THINK ING AHEAD

Together

AUSTRIAN POST

Annual Report 2020

#alwaysdeliverasolution

AUSTRIAN POST AT A GLANCE 2020

Austrian Post is the country's leading logistics and postal service provider and is firmly focused on the very highest quality and customer orientation. As a part of Austria's critical infrastructure, Austrian Post is responsible for ensuring security of supply within the country. The company's services range from the transportation of traditional letter mail to addressed and unaddressed direct mail items to parcels and express mail items. Austrian Post also offers other logistics solutions, as well as a variety of value-added services, such as the transport of valuable goods and cash, webshop logistics and webshop infrastructure. In addition to postal and telecommunications services, the most extensive branch network in Austria also offers financial services.

The Divisions and their Services 2020

Mail

- Letter Mail
- Direct Mail
- Newspapers and Magazines

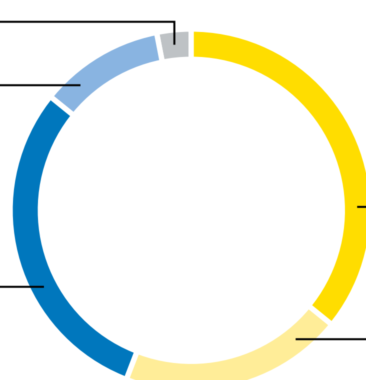
Parcel & Logistics

- Parcels and Express
- Food Shipments
- Additional Logistics Services
- Fulfillment & Valuable Goods and Cash Transport
- E-Commerce Services

Retail & Bank

- Postal, Telecommunications and Energy Services
- Merchandise such as Books, Stationery and Packaging Material
- Lottery Tickets, "Toto" Sports Bets, Photocopying and Fax Services
- Digital Currency
- Financial Services

Shares of Revenue 2020



1

ANNUAL REPORT

2

SUSTAINABILITY REPORT

3

ANNUAL REPORT

ⓒ indicates text passages in which significant influences of the COVID-19 pandemic on the business or the share price of Austrian Post are described.

CONTENTS

KEY FIGURES

		2018	2019	2020	Change 2019/2020
NON-FINANCIAL INDICATORS					
Employees	FTE	20,545	20,338	22,966	12.9%
Employee sick leave	FTE in %	9.7	8.5	6.8	–
Carbon emissions (Scope 1–3)	t CO_2e	92,361	105,546	115,509	9.4%
Carbon per shipment weight – Österreichische Post AG	kg CO_2e/t	129	124	120	–3.2%
Customer satisfaction	CSI[1]	70	70	70	–
EARNINGS SITUATION					
Revenue	EUR m	1,958.5	2,021.6	2,189.2	8.3%
EBITDA	EUR m	305.4	318.7	302.8	–5.0%
EBITDA margin	%	15.6	15.8	13.8	–
EBIT	EUR m	210.9	200.6	160.6	–19.9%
EBIT margin	%	10.8	9.9	7.3/9.6[2]	–
Profit for the period	EUR m	144.2	144.5	115.3	–20.2%
Earnings per share	EUR	2.13	2.17	1.75	–19.2%
BALANCE SHEET FIGURES					
Total assets	EUR m	1,681.2	2,042.9	2,680.2	31.2%
Equity	EUR m	699.1	700.7	655.0	–6.5%
Equity ratio	%	41.6	34.3	24.4	–
Net debt/Net cash (+/–)	EUR m	–13.7	326.5	503.0	54.1%
Capital employed	EUR m	607.9	961.3	1,110.0	15.5%
Return on capital employed (ROCE)	%	34.4	25.6	15.5	–
CASH FLOW AND INVESTMENTS					
Cash flow from operating activities	EUR m	295.9	327.4	732.6	>100%
Cash flow from investing activities	EUR m	–137.5	–290.7	7.0	>100%
Cash flow from financing activities	EUR m	–138.1	–183.4	–153.1	16.5%
Operating free cash flow[3]	EUR m	161.9	150.5	125.7	–16.5%
CAPEX	EUR m	139.4	153.1	143.3	–6.4%
Depreciation, amortisation and impairment losses	EUR m	94.5	118.1	142.2	20.4%
POST SHARE					
Shares at the end of December	Number	67,552,638	67,552,638	67,552,638	–
Market capitalisation at the end of December	EUR m	2,027.9	2,296.8	1,938.8	–15.6%
Dividends per share (for the financial year)	EUR	2.08	2.08	1.60[4]	–23.1%
Total shareholder return (TSR)	%	–14.3	20.2	–9.5	–

[1] Customer Satisfaction Index: Scale of 0–100, ≤50: critical, 51–60: fair, 61–70: good, 71–80: very good, 81–100: excellent

[2] EBIT margin of 9.6% of the logistics business (excl. Retail & Bank Division)

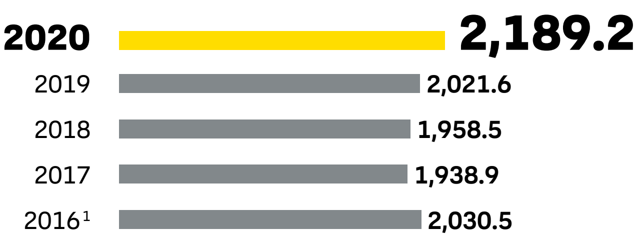
[3] Free cash flow before acquisitions/securities/money market investments, growth CAPEX and core banking assets; 2019: excl. EUR 32.8m payments from the real estate project Neutorgasse and credited repayment claims for social security contributions on pay for previous periods of service amounting to EUR 65.7m; 2018: excl. special effect of EUR 70.0m (special payment BAWAG P.S.K. of EUR 107.0m minus financial services provided amounting to EUR 37.0m)

