2	21.2
Later than two years and not later than three years	16.4	17.0
Later than three years and not later than four years	12.8	13.7
Later than four years and not later than five years	10.0	10.7
Later than five years	36.6	56.7
	119.6	**144.7**

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 historical costs and carrying amounts of land and buildings reported under property, plant and equipment and for which operating leases exist amounted to EUR 82.9m (31 December 2021: EUR 81.3m) and EUR 18.1m (31 December 2021: EUR 18.7m) respectively as at 31 December 2022. Accumulated depreciation in the 2022 financial year amounted to EUR 64.8m (2021: EUR 62.6m).

20. Investment Property

EUR m	Note	2021	2022
HISTORICAL COSTS			
Balance as at 1 January		**259.0**	**261.4**
Initial application – hyperinflation	(4.)	0.0	0.5
Additions		4.5	5.3
Disposals		−2.5	−0.9
Reclassification to property, plant and equipment	(19.)	2.6	17.2
Reclassification to "held for sale"		−1.5	0.0
Currency translation differences		−0.8	0.4
Balance as at 31 December		**261.4**	**283.9**
DEPRECIATION AND IMPAIRMENT LOSSES			
Balance as at 1 January		**184.6**	**185.0**
Initial application – hyperinflation		0.0	0.0
Depreciation and amortisation		1.8	1.8
Impairment losses		0.0	0.0
Value recovery		−0.5	−0.1
Disposals		−1.7	−0.7
Reclassification property, plant and equipment	(19.)	2.2	13.8
Reclassification to "held for sale"		−1.4	0.0
Balance as at 31 December		**185.0**	**199.7**
Carrying amount as at 1 January		**74.4**	**76.3**
Carrying amount as at 31 December		**76.3**	**84.2**

EUR m	31 Dec. 2021	31 Dec. 2021
Fair value	285.2	351.9
Rental income	17.0	17.4
Expenses arising from property generating rental income	4.1	4.3
Expenses arising from property not generating rental income	0.9	1.0

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

21. Inventories

EUR m	31 Dec. 2021	31 Dec. 2022
Materials and consumables	12.8	16.5
Merchandise	3.6	4.7
	16.5	**21.2**

22. Trade and Other Receivables

	31 Dec. 2021			31 Dec. 2022		
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	303.8	0.0	303.8	298.7	0.0	298.7
Receivables from financial assets accounted for using the equity method	1.4	0.4	1.8	0.9	0.0	0.9
Other receivables	71.5	13.9	85.4	79.3	11.1	90.4
	376.7	**14.3**	**391.0**	**378.9**	**11.1**	**390.0**

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 0.9m (31 December 2021: EUR 1.8m).

For information on the lease receivables from contractual relationships as the lessor included in trade and other receivables, please refer to Note 19 Leases.

With respect to the presentation of impairment losses on trade and other receivables, refer to Note 29.2 Risks and Risk Management Related to Financial Instruments – Logistics.

23. Financial Assets

23.1 Financial Assets from Financial Services

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

31 December 2021

EUR m	Due daily	<3 months	>3 months <1 year	Remaining term <1 year	1 year <5 years	More than 5 years	Remaining term >1 year	Total
	Remaining term <1 year				Remaining term >1 year			
Cash and cash equivalents and balances with central banks	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
Demand 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
Financial assets	0.0	0.1	0.0	0.1	0.0	73.4	73.4	73.5
Other receivables from offsetting	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**

31 December 2022

EUR m	Due daily	<3 months	>3 months <1 year	Remaining term <1 year	1 year <5 years	More than 5 years	Remaining term >1 year	Total
	Remaining term <1 year				Remaining term >1 year			
Cash and cash equivalents and balances with central banks	875.8	0.0	0.0	875.8	0.0	0.0	0.0	875.8
Cash on hand	109.4	0.0	0.0	109.4	0.0	0.0	0.0	109.4
Central banks	743.4	0.0	0.0	743.4	0.0	0.0	0.0	743.4
Demand deposits	23.0	0.0	0.0	23.0	0.0	0.0	0.0	23.0
Receivables from banks	0.0	0.0	0.0	0.0	30.3	0.0	30.3	30.3
Receivables from customers	18.1	0.4	5.0	23.4	107.8	1,464.9	1,572.7	1,596.1
Mortgage loans	0.0	0.0	0.0	0.0	1.3	1,259.6	1,260.9	1,260.9
Consumer loans	9.6	0.4	5.0	14.9	106.5	205.3	311.8	326.7
Current accounts	8.5	0.0	0.0	8.5	0.0	0.0	0.0	8.5
Financial assets	0.0	0.0	0.0	0.0	369.0	184.4	553.4	553.4
Other receivables	11.9	0.0	0.0	11.9	0.0	57.7	57.7	69.6
Positive market values from hedge accounting	0.0	0.0	0.0	0.0	0.0	57.7	57.7	57.7
Receivables from offsetting	11.9	0.0	0.0	11.9	0.0	0.0	0.0	11.9
Total	**905.7**	**0.4**	**5.0**	**911.1**	**507.1**	**1,707.0**	**2,214.1**	**3,125.1**

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23.2 Other Financial Assets

EUR m	31 Dec. 2021 Due within 1 year	31 Dec. 2021 Due in more than 1 year	31 Dec. 2021 Total	31 Dec. 2022 Due within 1 year	31 Dec. 2022 Due in more than 1 year	31 Dec. 2022 Total
Securities	20.4	0.0	20.4	0.4	0.0	0.4
Money market investments	10.0	0.0	10.0	64.9	0.0	64.9
Other stakes	0.0	5.6	5.6	0.0	6.2	6.2
Derivative financial assets	1.0	0.0	1.0	0.0	0.0	0.0
Total	**31.4**	**5.6**	**37.0**	**65.3**	**6.2**	**71.6**

●● **Securities** Investment fund shares (fair value through profit or loss (FVTPL) category) with a carrying amount of EUR 19.9m as at 31 December 2021 were sold in full in the 2022 financial year.

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

●● **Other shares** mainly include shares of 1.7% in Wiener Börse AG which Österreichische Post AG holds due to its listing on the Vienna Stock Exchange. The shareholding 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 of the shares on the reporting date is EUR 6.0m (2021: EUR 5.5m).

●● **Derivative Financial Assets** The derivative related to the foreign currency forward in Turkish lira (fair value through profit or loss [FVTPL] category) with a carrying amount of EUR 1.0m as at 31 December 2021 was realised in the 2022 financial year.

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

24. Cash and Cash Equivalents

EUR m	31 Dec. 2021	31 Dec. 2022
Bank balances	82.3	42.3
Cash on hand	3.6	12.5
Impairment losses	–0.1	0.0
	85.8	**54.8**

25. 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 Österreichische Post AG was authorised to issue new authorised capital, and the Articles of Association of Österreichische Post AG 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, 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 from 1 May 2022 to 31 October 2024, in particular from Österreichische Beteiligungs AG, at a lowest equivalent value of EUR 20.00 per share, and at a highest equivalent value of EUR 60.00 per share.

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

	Shares
Balance as at 1 January 2022	67,552,638
Balance as at 31 December 2022	67,552,638
Weighted average number of shares in the 2022 financial year	67,552,638

The main shareholder of Österreichische Post AG, 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 market valuation 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 market valuation 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, as well as the effect of the inflation adjustment for subsidiaries whose functional currency is the currency of a hyperinflationary economy. The change in the currency translation reserves for the current financial year is mainly the result of the translation of, and hyperinflationary adjustments made to, the annual financial statements of Aras Kargo, which are prepared in Turkish lira.

For information on non-controlling interests, please refer to Note 6.3. Non-controlling Interests.

The profit for the period in the 2022 financial year amounted to EUR 128.1m (2021: EUR 158.4m). The profit for the period attributable to equity holders of the parent company amounted to EUR 125.7m (2021: EUR 152.3m). 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 2022. The distributable profit shown therein totalled EUR 301.0m (2021: EUR 266.7m).

The Management Board will propose a dividend for the 2022 financial year totalling EUR 118.2m (corresponding to a basic divided of EUR 1.75 per share) (2021: EUR 128.4m, basic divided of EUR 1.90 per share).

The following tables show the composition of other comprehensive income for the 2021 and 2022 financial years:

2021 Financial Year

	Other reserves					
EUR m	IAS 19 reserves	FVOCI reserves	Currency translation reserves	Equity attri-butable to 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
Changes in fair value 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**

2022 Financial Year

	Other reserves					
EUR m	IAS 19 reserves	FVOCI reserves	Currency translation reserves	Equity attri-butable to shareholders of the parent compan	Non-controlling interests	Equity
Currency translation differences and hyperinflation adjustment – investments in foreign operations	0.0	0.0	13.9	13.9	3.7	17.7
Changes in fair value FVOCI – equity instruments	0.0	0.7	0.0	0.7	0.0	0.7
Revaluation of defined benefit obligations	13.5	0.0	0.0	13.5	-1.8	11.7
Tax effect	-4.1	-0.1	0.0	-4.2	0.4	-3.8
Other comprehensive income	**9.4**	**0.5**	**13.9**	**23.9**	**2.3**	**26.2**

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 5,383.9m as at 31 December 2022 as a basis (31 December 2021: EUR 4,792.6m), the equity ratio as at 31 December 2022 came to 13.2% (31 December 2021: 14.0%).

Minimum Capital Requirements for bank99 AG 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 own funds calculated in accordance with the CRR comprise the following:

Eligible Own Funds of bank99 AG according to CRR

EUR m	31 Dec. 2021	31 Dec. 2022
Paid-in capital	100.9	100.9
Disclosed reserves	137.7	164.8
Retained earnings	–56.0	–73.5
Loss for the year	–17.5	–24.0
Less deduction items	–15.0	–22.6
Tier 1 capital	**150.1**	**145.6**
Eligible tier 2 capital	0.0	0.0
Eligible own funds	**150.1**	**145.6**

Own Funds Requirements of bank99 AG according to CRR

EUR m	31 Dec. 2022	31 Dec. 2022
Credit risk	719.3	783.9
Credit value adjustment (CVA)		14.3
Operational risk	19.4	52.5
Total risk amount (calculation basis)	**738.7**	**850.7**
Tier 1 capital ratio (CET1) in relation to total risk	20.3%	17.1%
Own funds ratio in relation to total risk	20.3%	17.1%

The capital ratios were well in excess of the legally required levels throughout the entire financial year.

The conclusion of derivatives as part of hedging relationships results in an additional capital requirement for credit value adjustments (CVA) of EUR 14.3m in the 2022 financial year (31 December 2021: EUR 0.0m). The increase in the capital requirement for operational risk under the CRR standard approach is based on the increase in bank99 AG's operating income in the 2022 financial year.

Furthermore, Österreichische Post AG is commited to provide bank99 AG with additional equity of up to EUR 70.0m in the period leading up to the end of 2026, subject to certain conditions (31 December 2021: up to EUR 88.1m).

26. Provisions

EUR m	31 Dec. 2021 Due within 1 year	31 Dec. 2021 Due in more than 1 year	31 Dec. 2021 Total	31 Dec. 2022 Due within 1 year	31 Dec. 2022 Due in more than 1 year	31 Dec. 2022 Total
Provisions for severance pay	4.0	125.7	129.7	4.4	112.7	117.1
Provisions for anniversary bonuses	7.1	63.6	70.7	7.4	53.6	61.0
Other employee provisions	117.2	187.6	304.9	113.2	161.6	274.8
Other provisions	179.9	2.8	182.6	172.5	2.1	174.6
	308.2	**379.8**	**687.9**	**297.6**	**329.9**	**627.5**

26.1 Share-based Payments

Of the Management Board members, Georg Pölzl, Peter Umundum and Walter Oblin are taking part in the remuneration programmes eleven to thirteen as at 31 December 2022. The total sum of the requisite personal investment for participation in the existing share-based remuneration programme at 31 December 2022 amounted to 41,904 shares for Management Board members and 227,500 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 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 125% 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. 2021	31 Dec. 2022
Tranche 10	239,466	9,198
Tranche 11	280,662	276,724
Tranche 12	269,632	262,635
Tranche 13	0	281,074
	789,760	**829,631**

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. The fair value of the liability is allocated to the individual tranches at the respective key dates as follows:

EUR m	31 Dec. 2021	31 Dec. 2022
NET CARRYING AMOUNT OF PROVISION		
Tranche 10	9.7	0.0
Tranche 11	6.8	10.6
Tranche 12	3.3	6.5
Tranche 13	0.0	3.4
	19.9	**20.5**

In the 2022 financial year, a total of EUR 9.6m was paid out entirely in cash for tranche ten. Tranche nine is paid out in three instalments for employees who have left the company, with the last instalment paid in January 2022.

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

EUR m	2021	2022
TOTAL EXPENSE		
Tranche 8	0.1	0.0
Tranche 9	0.3	0.0
Tranche 10	2.6	–0.1
Tranche 11	3.2	3.7
Tranche 12	3.3	3.2
Tranche 13	0.0	3.4
	9.5	**10.2**

26.2 Provisions for Severance Pay and Anniversary Bonuses

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**

2022 Financial Year

EUR m	Severance pay	Anniversary bonuses	Total
Present value of the obligation as at 1 January 2022	**129.7**	**70.7**	**200.4**
Additions arising from acquisitions	0.0	0.0	0.0
Current service cost	5.7	2.6	8.3
Interest expense	3.1	0.6	3.8
Actuarial gains (–) and losses (+) from the change in demographic assumptions	0.0	-0.2	-0.2
Actuarial gains (–) and losses (+) from the change in financial assumptions	-14.4	-7.3	-21.6
Experience adjustments	2.6	0.6	3.2
Actual payments	-8.4	-6.0	-14.4
Currency translation differences	-1.4	0.0	-1.4
Present value of the obligation as at 31 December 2022	**117.1**	**61.0**	**178.1**

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 3.17 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.

The actuarial parameters used were also subjected to a sensitivity analysis. 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 pp	+1 pp	–1 pp	+1 pp	–1 pp	+1 pp
Severance pay	13.0	–11.2	–10.8	12.3	0.2	–9.9
Anniversary bonuses	3.5	–3.2	–2.7	2.9	3.8	–3.4

26.3 Other Employee Provisions

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	0.0	–1.1	–1.1
Balance as at 31 December 2021	**202.2**	**102.7**	**304.9**

2022 Financial Year

EUR m	Underutilisation	Other employee-related provisions	Total
Balance as at 1 January 2022	**202.2**	**102.7**	**304.9**
Change in scope of consolidation	0.0	0.0	0.0
Reclassification	–1.9	–0.2	–2.1
Allocation	12.1	67.8	79.9
Use	–22.5	–52.5	–75.0
Reversal	–17.4	–16.9	–34.3
Accrued interest	2.1	0.0	2.1
Currency translation	0.0	–0.7	–0.7
Balance as at 31 December 2022	**174.6**	**100.1**	**274.8**

Provisions for Underutilisation refer to Note 3.18 Provisions for Underutilisation for details on the accounting policies underlying the provisions for underutilisation.

In the 2022 financial year, new provisions in the amount of EUR 12.1m were set up. The new provisions were mainly set up due to new hires in the Internal Labour Market, future personnel 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 higher than the prior-year level. The transfer of EUR –1.9m 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 results from effects due to parameter changes of the provision for the Austrian Post Internal Labour Market as well as due to withdrawals from the procedure for retirement due to invalidity.

A sensitivity analysis on the actuarial parameters used resulted in the following effects on the amount of the provisions in the event of a change in the average degree of underutilisation by +/–10 percentage points each and discount for employee turnover by +/–5 percentage points each, or a change in the actuarial interest rate or salary increases by +/–1 percentage point each, with all other parameters remaining constant:

	Rate of underutilisation		Employee turnover discount		Discount rate		Salary increase	
EUR m	–10 pp	+10 pp	–10 pp	+10 pp	–1 pp	+1 pp	–1 pp	+1 pp
Underutilisation	–26.0	26.1	7.7	–7.5	9.2	–8.4	–8.7	9.3

●● **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 5 Future-related Assumptions and Estimation Uncertainties) and restructuring provisions.

The new provision of EUR 67.8m (2021: EUR 68.0m) mainly relates to the allocation for profit-sharing and performance bonuses, the recognition of prior service periods for (former) civil servants and the provision for restructuring of EUR 61.0m (2021: EUR 58.6m).

The use of provisions amounting to EUR 52.5m refers to payments for profit-sharing and performance bonuses (2022: EUR 49.4m; 2021: EUR 34.2m) and from the recognition of prior service periods for (former) civil servants as well as provisions for restructuring.

The reversals of EUR 16.9m primarily include EUR 12.2m (2021: EUR 15.9m) in provisions for employee profit-sharing schemes and performance-related bonuses, and provisions for restructuring that were not required.

26.4 Other Provisions

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	–3.7
Balance as at 31 December 2021	**182.6**

2022 Financial Year

EUR m	
Balance as at 1 January 2022	**182.6**
Reclassification	0.0
Allocation	14.2
Use	–11.3
Reversal	–9.4
Accrued interest	0.1
Currency translation	–1.7
Balance as at 31 December 2022	**174.6**

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 (2021: EUR 99.6m). For further information, please refer to Note 5 Future-related Assumptions and Estimation Uncertainties under Recovery of Contributions from the Payroll of Civil Servants.

In addition, the Data Protection Authority has 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 and sensitive 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.

27. Trade Payables and Other Payables

EUR m	Due within 1 year (31 Dec. 2021)	Due in more than 1 year (31 Dec. 2021)	Total (31 Dec. 2021)	Due within 1 year (31 Dec. 2022)	Due in more than 1 year (31 Dec. 2022)	Total (31 Dec. 2022)
Trade payables	237.2	0.0	237.2	249.7	0.0	249.7
Other liabilities	148.9	59.4	208.3	154.7	60.4	215.2
	386.1	**59.4**	**445.5**	**404.5**	**60.4**	**464.9**

Other liabilities include liabilities resulting from purchase obligations of non-controlling interests amounting to EUR 47.6m (31 December 2021: EUR 45.9m), 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. Varying these input factors and the exchange rate produces the following sensitivities as at the reporting date:

EUR m	EBITDA –10%	EBITDA +10%	Exchange rate at balance sheet date EUR/TRY –10%	Exchange rate at balance sheet date EUR/TRY +10%
Liabilities resulting from purchase obligations of non-controlling interests	–4.6	4.6	5.3	–4.3

The result from the subsequent measurement of liabilities resulting from purchase obligations of non-controlling interests amounts to minus EUR 1.8m in the 2022 financial year (2021: minus EUR 13.2m) and is recognised in the consolidated income statement. This includes income or expenses from the change in estimates of future results (see Note 12 Other Operating Income and Expenses) and expenses or income from the foreign currency valuation from inflation adjustments and from the compounding of liabilities (see Note 13 Financial Result).

This item also includes liabilities to tax authorities and social security carriers amounting to EUR 21.4m (31 December 2021: EUR 31.5m), liabilities for holiday entitlements not taken amounting to EUR 43.2m (31 December 2021: EUR 41.5m) 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 6.8m (31 December 2021: EUR 5.9m).

The government grants included in other liabilities largely comprise the COVID-19 investment subsidies. As at 31 December 2022, COVID-19 investment subsidies of EUR 3.6m (31 December 2021: EUR 3.0m) 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 2022 totalling EUR 0.9m (31 December 2021: EUR 0.9m) 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.

28. Financial Liabilities

28.1 Financial Liabilities from Financial Services

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

31 December 2021

EUR m	Due within 1 year				
	Due daily	<3 months	>3 months <1 year	Due within 1 year	Total
Borrowings from banks	2.3	0.0	0.0	2.3	2.3
Liabilities to customers	2,525.4	5.2	2.2	2,532.9	2,532.9
Other liabilities from offsetting	8.3	0.0	0.0	8.3	8.3
Total	**2,536.1**	**5.2**	**2.2**	**2,543.5**	**2,543.5**

31 December 2022

EUR m	Due within 1 year				
	Due daily	<3 months	>3 months <1 year	Due within 1 year	Total
Borrowings from banks	99.6	0.0	0.0	99.6	99.6
Liabilities to customers	2,826.9	0.0	20.7	2,847.6	2,847.6
Other liabilities from offsetting	18.4	0.0	0.0	18.4	18.4
Total	**2,944.9**	**0.0**	**20.7**	**2,965.6**	**2,965.6**

As at 31 December 2022, there are irrevocable loan commitments to customers in the amount of EUR 83.1m (31 December 2021: EUR 48.7m) and liability commitments to credit card operators in the amount of EUR 2.0m (31 December 2021: EUR 2.1m).