[4] Proposal to the Annual General Meeting on 15 April 2021

DEVELOPMENT OF KEY MANAGEMENT INDICATORS

Revenue

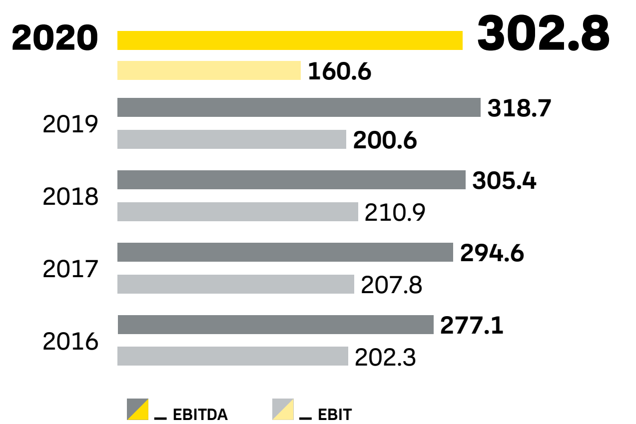
EUR m



[1] Revenue incl. trans-o-flex

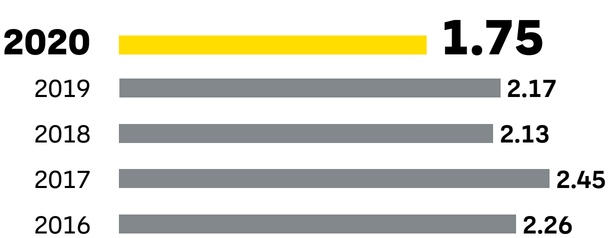
EBITDA and EBIT

EUR m



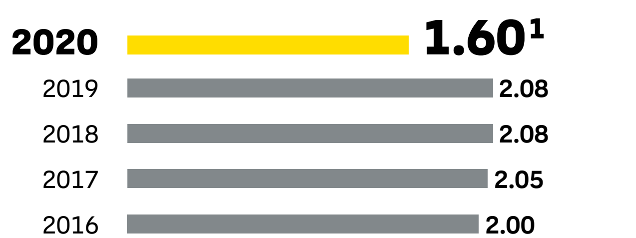
Earnings per Share

EUR



Dividend per Share

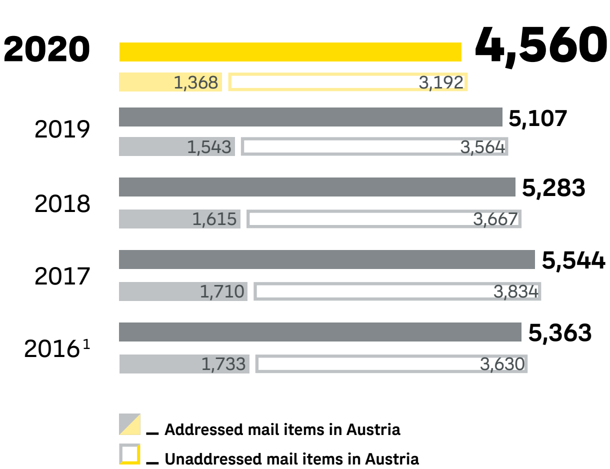
EUR



[1] Proposal to the Annual General Meeting on 15 April 2021

Letter Mail and Direct Mail

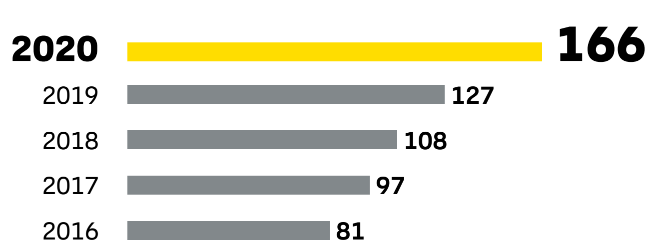
items million



[1] Adjusted reporting due to automated calculating method

Parcel Volume in Austria

items million



THE EFFECTS OF THE PANDEMIC IN THE 2020 FINANCIAL YEAR

The COVID-19 pandemic hit people and economies hard across the globe. The impact can be seen clearly in the 2020 financial year, and Austrian Post is no exception.

AUSTRIAN POST AS A RELIABLE CONSTANT FOR PEOPLE AND THE ECONOMY

Despite the lockdown measures Austrian Post maintains critical infrastructure and guarantees delivery – even in quarantined and high-risk areas.

Austrian Post ensures continuous operations

403
company-operated branches

1,362
postal partners

Austrian Post ensures access to postal services for everyone in the country

9,379
delivery staff on duty – they also deliver information on mass testing and FFP2 masks

1.4bn
addressed mail items

3.2bn
unaddressed mail items

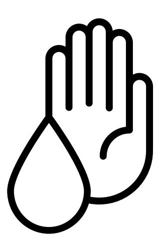
166m
parcels

Austrian Post helps the retail sector and people working in essential services

_ Online marketplace shöpping provides an alternative for retailers during lockdown
_ No-fee helferkonto99 account for members of essential organisations at bank99

AUSTRIAN POST FOCUSES ON THE HEALTH AND SAFETY OF ITS EMPLOYEES

Stringent hygiene measures are in place to protect employees working to maintain our operations. The logistics centres are under particular pressure due to exceptionally high volumes and employees who are forced to quarantine.