28.2 Other Financial Liabilities

EUR m	31 Dec 2021			31 Dec 2022		
	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	70,7	0,0	70.7	30.2	150.0	180.2
Lease liabilities	52,3	281,4	333.7	61.7	338.2	399.9
	123,0	**281,4**	**404.4**	**91.9**	**488.2**	**580.1**

29. Financial Instruments

29.1 Financial Instruments

29.1.1 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 2021 and 31 December 2022:

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) without 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 and cash equivalents and balances with central banks	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 receivables from offsetting	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 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
Liabilities to customers	2,532.9	0.0	0.0	0.0	0.0	2,532.9
Other liabilities from offsetting	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 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 resulting from purchase obligations of 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

31 December 2022

EUR m	Measured at amortised cost	At fair value through other comprehensive income (FVOCI) with recycling	At fair value through other comprehensive income (FVOCI) without recycling	At fair value through profit or loss (FVTPL) mandatory	Total at fair value	Total
FINANCIAL ASSETS						
Financial assets from financial services	3,067.4	0.0	0.0	57.7	57.7	3,125.1
Cash, cash equivalents and balances with central banks	875.8	0.0	0.0	0.0	0.0	875.8
Receivables from banks	30.3	0.0	0.0	0.0	0.0	30.3
Receivables from customers	1,596.1	0.0	0.0	0.0	0.0	1,596.1
Mortgage loans	1,260.9	0.0	0.0	0.0	0.0	1,260.9
Consumer loans	326.7	0.0	0.0	0.0	0.0	326.7
Current accounts	8.5	0.0	0.0	0.0	0.0	8.5
Investments	553.4	0.0	0.0	0.0	0.0	553.4
Other receivables	11.9	0.0	0.0	57.7	57.7	69.6
Positive market values from hedge accounting	0.0	0.0	0.0	57.7	57.7	57.7
Other receivables from offsetting	11.9	0.0	0.0	0.0	0.0	11.9
Other financial assets	64.9	0.5	6.2	0.0	6.7	71.6
Securities	0.0	0.4	0.0	0.0	0.4	0.4
Money market investments	64.9	0.0	0.0	0.0	0.0	64.9
Other stakes	0.0	0.0	6.2	0.0	6.2	6.2
Trade and other receivables	337.3	0.0	0.0	0.0	0.0	337.3
Trade receivables	298.7	0.0	0.0	0.0	0.0	298.7
Receivables from financial assets accounted for using the equity method	0.9	0.0	0.0	0.0	0.0	0.9
Other receivables[1]	37.7	0.0	0.0	0.0	0.0	37.7
Cash and cash equivalents	54.8	0.0	0.0	0.0	0.0	54.8
Total	**3,524.4**	**0.5**	**6.2**	**57.7**	**64.4**	**3,588.8**
FINANCIAL LIABILITIES						
Financial liabilites from financial services	2,965.6	0.0	0.0	0.0	0.0	2,965.6
Borrowings from banks	99.6	0.0	0.0	0.0	0.0	99.6
Liabilities to customers	2,847.6	0.0	0.0	0.0	0.0	2,847.6
Other liabilities	18.4	0.0	0.0	0.0	0.0	18.4
Negative market values from hedge accounting	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities from offsetting	18.4	0.0	0.0	0.0	0.0	18.4
Other financial liabilities	580.1	0.0	0.0	0.0	0.0	580.1
Borrowings from banks	180.2	0.0	0.0	0.0	0.0	180.2
Lease liabilities	399.9	0.0	0.0	0.0	0.0	399.9
Trade and other payables	389.7	0.0	0.0	0.0	0.0	389.7
Trade payables	249.7	0.0	0.0	0.0	0.0	249.7
Liabilities resulting from purchase obligations of non-controlling interests	47.6	0.0	0.0	0.0	0.0	47.6
Other liabilities[2]	92.4	0.0	0.0	0.0	0.0	92.4
Total	**3,935.5**	**0.0**	**0.0**	**0.0**	**0.0**	**3,935.5**

[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 holiday entitlements not taken

29.1.2 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 2021 and 31 December 2022:

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**

31 December 2022

EUR m	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS				
Financial assets from financial services	0.0	57.7	0.0	57.7
Other receivables	0.0	57.7	0.0	57.7
Positive market values from hedge accounting	0.0	57.7	0.0	57.7
Other financial assets	0.5	6.0	0.2	6.7
Securities	0.4	0.0	0.0	0.4
Other stakes	0.0	6.0	0.2	6.2
Total	**0.5**	**63.7**	**0.2**	**64.4**

29.1.3 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 measurement of market values from hedge accounting is carried out using the income approach. Accordingly, future cash flows are discounted to the measurement date, taking into account yield curves directly observable on the money and capital markets and measurement premiums for similar assets. In order to determine the fair value, an adjustment is also made in connection with the credit value adjustment (CVA). The CVA measurement adjustment is determined by the expected positive exposure and the counterparty's probability of default.

The Group recognises reclassifications between different levels of the fair value hierarchy at the end of the reporting period in which the change occurred. No transfers were made between levels in the current financial year.

The following table shows the reconciliation of Level 3 measurements at fair value applying to financial assets for the periods from 1 January to 31 December 2021 and from 1 January to 31 December 2022:

Financial Assets

EUR m	2021	2022
Opening balance as at 1 January	**5.4**	**0.1**
Recognised in the change in fair value FVOCI – equity instruments	0.0	0.1
Reclassification from Level 3	–5.3	0.0
Closing balance at 31 December	**0.1**	**0.2**

29.1.4 FINANCIAL ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE

The fair value of the following financial assets and liabilities measured at amortised cost, taking into account the levels of the fair value hierarchy of IFRS 13, is as follows as at 31 December 2021 and 31 December 2022:

31 December 2021

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 resulting from purchase obligations of non-controlling interests	**45.9**	**37.2**	**0.0**	**37.2**

31 December 2022

EUR m	Carrying amount	Fair value	Level 1	Level 3
FINANCIAL ASSETS				
Receivables from banks	30.3	29.7	0.0	29.7
Receivables from customers				
Mortgage loans	1,260.9	1,242.9	0.0	1,242.9
Consumer loans	326.7	369.8	0.0	369.8
Investments	553.4	501.4	501.4	0.0
FINANCIAL LIABILITIES				
Liabilities resulting from purchase obligations of non-controlling interests	**47.6**	**31.1**	**0.0**	**31.1**

●● **Financial assets** 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.

●● **Financial liabilities** Financial liabilities measured at amortised cost comprise liabilities from purchase obligations of non-controlling interests with a carrying amount of EUR 47.6m (31 December 2021: EUR 45.9m). This results 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 calculation of the fair value of EUR 31.1m (31 December 2021: EUR 37.2m) 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.

29.1.5 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.

29.1.6 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 2021 and 2022 financial years:

	2021			2022		
EUR m	Income statement	Other comprehensive income	Total	Income statement	Other comprehensive income	Total
AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL) MANDATORY						
Results from disposal	0.0	0.0	0.0	1.2	0.0	1.2
Valuation results	1.6	0.0	1.6	57.5	0.0	57.5
	1.6	**0.0**	**1.6**	**58.7**	**0.0**	**58.7**
AT FAIR VALUE THROUGH OCI (FVOCI) EQUITY INSTRUMENTS						
Valuation results	0.0	0.1	0.1	0.0	0.5	0.5
	0.0	**0.1**	**0.1**	**0.0**	**0.5**	**0.5**
FINANCIAL ASSETS MEASURED AT AMORTISED COST						
Results from disposal	–0.1	0.0	–0.1	–2.1	0.0	–2.1
Valuation results	3.7	0.0	3.7	–62.7	0.0	–62.7
	3.6	**0.0**	**3.6**	**–64.8**	**0.0**	**–64.8**
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST						
Valuation results	–13.2	0.0	–13.2	–1.8	0.0	–1.8
	–13.2	**0.0**	**–13.2**	**–1.8**	**0.0**	**–1.8**
	–8.1	**0.2**	**–7.9**	**–7.8**	**0.5**	**–7.3**

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	2021	2022
INTEREST INCOME		
Recognised at amortised cost		
Financial assets from financial services	1.8	33.9
Other financial assets	0.2	0.5
Cash and cash equivalents	3.2	1.6
	5.2	**35.9**
INTEREST EXPENSES		
Recognised at amortised cost		
Financial liabilites from financial services	–3.3	–3.2
Other financial liabilities	–5.2	–6.7
Trade and other payables	–7.7	–7.9
	–16.2	**–17.8**

29.1.7 HEDGE ACCOUNTING

Starting in the 2022 financial year, interest rate risks resulting from fixed-rate mortgage loans will be hedged within the Austrian Post Group using interest rate derivatives (interest rate swaps). The derivatives are concluded with Austrian banks under the Austrian master agreement for financial futures (incl. collateralisation annex) in euros. Interest rate risk is monitored and controlled as part of the management of market risk.

In cases involving fixed-income financial instruments, a market price risk arises from the change in the relevant reference yield curve. By using interest rate derivatives as hedging instruments, the fixed interest rate on the hedged items is transferred to a variable interest rate linked to the reference interest rate.

The interest rate derivatives designated as hedging instruments have an economic relationship with the interest rate risk component of the hedged item. The non-interest-rate-related risk components (such as credit spreads) are not part of the hedge. This means that the hedged item and the hedging instrument are structured in such a way that the parameters relevant for measurement purposes are essentially the same. Consequently, opposing effects are only recognised to the extent that there is an economic relationship, without creating artificial volatility in the income statement. Likewise, the underlying risk associated with the derivative is identical to the hedged risk component.