_ Austrian Post is investing in the safety of its workforce
_ The health authorities are providing support in establishing the appropriate measures
_ Support provided by the armed forces due to quarantine requirements in our logistics centres

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Sustainability Report

BUSINESS DEVELOPMENT IN AN ENVIRONMENT DOMINATED BY COVID-19

Business closures ordered by the authorities are fuelling an enormous increase in the volume of parcels over and above what is already an ongoing trend towards e-commerce. At the same time, the volume of direct mail items is declining rapidly. The fact that more employees are working from home is resulting in a marked drop in the volume of letter mail.

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Letter Mail

–7% intensified due to the loss of official and private mail items

Direct Mail

–11.5% due to the loss of direct mail items outside the food retail sector

Parcels

+30% due to an increased online volume as a result of COVID-19 in Austria

AUSTRIAN POST STICKS TO ITS INVESTMENT PLANS

Lower earnings means that decisions on expenditure are being weighed up even more so than in the past. Nevertheless, quality is our top priority, which is why we are continually making necessary investments in our vehicle fleet, IT and operating resources. Investments in logistics capacity expansion are also being made according to plan.

Investments[1]

EUR m

[1] Investments excl. IFRS 16

STRATEGIC STEPS TOWARDS AN INTEGRATED BUSINESS MODEL

In 2020, Austrian Post made sustainability an even more firmly established component of its corporate strategy than it was before. We have pursued this strategy as planned, irrespective of the situation caused by the pandemic. The changes are, however, in keeping with the times: Close links between financial and non-financial factors allow critical developments to be identified at an early stage.

#always
deliver a
solution

AUSTRIAN POST is the leading logistics and postal services provider in Austria. We provide our services according to a self-concept that goes beyond merely performing a job. We stand at our customers' sides every day.

At Austrian Post, we are at the heart of everyday life. In line with our overarching corporate purpose "We always deliver a solution", we focus on our self-concept as a service provider and on our work for people. As a company that is fully engaged in people's lives, we have a special responsibility to live up to. With this in mind, sustainability is at the heart of our actions.

In our quest to always deliver a solution, we also need to adopt a solution-oriented approach. We don't ask ourselves whether something can be done, but rather how we can make it work. To this end, we enter into dialogue with experts from various fields. Good ideas can only be developed by joining forces.

Thinking Ahead Together

INTRODUCTION BY THE MANAGEMENT BOARD

→ left to right
WALTER OBLIN,
GEORG PÖLZL,
PETER UMUNDUM

Dear Shareholders,

2020 was a huge challenge for many companies across the globe, including Austrian Post. In particular, the COVID-19 pandemic at the beginning of 2020 and the following temporary lockdown regulations and restrictions have left their mark on Austrian Post and its customers, both in social and economic terms. The market environment has somewhat improved in the third and fourth quarters. Many companies managed to adapt to the difficult conditions. We succeeded in maintaining the safety and health of employees as well as the business performance of Austrian Post. Against the backdrop of current framework conditions, the results in the past financial year can be considered as entirely satisfactory. Austrian Post Group revenue rose by 8.3% to EUR 2,189.2m in 2020. This revenue increase can be attributed to the good development in the parcel business (+44.4%): while the Mail Division registered a disproportionate drop in revenue of 7.4% related to COVID-19, the Parcel & Logistics Division managed to record further volume gains in the Austrian market (parcel volume +30%), in South East and Eastern Europe (parcel volume +27%) as well as in the newly consolidated Turkish market (parcel volume +37%).

In terms of earnings, a good fourth quarter also enabled the company to end 2020 on a conciliatory note. Fourth-quarter EBIT reached a level of EUR 79.2m compared to EUR 70.5m last year. Accordingly, EBIT in 2020 amounted to EUR 160.6m, down by 19.9% from the EUR 200.6m in 2019. The start-up costs of bank99 in the Retail & Bank Division, which was launched in April 2020, accounted for a substantial share of the decline. Disregarding the negative earnings contribution of the Retail & Bank Division, EBIT of the logistics business was almost stable at EUR 204.4m for the 2020 financial year. EBITDA for the 2020 financial year fell by 5.0% to EUR 302.8m.

Earnings per share equalled EUR 1.75 in 2020. On the basis of Austrian Post's solid performance and balance sheet strength, it will be proposed to the Annual General Meeting scheduled for 15 April 2021 to once again approve the payout of an attractive dividend of EUR 1.60 per share, corresponding to a payout ratio of 94% of the net profit and a dividend yield of 5.6% at the closing share price on 31 December 2020.

We aim for both revenue and earnings growth in 2021. Our objective is to continue further improving despite the reduced visibility and higher volatility in the market. Austrian Post expects revenue growth of 8% to 10% and an earnings improvement of 10%. Moreover, in 2021 it remains important to continue the logistics capacity expansion programme. Sorting capacity in Austria should be expanded by another 30% by the end of 2022. The objective of Austrian Post is to strengthen its leadership position in terms of service quality as well as efficiency and speed.

Our special thanks go to the employees and the partners of Austrian Post. All of them were working strenuously on a daily basis during the challenging fourth quarter to ensure that Austrian Post customers receive their parcels on time in spite of record parcel volumes. This is the basis for our quality leadership. Together we will manage to continue being the preferred partner of our customers.

Vienna, 8 March 2021

The Management Board

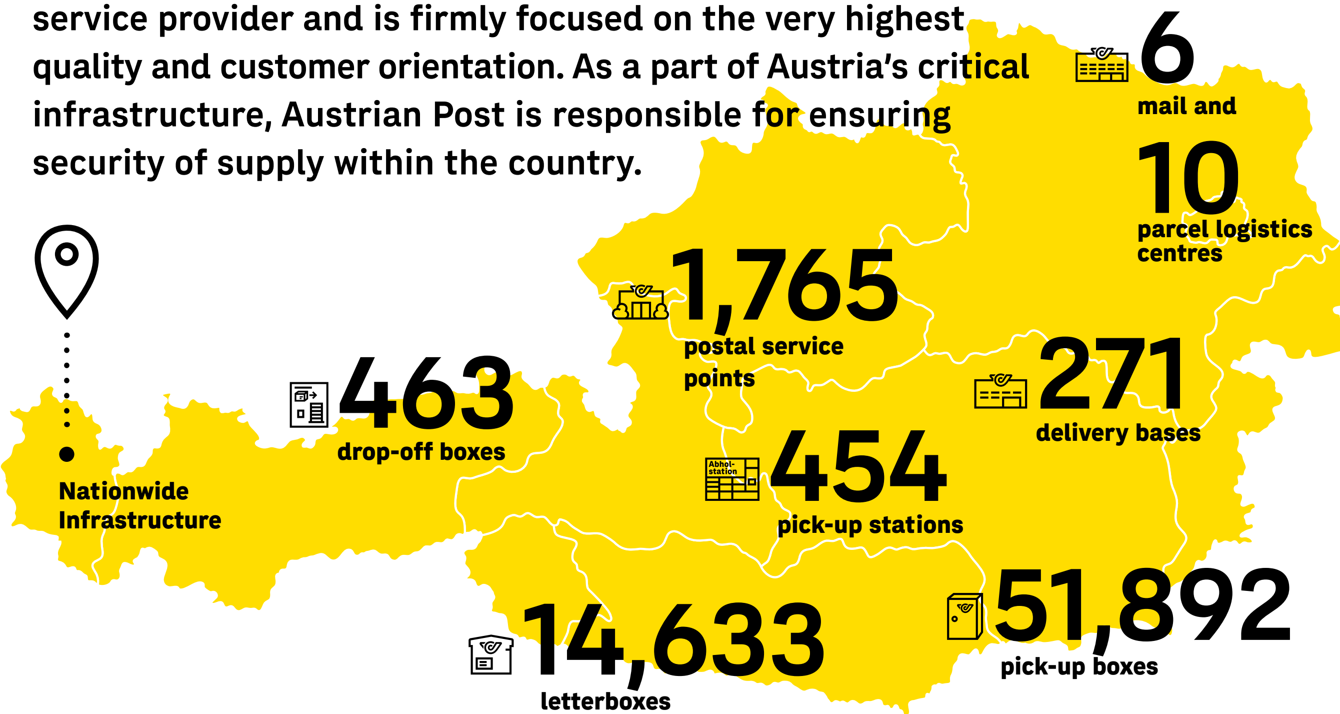
GEORG PÖLZL
CEO
Chairman of the
Management Board

WALTER OBLIN
Deputy CEO
Mail & Finance

PETER UMUNDUM
Member of the
Management Board
Parcel & Logistics

RELIABLE PERFORMANCE WITH THE HIGHEST QUALITY STANDARDS

Austrian Post is the country's leading logistics and postal service provider and is firmly focused on the very highest quality and customer orientation. As a part of Austria's critical infrastructure, Austrian Post is responsible for ensuring security of supply within the country.



The company's services in Austria range from the transportation of traditional letter mail to addressed and unaddressed direct mail items to parcels and express mail items. Austrian Post also offers other logistics solutions, as well as a variety of value-added services, such as the transport of valuable goods and cash, webshop logistics and webshop infrastructure. In addition to postal and telecommunications services, the most extensive branch network in Austria also offers financial services.

New Divisional Structure Boosts Transparency

With its new organisational structure, adopted in 2020, Austrian Post is increasing its transparency and has been split into the three operating divisions of Mail, Parcel & Logistics and Retail & Bank since 1 January 2020. The reportable segments are still identified on the basis of the difference between products and services. Logistics for letter mail and parcels in Austria was 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 encompasses the distribution, collection, sorting and delivery of letters and document shipments, addressed and unaddressed direct mail, newspapers and magazines, as well as online services such as e-letter and cross-media solutions. The offering is complemented by additional physical and digital services in customer communications as well as optimisation in document processing. In 2020, Austrian Post delivered 643m letters, 412m addressed and 2.9bn unaddressed direct mail items, 313m print media and 336m regional media items in Austria.