The Austrian Post Group uses a bottom layer hedge to hedge interest rate risk. The hedge ratio is 1:1. From the fixed-rate mortgage loans, which are grouped according to maturity and fixed interest rate, a bottom layer is dedicated to hedge accounting as a base amount which, taking into account the expected and early repayments, will very likely still be available when the hedging instruments mature. This approach means that early repayments, other derecognition scenarios as well as impairment losses are always allocated to the unhedged amount that exceeds the defined base amount. This means that these amounts do not affect the measurement of hedge effectiveness unless they reach the bottom layer threshold that has been defined.

To test the effectiveness of the hedge, the change in the fair value of the hedged risk from the hedged items is determined using hypothetical derivatives that largely correspond to the contractual terms of the hedging transactions. The present values for the effectiveness tests are calculated in accordance with the Group's internal hedge accounting policies using both the dollar off-set method and a regression analysis.

The hedge may become ineffective if the nominal value of the hedged items falls below that of the derivative. If a hedge is no longer effective, rebalancing has to be used to restore its effectiveness. There was no rebalancing in the 2022 financial year.

The table below shows the nominal amounts of the hedging instruments, broken down by their remaining terms:

31 December 2022

EUR m	< 3 months	> 3 months < 1 year	> 1 year < 5 years	More than 5 years	Nominal
ASSETS					
Interest rate derivatives – mortgage loans	0.0	0.0	0.0	350.0	350.0

The positive fair value from the hedging instruments amounts to EUR 57.7m as at 31 December 2022 and is reported under financial assets from financial services.

The carrying amounts and the basis adjustments of the hedged items are as follows:

31 December 2022

EUR m	Carrying amount of hedged item	Basis adjustments included in the carrying amount
ASSETS		
Mortgage loans	785.2	–57.8

The following table shows the impact of the hedges on the income statement:

31 December 2022

EUR m	Earnings from hedged items	Earnings from hedging transactions	Earnings from hedges
ASSETS			
Mortgage loans	–57.8	57.8	0.0

Since the fluctuations in the value of the hedged item are largely offset by the fluctuations in the value of the hedging instrument, there is an insignificant ineffectiveness which is recognised under other operating expenses.

29.2 Risks and Risk Management Related to Financial Instruments

The risks related to financial instruments are disclosed separately for logistics and the banking business, as additional (also regulatory) requirements and information are taken into account in the context of banking services.

The Logistics segment encompasses the entire business activities of Austrian Post, excluding its banking business. The banking business mainly comprises services provided by bank99 and represent a part of the Group's financial services. Other receivables from offsetting with postal partners, which result primarily from P.S.K. orders, are shown in the following disclosures on risks related to financial instruments in the Logistics segment.

29.2.1 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, or with groups of connected clients or large-scale exposures. Concentration risks are counteracted, for example, by the investments of fixed-term deposits at different banks, the diversification of the issuers in the securities portfolio, maturity profile diversification or by setting limits.

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). Furthermore, additional risk management requirements are taken into account in the banking business. A separate risk management system has been set up for this purpose to control and monitor the risks arising from the banking business in an appropriate manner. This system features a multistage process that ensures the separation of functions that are incompatible with each other with regard to both organisational structures and processes. The clear separation between the front office and the back office is ensured up to the Management Board level. The aim is to identify, actively manage and limit risks at an early stage in order to ensure the creation of a consistent risk profile and the maintenance of adequate capital resources. 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 defined target risk structure. One key aspect supplementing the ongoing risk management activities are stress tests, which highlight vulnerabilities and provide key impetus for limiting and managing significant risks.

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

29.2.2 PRESENTATION OF TYPES OF RISK

LOGISTICS

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 2021 as well as 31 December 2022 are as follows:

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	–

Gross Carrying Amounts as at 31 December 2022

EUR m	Gross carrying amount total	General approach Stage 1	General approach Stage 2	General approach Stage 3	Simplified approach Stage 2	Simplified approach Stage 3
Trade receivables	301.7	–	–	–	297.6	3.6
Other receivables	38.9	26.5	0.0	7.2	5.1	–

The overall credit risk of all securities in the category FVOCI, bank balances, money market investments and other receivables from offsetting with postal partners 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 2021 and 31 December 2022, the following impairment losses arise for trade receivables:

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**

31 December 2022

EUR m	Not overdue	Overdue 1–30 days	Overdue 31–90 days	Overdue > 90 days	Total
Gross carrying amount	255.1	41.1	2.1	3.3	301.7
Expected loss rate in %	0.1%	0.3%	6.8%	75.9%	1.0%
Impairment losses	**0.2**	**0.1**	**0.1**	**2.5**	**3.0**

●● **Other Receivables** The impairment losses for other receivables amount to EUR 1.2m as at 31 December 2022 (31 December 2021: EUR 1.1m). 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:

EUR m	Other receivables				Trade receivables		
	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**
Additions arising from acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Write-off	0.0	0.0	–0.1	–0.1	0.0	–1.1	–1.1
Remeasurement	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**

EUR m	Other receivables				Trade receivables		
	Stage 1	Stage 2	Stage 3	Total	Stage 2	Stage 3	Total
Balance as at 1 January 2022	**0.3**	**0.0**	**0.8**	**1.0**	**0.8**	**3.8**	**4.7**
Write-off	0.0	0.0	–0.1	–0.1	0.0	–1.1	–1.1
Remeasurement	0.0	0.2	0.1	0.2	–0.1	0.3	0.3
Balance as at 31 December 2022	**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 2022 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 2022 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 2022 involved immaterial amounts.

●● **Other Receivables From Offsetting With Postal Partners** Other receivables from offsetting with postal partners, which mainly result from what are known as P.S.K. orders, have a short lead time and a low credit risk, which is why an impairment loss was recognised in the amount of the expected 12-month credit loss. The impairment loss recognised as at 31 December 2022 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 2021

			Term to maturity		
EUR m	Carrying amount	Gross cash flow	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**

Gross Carrying Amounts as at 31 December 2022

			Term to maturity		
EUR m	Carrying amount	Gross cash flow	Within 1 year	1–5 years	More than 5 years
FINANCIAL LIABILITIES					
Other financial liabilities	580.1	603.5	95.5	363.1	144.9
thereof: lease liabilities	399.9	423.2	65.2	213.1	144.9
Trade payables	249.7	249.8	249.8	0.0	0.0
Other liabilities	140.0	165.7	83.2	82.5	0.0
	969.9	**1,018.9**	**428.4**	**445.6**	**144.9**

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:

2021 Financial Year

	Market interest rate	
EUR m	+1 pp	−1 pp
Total financial result	1.2	−0.2

2022 Financial Year

	Market interest rate	
EUR m	+1 pp	−1 pp
Total financial result	0.4	−0.1

●● **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 2022 would lead to a valuation result of +/− EUR 2.5m.

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. There is no foreign currency forward as at 31 December 2022.

BANKING BUSINESS

The banking business is mainly conducted 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. With the takeover of the retail banking business of ING Austria in the 2021 financial year, business activities were expanded 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.

●● **Risk Policy, Strategy & Appetite, Reporting** The risk strategy of bank99 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 appetite or Risk Appetite Statement (RAS) forms a key part of the risk strategy. By defining the risk appetite, the Management Board and the Supervisory Board make a conscious decision about what constitutes the maximum tolerable risk. Risk appetite can be expressed in many ways. In addition to purely qualitative requirements, risk appetite can also be defined primarily through quantitative requirements (e.g. stringency of risk measurement, global limits, the definition of buffers for certain stress scenarios). 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. A traffic light system is used for all indicators to ensure that action is taken within the risk appetite that has been set as a target. Depending on the status of the limit, various escalation processes are defined. The limits are also included in the reporting process.

Risk reporting is standardised and regular and ensures that all relevant bodies and decision-makers have an adequate level of information on the key positions so that the risk associated with these positions can be assessed in a timely manner.

Risk Management Process Based on the risk strategy, the following process steps have been defined:

- Risk identification & materiality assessment
- Risk-bearing capacity analysis (ICAAP & ILAAP)
- Risk management
- Risk monitoring & reporting

Risk identification is the first step in the risk management process. As part of the risk identification and materiality assessment process, all material risks to which the Group is exposed in connection with its banking business are identified, evaluated and documented. The risk profile (risk taxonomy, materiality) is derived on the basis of this assessment. 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.

The risk identification and materiality assessment process is carried out at least every year or in the event of significant ad-hoc developments (significant changes in the macroeconomic environment and/or planned structural changes to the business strategy, as well as banking supervisory law) and is presented and discussed in the Risk Committee.

Taken together, the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP) form an integral part of risk management.

Internal Capital Adequacy Assessment Process (ICAAP) The central element of the internal capital adequacy assessment process is the risk-bearing capacity analysis. 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 and
- Quantification of the risk cover funds available to cover the potential loss.

The risk cover funds currently consist exclusively of Common Equity Tier 1 (CET 1) capital.

The risk-bearing capacity calculation is carried out quarterly for two risk scenarios/hedging levels (hereinafter referred to as scenarios), which reflect different hedging objectives:

- Going concern scenario – company's survival: The going concern scenario aims to ensure the continuation of orderly business operations.
- Gone concern (liquidation) scenario – company's liquidation: The liquidation scenario is aimed primarily at external addressees (lenders, supervisory authorities, etc.). Based on the assumption that the institution is liquidated, it aims to protect the claims of lenders and, in doing so, to protect creditors.

The scenarios are parameterised for the purpose of calculating risk-bearing capacity by defining a confidence interval (95% for going-concern and 99.9% for gone-concern), a uniform time horizon of one year and the allocation of risk cover funds. The banking business is managed primarily based on the gone-concern perspective. The going-concern perspective is considered a hard constraint that has to be adhered to at all times.

Once a year, a risk-bearing capacity calculation is performed for the next three 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.