Parcel & Logistics

The Parcel & Logistics Division offers one-stop solutions for parcel and express mail items along the entire value chain. Austrian Post delivered 166 million parcels and express post items in its domestic market in 2020. This makes it the leading service provider for the delivery of mail-order business and private customer parcels as well as B2B items, providing the highest quality of nationwide delivery. In addition to conventional parcel products, express delivery and food delivery, the portfolio in Austria also includes a broad range of value-added services. For example, the company offers customised fulfilment solutions such as warehousing, order picking, returns management, the transport of valuable goods and cash, webshop logistics and webshop infrastructure. Internationally, the Parcel & Logistics Division is represented in eight other countries through its subsidiaries. In addition, stationary logistics for pharmaceutical products is offered in Germany through the associate AEP.

Retail & Bank

The new Retail & Bank Division includes the branch network comprising around 400 company-operated locations and almost 1,400 postal partners that was previously reported in the Mail Division. With a frequency of around 60 million customer contacts every year, this is one of the largest private customer networks in the country. In addition to postal, telecommunications and energy services, the branch network offers a wide range of merchandise, including books, stationery and packaging materials, as well as services such as lottery tickets, "Toto" sports bets, photocopying and fax services. Austrian Post also offers self-service solutions such as pick-up stations and drop-off boxes in numerous locations, which are popular among the company's customers. bank99, which started operations on 1 April 2020, offers financial services throughout Austria. Austrian Post's new bank closed the supply gap created by the withdrawal of BAWAG P.S.K. This ensures that customers can continue to use banking services at post offices throughout Austria. The services offered by bank99 range from counter transactions, which are offered at all of Austrian Post's approximately 1,800 postal service points, to banking services including advisory activities in around 130 banking advisory centres. The product range also includes current accounts, savings products, consumer loans and credit cards. By the end of 2020, bank99 already had more than 60,000 customers.

Integrated Strategy

Moving forwards with our new integrated corporate and sustainability strategy. We act sustainably and focus on the needs of our customers. We live diversity. That's the guiding principle for everything we do.

2

Profitable Growth in Near Markets

1

Defending Market Leadership and Profitability in the Core Business

Sustainability, diversity and customer orientation as guideline for all activities

3

Development of Retail and Digital Offerings for Private Customers and SMEs

ECONOMY & CUSTOMERS

Commercial success driven by sustainable and customer-focused services

ENVIRONMENT & CLIMATE

Decarbonisation of logistics thanks to environmental efficiency at all stages of the value chain

PEOPLE & SOCIAL

Top employer with a safe and respectful working environment and a commitment to social responsibility

Purpose

WE ALWAYS DELIVER A SOLUTION.

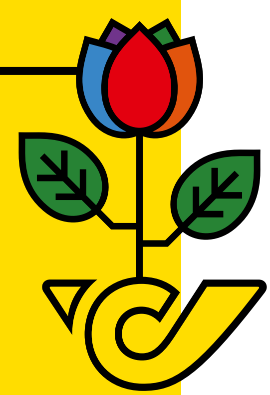
Vision

- **We are more than just a postal service.**
  We are a pioneer successfully connecting people and markets with the world of tomorrow.

Mission

- **Closer than anyone else.**
  We make connections every day and are always improving.
  Always practical and sustainable – digital and in person.

Values



- **We are yellow.**
- **We are green.**
- **We are colourful.**

To find out more about Austrian Post's mission statement, see Sustainability Report 2020 p. 28

GROUP AND SHAREHOLDERS
CORPORATE GOVERNANCE

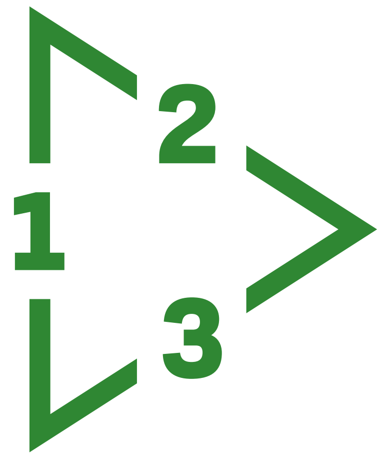
STRATEGIC DEVELOPMENT

A dynamic market environment called for an update to the tried-and-tested strategy – to turn "good" into "even better".

Austrian Post is operating in a market environment that is subject to constant dynamic change. This was already the case before the outbreak of the COVID-19 pandemic and, to some extent, this trend has become even more pronounced as a result of the crisis. This is why we always have to critically question our own business model and adapt it if need be.

For years now, digitalisation has been the driving force of change in the postal and logistics market, a trend that is both a challenge and a considerable opportunity and has been accelerated by COVID-19, at least in the short term. The challenge lies in the ongoing trend towards e-substitution and the associated drop in the letter mail business. At the same time, the strong increase in e-commerce is driving growth in the parcel business. Globalisation, consolidation and competition are further trends that are having an impact on Austrian Post's business model. The issue of sustainability has become fundamentally more important in recent years. This has been a serious issue for some time, and addressing it will be essential for any modern postal company in the future – employees, customers and stakeholders expect sustainable action.

In order to take account of these trends and at the same time make greater use of the opportunities and challenges arising in our corporate environment, Austrian Post's previously implemented strategy was updated in 2020.



As a broad-based, risk-diversified Group, Austrian Post focuses on six markets. Acting as a platform, the Group offers synergies between the activities in the various markets. The strategic objectives, which serve as a guideline for initiatives and measures, are split into the following markets:

- Mail and Business Process Solutions
- Digital and Analogue Advertising
- Parcel, E-Commerce and Logistics Solutions
- Digital and Analogue Retail/Private Customer Offering
- Financial Services
- Real Estate

The strategy itself rests on three cornerstones that share a common core, with sustainability, diversity and customer orientation as the overarching guidelines.

1. Defending Market Leadership and Profitability in the Core Business
2. Profitable Growth in Near Markets
3. Development of Retail and Digital Offerings for Private Customers and SMEs

1 Defending Market Leadership and Profitability in the Core Business

Austrian Post is the market leader in the domestic letter mail, direct mail and parcel business. Its business strategy is designed to enable the company to maintain this strong position and expand its leadership, particularly with respect to parcel delivery. In addition to ensuring the profitability of its services, Austrian Post keeps its focus on high-quality service. It promises its customers consistent high performance with a well-balanced price-performance ratio throughout Austria, taking current customer requirements into account in its product and service portfolio. In the parcel business, volumes are growing and customer expectations are rising at the same time. Austrian Post is steadily expanding its range of services in this direction. It offers its customers a nationwide branch network and self-service solutions such as drop-off boxes, pick-up boxes and pick-up stations, as well as track and trace and parcel redirection with the Post app and at post.at. The company is implementing a comprehensive capacity expansion programme throughout Austria to maintain this high level of quality while remaining efficient at the same time. Austrian Post offers the most efficient, highest quality logistics network in Austria and benefits from synergies in parcel and mail delivery. The company will continue to harness this synergy potential, while also regularly reviewing and optimising process and staff costs.

2 Profitable Growth in Near Markets

In addition to its core business, Austrian Post is pursuing a growth strategy that focuses on "near" markets. The term "near" is to be understood both regionally and in terms of the business model. Growth opportunities that are classed as being "near" in geographical terms, for example, include the Southeast and Eastern European regions, with a particular emphasis on the parcel business. The takeover of the Turkish company Aras Kargo, which has now been completed with the increase of our stake to 80%, represents a significant milestone in this quest. There are also growth opportunities in the digital and hybrid forms of the communication business (e.g. e-letters). Austrian Post has the opportunity to expand its service portfolio with these business areas. For example, Austrian Post is striving to broaden its service portfolio along the e-commerce value chain in the business process solutions area. Examples include Austrian Post's printing and intelligent scanning services offered via the Group company D2D or Scanpoint, digital marketing services via the Group company adverserve and the daskuvert.at platform, e-commerce software solutions via the Group company ACL commerce labs, and contract logistics/fulfilment via the Group company Post Systemlogistik. Other growth areas with earnings potential are continuously evaluated. Further examples of this include various real estate projects as well as the share in the company AEP, a pharmaceutical wholesaler that is already supplying around 4,800 pharmacies in Germany.

3 Development of Retail and Digital Offerings for Private Customers and SMEs

As our business base becomes broader, our direct business relationship with private customers and small and medium-sized enterprises (SMEs) is becoming even more relevant than it already was. Austrian Post is striving to use its nationwide branch network, along with its strength among private customers and SMEs, to expand and develop new physical and digital business models. Within the branch network, physical services are increasingly being digitalised or supplemented – examples include self-service options (sending and receiving postal services), the crypto stamp, and hybrid products such as the energy cost calculator. In addition, bank99 and shöpping are two significant business opportunities that underscore the approach we are pursuing in this area. bank99, Austrian Post's new bank, is the logical next step in the development of Austrian Post's traditional range of financial services and has been offering Austria-wide products, such as current accounts and payment transactions, directly from Austrian Post since 1 April 2020, with financing and insurance products also set to be offered in the future. shöpping sees itself as "the" Austrian marketplace for Austrian retailers and – also driven by the COVID-19 pandemic – was able to almost treble its retail sales in 2020.

C

	1 Defending Market Leadership and Profitability in the Core Business	2 Profitable Growth in Near Markets	3 Development of Retail and Digital Offerings for Private Customers and SMEs
Highlights	→ Introduction of new letter postage rate model → Promotion of letter mail products in elections, e-commerce and in connection with major events such as the COVID-19 pandemic → Easier access to advertising products with options for digital booking and a digital customer portal → Opening of logistics centre Styria (Kalsdorf) and logistics centre Salzburg Thalgau → Sorting capacity increased to 120,000 parcels per hour → 30% increase in self-service pick-up capacity	→ Stake in the Turkish company Aras Kargo increased to 80% → Significant double-digit growth in all CEE parcel investments as well as in Turkey → Agreed acquisition of print service provider D2D → Market launch of new digital advertising products (e.g. digital out-of-home network) → AEP pharmaceutical wholesaler with more than EUR 500m in revenue and positive earnings contribution	→ Go-live of bank99 on 1 April 2020 in around 1,800 post offices with more than 60,000 new customers in 2020 → More than 1,600 retailers on shöpping with retail sales trebling compared to 2019 → Successful stamp innovations, (e.g. crypto stamp 2.0, which got into the Guinness Book of Records) → Nationwide Post Partner process and commission adjustment
Strategic objectives	→ First provider of analogue and hybrid communication formats → Securing relevance of the existing advertising portfolio → Profitable growth in the national parcel business → Ensuring the most efficient network	→ Profitable growth in the international parcel business → Market leader in postal-related business process solutions → Expansion of digital advertising expertise → Expansion of the real estate portfolio	→ "Hybrid" branch network (digital and physical branches) → Establishment of shöpping → Development of top five retail bank in Austria

Strategy Control

The company's strategy will be implemented as part of a number of concrete strategic initiatives that will mainly be introduced in the form of projects. This process follows the logic of strategy control, which calls for strategic goal-setting, strategic programme management and strategic monitoring. The Group strategy and control teams work closely together on this. Once a year a review of the strategic initiatives portfolio is carried out. This contains financial forecasts and capital market expectations and serves as the basis for updating these forecasts and for setting financial targets. Once a quarter, the Management Board and strategic management team (division heads) carry out a programme review focusing on specific areas. Key strategic initiatives are monitored at a tactical level as part of a project control process. At the same time, this system is interlinked with the reporting process, and identifies deviations from targets at the business level and monitors key KPIs in the form of a strategy cockpit.