Internal Liquidity Adequacy Assessment Process (ILAAP) Internal liquidity risk monitoring is carried out as part of risk management and initially involves the identification of liquidity risks within risk identification. Based on this, the liquidity risk model (liquidity maturity statements) is used to ensure the availability of sufficient counterbalancing capacity to close potential liquidity bottlenecks in various scenarios (normal scenario, institution scenario, market scenario, combined scenario). If limits are violated (or limit-based early warning indicators emerge) or significant deviations from targets arise within the context of risk monitoring, the liquidity contingency plan is triggered. This sets out provisions governing the procedure and decision-making authority that applies in the event of a liquidity emergency and sets out requirements for suitable measures.

Stress tests Stress tests quantify the effects of possible adverse events, meaning that they help to monitor risks and classify the relative importance of risk types and factors correctly. As a rule, their overriding objective is to measure the consumption of economic capital in the event of stress, or to quantify the future extent of risk coverage potential and risk capital requirements. Their forward-looking perspective means that they serve as early warning indicators and facilitate the proactive management of risks. The stress tests are designed to reflect extreme but plausible events, allowing the bank to assess its capital and liquidity adequacy in crisis situations.

Recovery and resolution plan Based on the Austrian Act on Bank Recovery and Resolution (BaSAG), a recovery plan was prepared setting out suitable options for action or measures in order to restore financial stability in the event of a significant deterioration in the financial situation. The recovery plan is updated at least once a year and is approved by the Management Board and the Supervisory Board.

The following risks are considered to be material in the context of the banking business:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk
- Macroeconomic risk
- Environmental, social and governance (ESG) risks

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 partial or total 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 in the context of the banking business. Lending transactions include both on-balance sheet and off-balance sheet transactions. Furthermore, the issuer risk, which, similarly to the above, describes the risk of incurring a partial or total loss due to default by the counterparty in cases involving issuers of securities, is also classified as material. In the banking business, 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 the banking business. 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.

The monitoring and management of credit risks from the banking 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. The granting of loans, the valuation of collateral and the credit rating and collateral classification processes are subject to organisational and substantive regulations and are set out in various internal guidelines. 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. In addition, a default management system that is consistent with the Capital Requirements Regulation (CRR) and Capital Requirements Directive IV (CRD IV) is applied.

Credit risk (as part of the risk-bearing capacity analysis) is quantified on the basis of a model that is closely based on the Internal Ratings Based Approach (IRB approach). The risk potential corresponds to the unexpected loss from the lending and securities business.

In the case of the loan portfolio, a distinction is made between a healthy 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). Obligor default is defined in line with the general default definition pursuant to Article 178 CRR. According to the CRR, an obligor is considered to be in default if:

- the obligor is considered unlikely to pay its credit obligations in full, without recourse by the institution to actions such as realising security 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, obligor default is considered to have occurred 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
- new forbearance measure for an individual borrower under observation.

Within the banking business, 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 and, as a result, reclassification from the non-performing to the healthy portfolio occurs when no default indicator that was previously set is valid any more and the good conduct period that starts from the time as of which a default indicator is no longer valid has expired.

In the case of mortgage loans, the mortgage collateral furnished also has to be taken into account. When a mortgage application is submitted, these properties are valued using a suitable tool. For loans of more than EUR 0.25m, an external survey is also carried out. 120% of the loan amount is registered as a lien. Another valuation has to be performed after three years at the latest. If the market is subject to marked fluctuations or if there are indications that the property has lost significant value, the last valuation is also reviewed.

Credit Risk-Relevant Portfolio The credit risk-relevant portfolio comprises all positions from financial services that involve a credit risk in the narrower sense within the context of the banking business. These include both on-balance sheet and off-balance sheet items. As at 31 December 2022, the credit risk-relevant portfolio is as follows:

Information of the Credit Risk-relevant Portfolio as at 31 December 2021

EUR m	Gross carrying amount	Impairment losses	Net carrying amount
CREDIT RISK-RELEVANT 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			
Recognised 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
Sub-total	**2,578.1**	**-5.7**	**2,572.4**
OFF-BALANCE ITEMS			
Liabilities from financial garantuee contracts	2.1	0.0	2.1
Loan commitments	48.7	0.0	48.7
Sub-total	**50.8**	**0.0**	**50.8**
Credit risk-relevant portfolio	**2,628.9**	**-5.7**	**2,623.2**

Information of the Credit Risk-relevant Portfolio as at 31 December 2022

EUR m	Gross carrying amount	Impairment losses	Net carrying amount
CREDIT RISK-RELEVANT PORTFOLIO			
Central bank balances and other sight deposits	766.4	0.0	766.4
Receivables from banks	30.3	0.0	30.3
Receivables from customers			
Mortgage loans	1,262.2	–1.3	1,260.9
Consumer loans	336.9	–10.2	326.7
Current accounts	9.6	–1.1	8.5
Investments			
Recognised at amortised cost	553.4	0.0	553.4
Other clearing receivables	3.5	0.0	3.5
Sub-total	**2,962.3**	**–12.7**	**2,949.7**
OFF-BALANCE ITEMS			
Liabilities from financial garantuee contracts	2.0	0.0	2.0
Loan commitments	83.1	0.0	83.1
Sub-total	**85.1**	**0.0**	**85.1**
Credit risk-relevant portfolio	**3,047.4**	**–12.7**	**3,034.8**

Financial assets are used primarily to manage liquidity and consist of Austrian and European public-sector debt securities. In the 2022 financial year, further investments were made in public-sector debt securities. This led to an increase in financial assets to EUR 553.4m (31 December 2021: EUR 73.4m). Furthermore, time deposits of EUR 30.3m (31 December 2021: EUR 0.0m) were invested with Austrian banks.

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 2021

EUR m	Retail clients	Financial institutions	Public sector	Gross carrying amount total
CREDIT RISK-RELEVANT 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				
Recognised 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
Sub-total	**1,408.1**	**1,096.6**	**73.4**	**2,578.1**
OFF-BALANCE ITEMS				
Liabilities from financial garantuee contracts	2.1	0.0	0.0	2.1
Loan commitments	48.7	0.0	0.0	48.7
SUB-TOTAL	**50.8**	**0.0**	**0.0**	**50.8**
Total	**1,458.9**	**1.096,6**	**73.4**	**2,628.9**

Credit Risk Volume by Client Segment as at 31 December 2022

EUR m	Retail clients	Financial institutions	Public sector	Gross carrying amount total
CREDIT RISK-RELEVANT PORTFOLIO				
Central bank balances and other sight deposits	0.0	766.4	0.0	766.4
Receivables from banks	0.0	30.3	0.0	30.3
Receivables from customers				
Mortgage loans	1,262.2	0.0	0.0	1,262.2
Consumer loans	336.9	0.0	0.0	336.9
Current accounts	9.6	0.0	0.0	9.6
Investments				
Recognised at amortised cost	0.0	0.0	553.4	553.4
Other clearing receivables	0.8	2.6	0.0	3.5
Sub-total	**1,609.6**	**799.3**	**553.4**	**2,962.3**
OFF-BALANCE ITEMS				
Liabilities from financial garantuee contracts	2.0	0.0	0.0	2.0
Loan commitments	83.1	0.0	0.0	83.1
Sub-total	**85.1**	**0.0**	**0.0**	**85.1**
Total	**1,694.7**	**799.3**	**553.4**	**3,047.4**

An automated payment reminder process has been put in place for all banking services, with an overdue counter starting to run on the first day after the due date. This results in the following breakdown of the credit risk-relevant portfolio by days overdue:

Credit Risk Volume by Days Overdue as at 31 December 2021

EUR m	Not overdue	1–30 days	31–90 days	>90 days	Gross carrying amount total
CREDIT RISK-RELEVANT 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					
Recognised 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
Sub-total	**2,569.9**	**2.7**	**2.3**	**3.2**	**2,578.1**
OFF-BALANCE ITEMS					
Liabilities from financial garantuee contracts	2.1	0.0	0.0	0.0	2.1
Loan commitments	48.7	0.0	0.0	0.0	48.7
Sub-total	**50.8**	**0.0**	**0.0**	**0.0**	**50.8**
Total	**2,620.7**	**2.7**	**2.3**	**3.2**	**2,628.9**

Credit Risk Volume by Days Overdue as at 31 December 2022

EUR m	Not overdue	1–30 days	31–90 days	>90 days	Gross carrying amount total
CREDIT RISK-RELEVANT PORTFOLIO					
Central bank balances and other sight deposits	766.4	0.0	0.0	0.0	766.4
Receivables from banks	30.3	0.0	0.0	0.0	30.3
Receivables from customers					
Mortgage loans	1,261.4	0.1	0.5	0.2	1,262.2
Consumer loans	325.4	2.8	2.5	6.3	336.9
Current accounts	8.0	0.1	0.3	1.1	9.6
Investments					
Recognised at amortised cost	553.4	0.0	0.0	0.0	553.4
Other clearing receivables	3.5	0.0	0.0	0.0	3.5
Sub-total	**2,948.5**	**3.1**	**3.3**	**7.5**	**2,962.3**
OFF-BALANCE ITEMS					
Liabilities from financial garantuee contracts	2.0	0.0	0.0	0.0	2.0
Loan commitments	83.1	0.0	0.0	0.0	83.1
Sub-total	**85.1**	**0.0**	**0.0**	**0.0**	**85.1**
Total	**3,033.6**	**3.1**	**3.3**	**7.5**	**3,047.4**

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, A–E. This means that clients as a whole are assigned to 25 rating categories.