Sustainable Goals in All Areas

Sustainability, diversity and customer orientation are key elements of the updated strategy. The issue of sustainability has been a material topic for the company for some time. Austrian Post was the very first postal company to guarantee its customers carbon neutral delivery – something it has been doing since as long ago as 2011. It is also one of the few companies in Austria that use the Women's Career Index – an independent benchmarking tool that examines how women's careers progress. The strategic update brings all of these initiatives and endeavours to the top of the Group'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 implemented over the next ten years.

Austrian Post has set itself overarching targets in all three areas of sustainability in order to be able to achieve sustainable improvements in its ecological, economic and social performance over the next ten years.

You can find out more in the sustainability report.

Sustainable Strategic Targets

ECONOMY & CUSTOMERS

Commercial success driven by sustainable and customer-focused services

We create a positive impact for all stakeholders with sustainable and customer-focused products and services

Financial targets

→ Steady increase in revenue (revenue of EUR 3bn in 2030)
→ Sustainably high profitability
→ Continuation of attractive dividend policy (>75% of net profit)

Customer orientation/service portfolio

→ Increase in customer satisfaction
→ Environmental efficiency and socially responsible products and services

ENVIRONMENT & CLIMATE

Decarbonisation of logistics thanks to environmental efficiency at all stages of the value chain

We are an industry trailblazer when it comes to structuring our business model with environmental considerations in mind and place carbon neutrality at the centre of our commercial activities

Group-wide reduction in fossil energy sources

→ Saving energy in the vehicle fleet and properties

Reducing carbon emissions in Austria by 2030

→ 40% reduction in absolute carbon emissions
→ 70% reduction in specific carbon emissions
→ 100% carbon-free delivery in Austria

PEOPLE & SOCIAL

Top employer providing a safe and respectful working environment

We are a top employer in a safe, diverse and respectful working environment and take our social responsibility seriously

Corporate and work culture

→ Improvement in employee satisfaction

Diversity

→ Increase in the proportion of women in leadership positions to 40%

Occupational health and safety

→ 15% reduction in the number of occupational accidents

BUSINESS MANAGEMENT

The basis for a structured business management system is strategic and operational corporate management. It represents the foundation for business decisions and is supported by adequate reporting. On a Group level and at segment level, the business management system is guided by the key performance indicators of revenue, EBITDA, EBIT and free cash flow, and is thus consistent with the company's three main economic objectives. The company also particularly focuses on the profitability of its investments using the control parameter of return on investment (ROI).

The full range of Austrian Post's 2030 sustainability goals is managed as part of the "Sustainability Master Plan" and is integrated into the Austrian Post reporting system. Targets and measures are defined and implemented in 14 topic areas. In addition to the key financial indicators referred to above, a comprehensive system of non-financial indicators is used. In the area of "Economy & Customers", for example, these include key indicators on customer satisfaction and environmental efficiency. In the "Environment & Climate" area, key indicators such as energy consumption and carbon emissions are used. In the "People & Social" area, the key figures used include figures on employee satisfaction, occupational accidents, staff turnover and the proportion of women in management positions.

The business management concept of the Austrian Post Group clearly assigns responsibility for business areas to its executives. To this end, the Austrian core business is divided into areas of operational responsibility and all subsidiaries are clearly assigned. This structure ensures that the first reporting level shares responsibility for the performance benchmarks and, at the same time, each business area of the Austrian Post Group is scrutinised.

Examples of Control Parameters for the Strategic Cornerstones

1. — Defending market leadership and profitability in the core business	→ Revenue and cash flow in the mail and parcel business → EBITDA and EBIT of the mail and parcel business
2. — Profitable growth in near markets	→ Revenue and cash flow of the Group companies → EBITDA and EBIT of the Group companies
3. — Development of retail and digital offerings for private customers and SMEs	→ Revenue and customer ramp-up for bank99 → Revenue and customer ramp-up for shöpping → Expansion of self-service solutions
Sustainability, diversity and customer orientation	→ Energy consumption and carbon emissions → Diversity → Customer satisfaction

The profitability indicator EBIT is used alongside other area-specific indicators. These indicators are divided into performance indicators such as sales and process volumes and staff deployment. The project business is evaluated on the basis of product and customer profitability. Furthermore, the indicator system is complemented by qualitative parameters such as the quality of service, and customer satisfaction on different levels of the value chain as measured by an external institute.