On this basis, the credit risk-relevant portfolio, broken down by rating category, is as follows:

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	Gross carrying amount total
CREDIT RISK-RELEVANT 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							
Recognised 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
Sub-total	**1,143.4**	**26.2**	**1,375.5**	**26.8**	**5.6**	**0.6**	**2,578.1**
OFF-BALANCE ITEMS							
Liabilities from financial garantuee 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
Sub-total	**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**

Credit Risk Volume by Rating Category as at 31 December 2022

EUR m	Rating 1	Rating 2	Rating 3	Rating 4	Rating 5	No rating	Gross carrying amount total
CREDIT RISK-RELEVANT PORTFOLIO							
Central bank balances and other sight deposits	749.7	16.7	0.0	0.0	0.0	0.0	766.4
Receivables from banks	0.0	30.3	0.0	0.0	0.0	0.0	30.3
Receivables from customers							
Mortgage loans	0.0	0.0	1,251.7	9.8	0.7	0.0	1,262.2
Consumer loans	0.0	0.0	305.0	22.9	9.1	0.0	336.9
Current accounts	0.0	0.0	6.9	1.4	1.2	0.1	9.6
Investments							
Recognised at amortised cost	532.9	20.5	0.0	0.0	0.0	0.0	553.4
Other clearing receivables	0.0	0.0	0.0	0.0	0.0	3.4	3.5
Sub-total	**1,282.6**	**67.5**	**1,563.6**	**34.1**	**11.0**	**3.5**	**2,962.3**
OFF-BALANCE ITEMS							
Liabilities from financial garantuee contracts	0.0	0.0	1.7	0.3	0.0	0.0	2.0
Loan commitments	0.0	0.0	83.1	0.0	0.0	0.0	83.1
Sub-total	**0.0**	**0.0**	**84.8**	**0.3**	**0.0**	**0.0**	**85.1**
Total	**1,282.6**	**67.5**	**1,648.4**	**34.4**	**11.0**	**3.5**	**3,047.4**

A breakdown of the credit risk-relevant portfolio by IFRS 9 stage is shown below:

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
CREDIT RISK-RELEVANT 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					
Recognised 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
Sub-total	**2,565.9**	**6.6**	**0.9**	**4.8**	**2,578.1**
OFF-BALANCE ITEMS					
Liabilities from financial garantuee contracts	2.1	0.1	0.0	0.0	2.1
Loan commitments	48.2	0.4	0.0	0.0	48.7
Sub-total	**50.3**	**0.5**	**0.0**	**0.0**	**50.8**
Total	**2,616.2**	**7.1**	**0.9**	**4.8**	**2,628.9**

Credit Risk Volume According to IFRS 9 Stage Allocation as at 31 December 2022

EUR m	Stage 1	Stage 2	Stage 3	POCI	Gross carrying amount total
CREDIT RISK-RELEVANT PORTFOLIO					
Central bank balances and other sight deposits	766.4	0.0	0.0	0.0	766.4
Receivables from banks	30.3	0.0	0.0	0.0	30.3
Receivables from customers					
Mortgage loans	1,254.4	7.1	0.4	0.3	1,262.2
Consumer loans	311.4	16.5	7.6	1.5	336.9
Current accounts	6.3	2.0	1.0	0.2	9.6
Investments					
Recognised at amortised cost	553.4	0.0	0.0	0.0	553.4
Other clearing receivables	3.5	0.0	0.0	0.0	3.5
Sub-total	**2,925.8**	**25.6**	**9.0**	**2.0**	**2,962.3**
OFF-BALANCE ITEMS					
Liabilities from financial garantuee contracts	2.0	0.0	0.0	0.0	2.0
Loan commitments	82.8	0.3	0.0	0.0	83.1
Sub-total	**84.7**	**0.4**	**0.0**	**0.0**	**85.1**
Total	**3,010.5**	**26.0**	**9.0**	**2.0**	**3,047.4**

The credit risk-relevant portfolio by rating category and default risk category can be summarised as follows:

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
CREDIT RISK-RELEVANT 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**

Credit Risk Volume by Rating Category and Default Risk Category as at 31 December 2022

EUR m	Stage 1	Stage 2	Stage 3	POCI	Gross carrying amount total
CREDIT RISK-RELEVANT PORTFOLIO					
Rating 1	1,282.6	0.0	0.0	0.0	1,282.6
Rating 2	67.5	0.0	0.0	0.0	67.5
Rating 3	1,642.8	5.6	0.0	0.0	1,648.4
Rating 4	14.1	20.3	0.0	0.0	34.4
Rating 5	0.0	0.0	9.0	2.0	11.0
No rating	3.4	0.0	0.0	0.0	3.5
Total	**3,010.5**	**26.0**	**9.0**	**2.0**	**3,047.4**

Collateral Collateral is taken into account for mortgage loans as well as for credit risks from loan commitments not yet drawn down. The following collateral in the form of mortgages was included in the measurement of credit risk:

Collateral as at 31 December 2021

EUR m	Mortgages	Total
CREDIT RISK-RELEVANT PORTFOLIO		
Receivables from customers		
Mortgage loans	989.7	989.7
Sub-total	**989.7**	**989.7**
OFF-BALANCE ITEMS		
Loan commitments	47.9	47.9
Sub-total	**47.9**	**47.9**
Total	**1,037.6**	**1,037.6**

Collateral as at 31 December 2022

EUR m	Mortgages	Total
CREDIT RISK-RELEVANT PORTFOLIO		
Receivables from customers		
Mortgage loans	1,308.8	1,308.8
Sub-total	**1,308.8**	**1,308.8**
OFF-BALANCE ITEMS		
Loan commitments	83.1	83.1
Sub-total	**83.1**	**83.1**
Total	**1,391.9**	**1,391.9**

Modifications/Contractual Adjustments No significant contractual adjustments were made in the 2022 financial year.

●● **Non-Performing Portfolio** All receivables categorised as defaulted are grouped in the non-performing portfolio. The non-performing portfolio as at 31 December 2022 and 31 December 2021 is as follows:

Non-Performing Credit Risk-Relevant Portfolio as at 31 December 2021

EUR m	Gross carrying amount total	NPL	Impairment loss NPL	Collateral NPL	NPE ratio	NPE coverage ratio	NPE collateralisation ratio
CREDIT RISK-RELEVANT 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							
Recognised 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%
Sub-total	**2,578.1**	**5.6**	**0.5**	**0.5**	**0.2%**	**8.7%**	**8.8%**
OFF-BALANCE ITEMS							
Liabilities from financial garantuee 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%
Sub-total	**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%**

Non-Performing Credit Risk-Relevant Portfolio as at 31 December 2022

EUR m	Gross carrying amount total	NPL	Impairment loss NPL	Collateral NPL	NPE ratio	NPE coverage ratio	NPE collateralisation ratio
CREDIT RISK-RELEVANT PORTFOLIO							
Central bank balances and other sight deposits	766.4	0.0	0.0	0.0	0.0%	0.0%	0.0%
Receivables from banks	30.3	0.0	0.0	0.0	0.0%	0.0%	0.0%
Receivables from customers							
Mortgage loans	1,262.2	0.7	0.0	0.7	0.1%	4.3%	97.3%
Consumer loans	336.9	9.1	4.5	0.0	2.7%	49.3%	0.0%
Current accounts	9.6	1.2	0.9	0.0	12.8%	75.6%	0.0%
Investments							
Recognised at amortised cost	553.4	0.0	0.0	0.0	0.0%	0.0%	0.0%
Other clearing receivables	3.5	0.0	0.0	0.0	0.0%	0.0%	0.0%
Sub-total	**2,962.3**	**11.0**	**5.4**	**0.7**	**0.4%**	**49.5%**	**6.1%**
OFF-BALANCE ITEMS							
Liabilities from financial garantuee contracts	2.0	0.0	0.0	0.0	0.0%	0.0%	0.0%
Loan commitments	83.1	0.0	0.0	0.0	0.0%	0.0%	0.0%
Sub-total	**85.1**	**0.0**	**0.0**	**0.0**	**0.0%**	**0.0%**	**0.0%**
Total	**3,047.4**	**11.0**	**5.4**	**0.7**	**0.4%**	**49.5%**	**6.1%**

The non-performing exposure ratio (NPE ratio) represents the share of the non-performing portfolio in relation to the total gross carrying amount of the credit risk-relevant portfolio. The NPE coverage ratio reflects the share of impairment losses for the non-performing portfolio in relation to the gross carrying amount of the non-performing portfolio. The NPE collateralisation ratio, on the other hand, shows the collateral for non-performing loans as a percentage of the total non-performing portfolio.

The following table shows the development of the non-performing credit risk-relevant portfolio from 1 January 2022 to 31 December 2022:

Development of the Non-Performing Credit Risk-Relevant Portfolio

EUR m	2021	2022
Balance as at 1 January	**0.0**	**5.6**
Addition due to reclassification	6.1	8.1
Disposal due to recovery	0.0	0.0
Disposal due to repayment and derecognition	–0.1	–1.4
Net repayment and other change	–0.4	–1.4
Balance as at 31 December	**5.6**	**11.0**

As at 31 December 2022, receivables from customers in the amount of EUR 1.4m (31 December 2021: EUR 0.0m) that had already been written off were the subject of enforcement activities.

The following table shows the non-performing credit risk-relevant portfolio, as well as the eligible collateral and impairment losses, broken down by measurement category and days overdue:

Credit Risk-Relevant Portfolio and Collateral as at 31 December 2021

EUR m	Gross carrying amount	Collateral	NPL	Collateral for NPL	Impairment loss NPL
RECOGNISED 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
Sub-total	**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
Overdue					
1–30 days	0.0	0.0	0.0	0.0	0.0
31–90 days	0.0	0.0	0.0	0.0	0.0
>90 days	0.0	0.0	0.0	0.0	0.0
Sub-total	**0.1**	**0.0**	**0.0**	**0.0**	**0.0**
Total	**2,578.1**	**989.7**	**5.6**	**0.5**	**0.5**

Credit Risk-Relevant Portfolio and Collateral as at 31 December 2022

EUR m	Gross carrying amount	Collateral	NPL	Collateral for NPL	Impairment loss NPL
RECOGNISED AT AMORTISED COST					
Not overdue	2,948.5	1,308.0	2.6	0.5	0.3
Overdue					
1–30 days	3.1	0.1	0.4	0.0	0.2
31–90 days	3.3	0.5	0.5	0.0	0.3
>90 days	7.5	0.2	7.5	0.2	4.6
Total	**2,962.3**	**1,308.8**	**11.0**	**0.7**	**5.4**

Impairment Losses The following table shows the development in impairment losses on the credit risk-relevant portfolio:

Development in Impairment Losses on the Credit Risk-Relevant Portfolio

EUR m	Stage 1	Stage 2	Stage 3	POCI	Total
Balance as at 1 January 2021	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Reclassification	–0.5	0.4	0.1	0.0	0.0
Addition new acquisition	4.4	0.0	0.0	0.0	4.4
Remeasurement	–0.3	1.1	0.6	–0.2	1.2
Balance as at 31 December 2021	**3.7**	**1.5**	**0.7**	**–0.2**	**5.7**

EUR m	Stage 1	Stage 2	Stage 3	POCI	Total
Balance as at 1 January 2022	**3.7**	**1.5**	**0.7**	**–0.2**	**5.7**
Reclassification	0.2	–2.3	2.1	0.0	0.0
Addition new acquisition	0.9	0.0	0.0	0.0	0.9
Remeasurement	–1.9	5.1	4.1	–1.2	6.1
Balance as at 31 December 2022	**2.9**	**4.4**	**6.9**	**–1.5**	**12.7**

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

Development in Impairment Losses – Mortgage Loans

EUR m	Stage 1	Stage 2	Total
Balance as at 1 January 2021	**0.0**	**0.0**	**0.0**
Addition new acquisition	0.6	0.0	0.6
Remeasurement	0.0	0.1	0.1
Balance as at 31 December 2021	**0.6**	**0.1**	**0.7**

EUR m	Stage 1	Stage 2	Total
Balance as at 1 January 2022	**0.6**	**0.1**	**0.7**
Addition new acquisition	0.9	0.0	0.9
Remeasurement	–0.6	0.4	–0.2
Balance as at 31 December 2022	**0.9**	**0.4**	**1.3**

Development in Impairment Losses – Consumer Loans

EUR m	Stage 1	Stage 2	Stage 3	POCI	Total
Balance as at 1 January 2021	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Reclassification	–0.5	0.4	0.1	0.0	0.0
Addition new acquisition	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 December 2021	**2.9**	**1.4**	**0.5**	**–0.2**	**4.6**

EUR m	Stage 1	Stage 2	Stage 3	POCI	Total
Balance as at 1 January 2022	**2.9**	**1.4**	**0.5**	**–0.2**	**4.6**
Reclassification	0.2	–2.2	2.0	0.0	0.0
Revaluation	–1.3	4.7	3.6	–1.4	5.6
Balance as at 31 December 2022	**1.9**	**3.9**	**6.1**	**–1.6**	**10.2**

Development in Impairment Losses – Current Accounts

EUR m	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2021	**0.0**	**0.0**	**0.0**	**0.0**
Addition new acquisition	0.1	0.0	0.0	0.1
Revaluation	0.0	0.1	0.2	0.3
Balance as at 31 December 2021	**0.1**	**0.1**	**0.2**	**0.3**

EUR m	Stage 1	Stage 2	Stage 3	POCI	Total
Balance as at 1 January 2022	**0.1**	**0.1**	**0.2**	**0.0**	**0.3**
Reclassification	0.0	–0.1	0.1	0.0	0.0
Revaluation	0.0	0.1	0.5	0.2	0.7
Balance as at 31 December 2022	**0.1**	**0.1**	**0.8**	**0.1**	**1.1**

Liquidity Risk

Liquidity risk is understood as the risk that current or future financial payment obligations may no longer be met in full or on time as they fall due without incurring significant 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 Strategic Risk Management division is also responsible for monitoring compliance with these limits. The central body for liquidity management and the related strategic risk management is the Asset Liability Committee, ALCO. This Committee reviews the current status of the liquidity risk categories, in particular insolvency risk and market liquidity risk.

As part of the Internal Capital Adequacy Assessment Process (ILAAP), compliance with the strategy and an acceptable level of risk is ensured by a catalogue of limits and requirements. In addition to regulatory liquidity ratios (the liquidity coverage ratio, LCR, and the net stable funding ratio, NSFR), these also include the time-to-wall and survival horizon values in the liquidity stress test. The time-to-wall ratio indicates the duration in months until the cumulative liquidity gap in the liquidity maturity statement falls into negative territory under stress assumptions and taking the liquidity buffer into account. This also determines the period within which the liquidity requirements can be covered by the available liquidity potential.

The following tables show the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR):

Liquidity Coverage Ratio

EUR m	31 Dec. 2021	31 Dec. 2022
Liquidity buffer	1,279.7	1,346.9
Net liquidity outflow	142.0	193.3
Liquidity coverage ratio	**901.4%**	**697.0%**

Composition of the Liquidity Buffer

EUR m	31 Dec. 2021	31 Dec. 2022
Central bank balances less minimum reserve	1,062.3	717.2
Cash	145.0	124.8
Eligible investments	72.5	504.9
Liquidity buffer	**1,279.7**	**1,346.9**

Net Stable Funding Ratio

EUR m	31 Dec. 2021	31 Dec. 2022
Net Stable Funding Ratio	242.89%	233.58%

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 2021

EUR m	Carrying amount	Gross cash flow	Due daily	Up to 3 months	More than 3 months up to 1 year
FINANCIAL LIABILITIES FROM FINANCIAL SERVICES					
Borrowings from banks	0.3	0.3	0.3	0.0	0.0
Liabilities to customers	2,532.9	2,532.9	2,525.4	5.2	2.2
Other					
Liabilities from offsetting	8.3	8.3	8.3	0.0	0.0
Sub-total	**2,541.5**	**2,541.5**	**2,534.1**	**5.2**	**2.2**
OFF-BALANCE ITEMS					
Liabilities from financial garantuee contracts	n/a	2.1	0.0	2.1	0.0
Loan commitments	n/a	48.7	0.0	48.7	0.0
Sub-total	**n/a**	**50.8**	**0.0**	**50.8**	**0.0**
Total	**2,541.5**	**2,592.3**	**2,534.1**	**56.0**	**2.2**

Maturity Analysis Based on the Remaining Term to Maturity as at 31 December 2022

EUR m	Carrying amount	Gross cash flow	Due daily	Up to 3 months	More than 3 months up to 1 year
FINANCIAL LIABILITIES FROM FINANCIAL SERVICES					
Borrowings from banks	58.6	58.6	58.6	0.0	0.0
Liabilities to customers	2,847.6	2,847.6	2,826.7	0.1	20.8
Other					
Liabilities from offsetting	18.4	18.4	18.4	0.0	0.0
Sub-total	**2,924.6**	**2,924.6**	**2,903.8**	**0.1**	**20.8**
OFF-BALANCE ITEMS					
Liabilities from financial garantuee contracts	n/a	2.0	0.0	2.0	0.0
Loan commitments	n/a	83.1	0.0	83.1	0.0
Sub-total	**n/a**	**85.1**	**0.0**	**85.1**	**0.0**
Total	**2,924.6**	**3,009.8**	**2,903.8**	**85.2**	**20.8**

The calculation of gross cash flows for non-derivative financial liabilities includes estimated interest payments.

In the case of liabilities from financial garantuee contracts, as well as loan commitments, the information on the term is based on the first possible draw-down date.

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/charges. In the context of the banking business, market risks mainly arise from the interest rate risk and the credit spread risk. There are no foreign currency risks or market risks from trading positions due to the 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, present value perspective) as well as with regard to changes in net interest income (NII, periodical perspective).

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), the risk is limited by means of a value-at-risk (VaR) approach at a confidence level of 95% and 99.9% as part of the risk-bearing capacity analysis (ICAAP). VaR describes the maximum expected loss at a given probability (the confidence interval) during a given holding period based on a historically observed market environment. As at 31 December 2022, the VaR is as follows:

Value at Risk – EVE

EUR m	2021	2022
VaR EVE	–19.5	–21.4

The change in present value applying the six scenarios according to EBA/GL/2018/02 is shown in the following table:

	EVE		NII	
EBA scenario	2021	2022	2021	2022
Parallel upward shock	19.50%	–5.47%	9.20%	2.67%
Parallel downward shock	4.30%	15.23%	–1.84%	–17.09%
Steepener shock	–8.70%	–7.26%	–1.84%	–12.82%
Flattener shock	15.30%	7.62%	9.26%	2.66%
Upward shock on current interest rates	17.50%	4.16%	11.51%	3.33%
Downward shock on current interest rates	–12.20%	–4.11%	–1.84%	–20.36%

The change in interest rate risk in the individual scenarios compared to the previous year is mainly due to additional hedges through interest rate swaps, the adjustments to the replicates of indefinite deposits and the development of the interest rate curve.

The earnings-based interest rate risk is managed for a parallel upward and downward shift in the yield curve of 100bp and for the six scenarios in accordance with EBA/GL/2018/02.

Based on the OeNB's interest rate risk statistics, the interest rate risk as a share of eligible capital is as follows as at 31 December 2022 and 31 December 2021:

OeNB's Interest Rate Risk Statistics

in %	2021	2022
OeNB interest rate risk statistics relative to eligible own funds	–19.50	2.43

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. The credit spread risk relates exclusively to the bond portfolio, the value of which can be influenced by a change in the issuer's credit rating. In line with the current investment strategy, only bonds from customers with strong credit ratings are purchased.

The quantification of credit spread risk is based on the modified duration approach. This measures the change in the value of the product in the event of a change in the credit spread. The risk is limited and controlled both through capital adequacy as part of the risk-bearing capacity analysis and through sensitivity analyses.

On this basis, the credit spread risk as at the reporting date is as follows:

Credit Spread Risk

EUR m	2021	2022
Credit spread risk	–0.7	3.1

The increase in credit spread risk compared to the previous year is due to the purchase of European government bonds.

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. This includes, for example, wilful and negligent misconduct, conflicts of interest, losses as a result of inadequate or failed internal processes, cyberattacks, system failures etc. The business model also includes a number of outsourced activities. The resulting risk is also subsumed under operational risk.

Operational risks arise in the context of the banking business as a whole and, unlike other risks such as market or credit risks, cannot be determined and managed on the basis of specific, defined portfolios. 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. As a result, operational risk in the banking business is assessed as material and is monitored and managed by Non-Financial Risk Management in close cooperation with Strategic Risk Management and the outsourcing officer.

Operational risk is managed in line with the principles Prevent – Detect – Mitigate, i.e. avoid operational risks as far as possible, recognise and measure them as early on as possible and take targeted measures to manage and mitigate them. The tools used in this process include the following:

- **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 supported by the ADONIS system.
- **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 high potential 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 Basic Indicator Approach according to Article 315 CRR is used to quantify the unexpected loss from operational risk.

Macroeconomic Risk

Potential for loss due to exposure to macroeconomic risk factors, in particular changes in the real GDP growth rate, increase in unemployment, significant change in the inflation rate, etc., are quantified as part of the risk-bearing capacity calculation, as well as in the context of stress tests. In particular, the effect of macroeconomic stress scenarios, including those based on the macro scenarios published by the EBA, on the probability of default (PD) is modelled and the impact on expected and unexpected losses is quantified.

In order to actively manage macroeconomic risks, developments in the macroeconomic indicators relevant to the Bank's portfolio (unemployment rate, GDP growth, etc.) are continuously monitored, analysed and discussed in the Asset Liability Committee (ALCO).

Environmental, Social and Governance (ESG) Risks

Sustainability is not only becoming more and more important worldwide, but is also an important component of the business model and forms a stable foundation for the corporate strategy. In overall risk management, ESG risks are not taken into account as a separate risk category, but rather are reflected in the aforementioned risk categories. ESG risks can be reflected in credit risk as well as in operational risk. Further explanatory information can be found in Note 5 Future-related Assumptions and Estimation Uncertainties.

Other Risks

The other risks that have been classified as relevant in the context of the banking business include the

- **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.

30. Other Disclosures

30.1 Consolidated Cash Flow Disclosures

Cash and Cash Equivalents 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	2021	2022
Cash outflow for acquisitions		
Acquisition date in the current financial year (purchase price)	–27.7	–0.1
Acquisition date previous years (residual purchase price liabilities)	0.0	–0.2
Cash and cash equivalents acquired	**364.2**	**0.0**
	336.5	**–0.3**

Other Non-Cash Transactions The other non-cash transactions neutralised in the operating cash flow are comprised of the following:

EUR m	2021	2022
Results from the disposal of property, plant and equipment	–5.5	–4.9
Measurement of securities and stakes at fair value through profit and loss	–1.4	–1.7
Net interest income/expense	2.5	–26.2
Valuation of receivables	6.7	8.4
Without effect in profit and loss (IAS 19)	–6.3	11.1
Currency differences recognised in profit or loss	–10.4	–3.1
Acquisition of retail business ING-DiBa AG – Badwill	–14.1	0.0
Liabilities resulting from purchase obligations of non-controlling interests	13.2	1.8
Other	8.4	–4.3
	–7.0	**–18.9**

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	2021	2022
Credits to clients	–19.5	–257.7
Investments	–73.1	–508.7
Other	1.2	10.0
Financial assets from financial services	**–91.4**	**–756.4**
Borrowings from banks	–9.6	97.3
Banking clients deposits	295.0	314.7
Other	–0.8	10.1
Financial liabilites from financial services	**284.6**	**422.1**
Financial assets/liabilities from financial services	**193.2**	**–334.3**

Loans Granted In the 2022 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:

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**

2022 Financial Year

EUR m	Borrowings from banks	Lease liabilities	Total other financial liabilities
Balance as at 1 January 2022	**70.7**	**333.7**	**404.4**
Cash flow from financing activities	109.5	–59.9	49.7
Acquisition of subsidiaries	0.0	0.0	0.0
Other non-cash inflows and outflows	0.0	126.0	126.1
Balance as at 31 December 2022	**180.2**	**399.9**	**580.1**

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. 2021	31 Dec. 2022
Cash and cash equivalents	**1,304.1**	**930.6**
Financial Assets from Financial Services	1,218.2	875.8
Cash and cash equivalents and central bank balances	1,218.2	875.8
Impairment losses on receivables due from banks	0.1	0.0
Cash and cash equivalents	**85.8**	**54.8**

30.2 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:

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

2022 Financial Year

EUR m	Associates	Other related companies	Total
Total operating income	0.0	240.1	240.1
Total operating expenses	0.0	37.6	37.6
Outstanding receivables	0.9	25.6	26.6
Outstanding payables	0.0	2.5	2.5

The operating income in 2021 and 2022 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 2022 financial year, delivery services valued at EUR 166.1m (2021: EUR 143.9m) 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 9.1m (2021: EUR 7.9m) and energy purchases from the OMV Group of EUR 3.7m (2021: EUR 2.2m).

The following table shows the remuneration, including changes in provisions, which was paid to members of the Supervisory Board and the Management Board:

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
Termination benefits	0.0	0.0	0.0
Allocation to share-based remuneration programme	0.0	1.3	1.3
	0.4	**6.0**	**6.4**

2022 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
Termination benefits	0.0	0.0	0.0
Allocation to share-based remuneration programme	0.0	2.0	2.0
	0.4	**6.6**	**7.0**

30.3 Audit Fees

For the auditor BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft for the financial year 2021 and as universal successor BDO Assurance GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft for the financial year 2022, the fee is as follows:

Audit Fees

EUR thousand	2021	2022
Audit of individual and consolidated financial statements as at 31 Dec.	484.7	528.9
Other audit related services	0.0	108.0
Other services	84.6	107.0
	569.3	**743.9**

30.4 Events After the Reporting Period

Events after the reporting period that are material for assessment on the balance sheet date as at 31 December 2022, 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.

On 22 February 2023, the signing and closing took place for the acquisition of 80% of the shares in Agile Actors Hellas Single Member S.A. The company, which is based in Greece, offers software development and data engineering services. The company is expected to be included in the consolidated financial statements for the 2023 financial year as an associate using the equity method. The accounting for the acquisition will increase the financial assets in the first quarter of 2023 by approximately 0.2% as a result of the base purchase price and by a maximum of a further 0.2% of the current consolidated balance sheet total as a result of variable purchase price components.

No other reportable events occurred after the reporting period.

The Management Board of Austrian Post approved the audited consolidated financial statements for the financial year ending on 31 December 2022, for transmission to the Supervisory Board on 28 February 2023. The Supervisory Board is responsible for reviewing and approving the audited consolidated financial statements.

Vienna, 28 February 2023

The Management Board

GEORG PÖLZL
CEO
Chairman of the
Management Board

WALTER OBLIN
Deputy CEO
Mail & Finance (CFO)

PETER UMUNDUM
Member of the
Management Board
Parcel & Logistics (COO)

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 2022, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the 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 2022 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.

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 loan portfolio from financial services
2. Valuation of the provisions for underutilisation

1. VALUATION OF THE LOAN PORTFOLIO FROM FINANCIAL SERVICES

Audit Matters and Reference to Further Information

Credit risk is the most significant risk of banking and financial services and is primarily reflected in the item receivables from customers. Receivables from financial services customers amount to EUR 1,596.1 million or 29.6% of total assets as at 31 December 2022. Loans and advances to customers consist of broadly diversified housing and consumer financing to private customers and, to a small extent, overdraft facilities from current accounts.

The valuation of loans and the determination of risk provisions are carried out based on the expected credit loss model. In the event of a significant increase in credit risk (Level 2) or in the event of a default (Level 3), the expected credit loss (ECL) is calculated on the basis of the entire remaining term to maturity. For non-defaulted receivables and receivables without a significant increase in credit risk, an allowance is also recognised for the expected credit loss (ECL), generally using the twelve-month ECL (Level 1).

The risk to the financial statements arises from the fact that the calculation of risk provisions is based to a significant extent on estimates and assumptions that are also influenced by expectations related to the crisis in Ukraine and general macroeconomic circumstances (inflation, energy costs, interest rates).

Reference to Further Information

For more information, please refer to Notes 3.21.3, 5, 23.1 and 29 in the Notes to the Consolidated Financial Statements. In particular, the risks associated with financial instruments and risk management are discussed in Note 29.2 in the notes on the banking business.

Our Audit Approach

We reviewed the lending process implemented in the areas of mortgage loans and consumer finance. We evaluated the design and implementation of relevant key controls and tested their effectiveness on a sample basis. Furthermore, we analysed the processes for monitoring and setting up value adjustments for loans and advances to customers and reviewed the entire process by means of a walk-through approach.

We analysed the loan portfolio to look for anomalies. Based on this analysis, a risk-oriented selection of a sample was made. The following factors were taken into account in the selection of the sample: rating level or default status, conspicuous rating migrations, collateral, segments, and the extent of the risk provisioning already made. The selected sample was reviewed in terms of lending, including loan contracts, arrears duration and credit ratings. Furthermore, we examined whether there are any indicators for defaults. In the case of construction financing, we also verified the existence of collateral on the basis of extracts from the land register and analysed the valuation of the collateral.

With regard to the risk calculation, we traced the calculation methodology and analysed the impact of the deviations in the methods and parameters and assessed the calculation methodology as to whether it is suitable for determining adequate provisions for the lending business.

We verified the arithmetical accuracy of the value adjustments using individual examples and a system inspection.

The formation of provisions as a result of the crisis in Ukraine and general macroeconomic conditions (inflation, energy costs, interest rates) was discussed with the respondents named to us with regard to the determination and amount of the provisions. We ultimately satisfied ourselves that the approach to the valuation of the loan portfolio was appropriately presented in the Notes to the Consolidated Financial Statements.

2. 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 2022 amount to approximately EUR 174.6m.

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 3.18 and 26.3 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.

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 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 Legal Representatives for the Consolidated Financial Statements

The legal representatives are responsible for the preparation of the consolidated financial statements and for ensuring that they give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group in accordance with IFRS as adopted by the EU and the additional requirements of Section 245a UGB. Furthermore, the legal representatives are responsible for such internal control as they deem necessary to enable the preparation of consolidated financial statements that are free from material 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 Management Board and the reasonableness of its 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, amongst others, 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 Management Board is 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 21 April 2022 to serve as auditors. We were engaged by the Supervisory Board on 10 June 2022. We have been auditors without interruption since 2021.

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, 28 February 2023

BDO Assurance GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
(universal successor of 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 2022, 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 2022 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, 28 February 2023

The Management Board

GEORG PÖLZL
CEO
Chairman of the
Management Board

WALTER OBLIN
Deputy CEO
Mail & Finance (CFO)

PETER UMUNDUM
Member of the
Management Board
Parcel & Logistics (COO)

Knowing
what
matters

post.at/investor