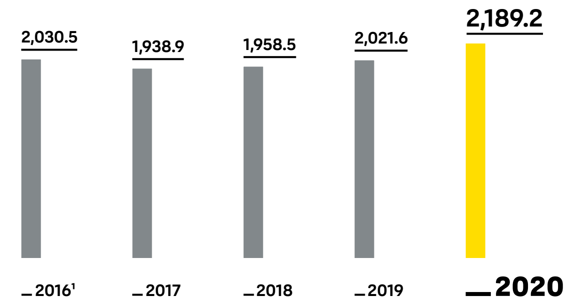
Investment projects are evaluated for efficiency based on discounted cash flow methodology (DCF), whereby the discount interest rate is applied differently for Austrian and foreign acquisitions. The discount rate for Austrian investments and country-specific hurdle rates for foreign Group companies are calculated on a half-yearly basis and currently range from 4.4% to 16.3%. Additionally for corporate acquisitions, multiple procedures are applied in comparison to relevant peer groups. This is intended to guarantee an effective and efficient use of funds. For foreign investments, economic analyses are also carried out, which then feed into the business case for the relevant acquisition target.

Business Management in Accordance with Strategic Business Areas

The control parameters of Austrian Post are guided by the strategic cornerstones of the Group. In the strategic cornerstone "Defending market leadership and profitability in the core business", we present the revenue, earnings and cash flow indicators for the mail and parcel business and focus on the main expenditures and management of the network of postal service points. The strategic cornerstone "Profitable growth in near markets" is managed on the basis of the revenue, earnings and cash flow indicators of the Group companies. The strategic cornerstone "Development of retail and digital offerings for private customers and SMEs" is based on performance indicators such as the number of postal service points, the promotion of new self-service solutions, as well as revenue and customer ramp-up indicators for bank99 and shöpping. The principle that guides all of Austrian Post's activities is embedded in its strategic cornerstones of sustainability, diversity and customer orientation. Within this context, non-financial indicators such as carbon emissions, diversity and customer satisfaction are used to manage the Group. G 01 – G 05

G 01 Revenue

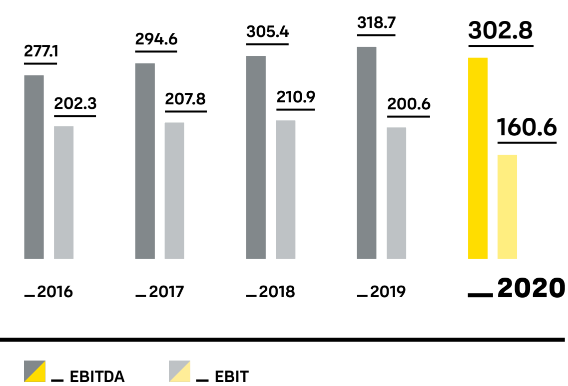
EUR m



¹ incl. trans-o-flex

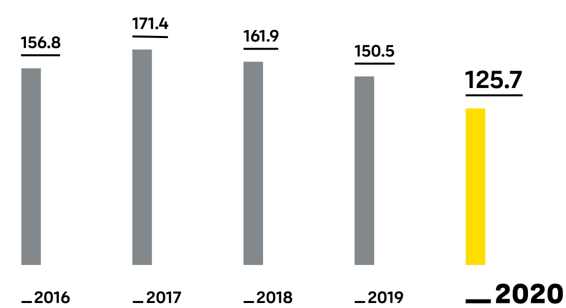
G 02 EBITDA and EBIT

EUR m



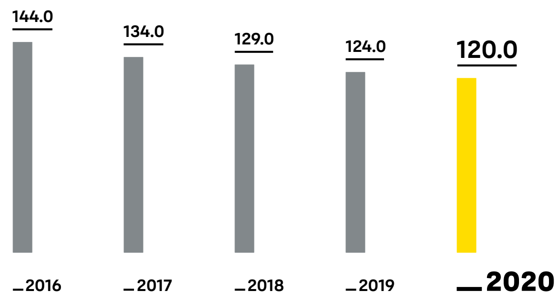
G 03 Operating Free Cash Flow

EUR m



G 04 CO_2e per shipment weight[1]

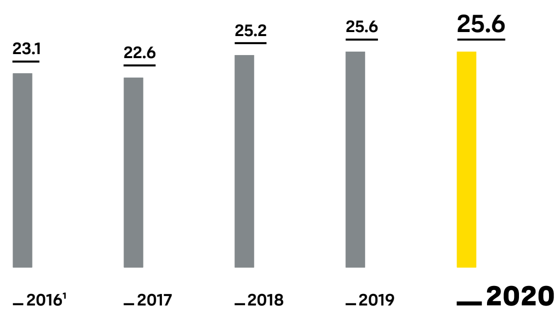
in kg CO_2e per shipment tonne



[1] Post AG, Austria

G 05 Female employees in leadership positions

in %



[1] Post AG, Austria

In addition to the congruence of executives and business area, the cascading of the key performance indicators of revenue, EBIT, delivery time quality and customer satisfaction represents an important element in the comprehensive and effective control of the Group. Indicators critical to the success of control measures at the lowest level are extremely relevant as they cascade up to the highest control level.

The strategy cockpit is discussed once a month in the Management Board's monthly report in its capacity as a steering committee. This ensures that the three strategic cornerstones are seamlessly streamlined between the Austrian Post Group and the Group strategy. A regular strategic evaluation is carried out at the beginning of the annual planning cycle, serving as the foundation for determining key assumptions underlying multi-year planning. In turn, this serves as the basis for the first set of measures to be derived.

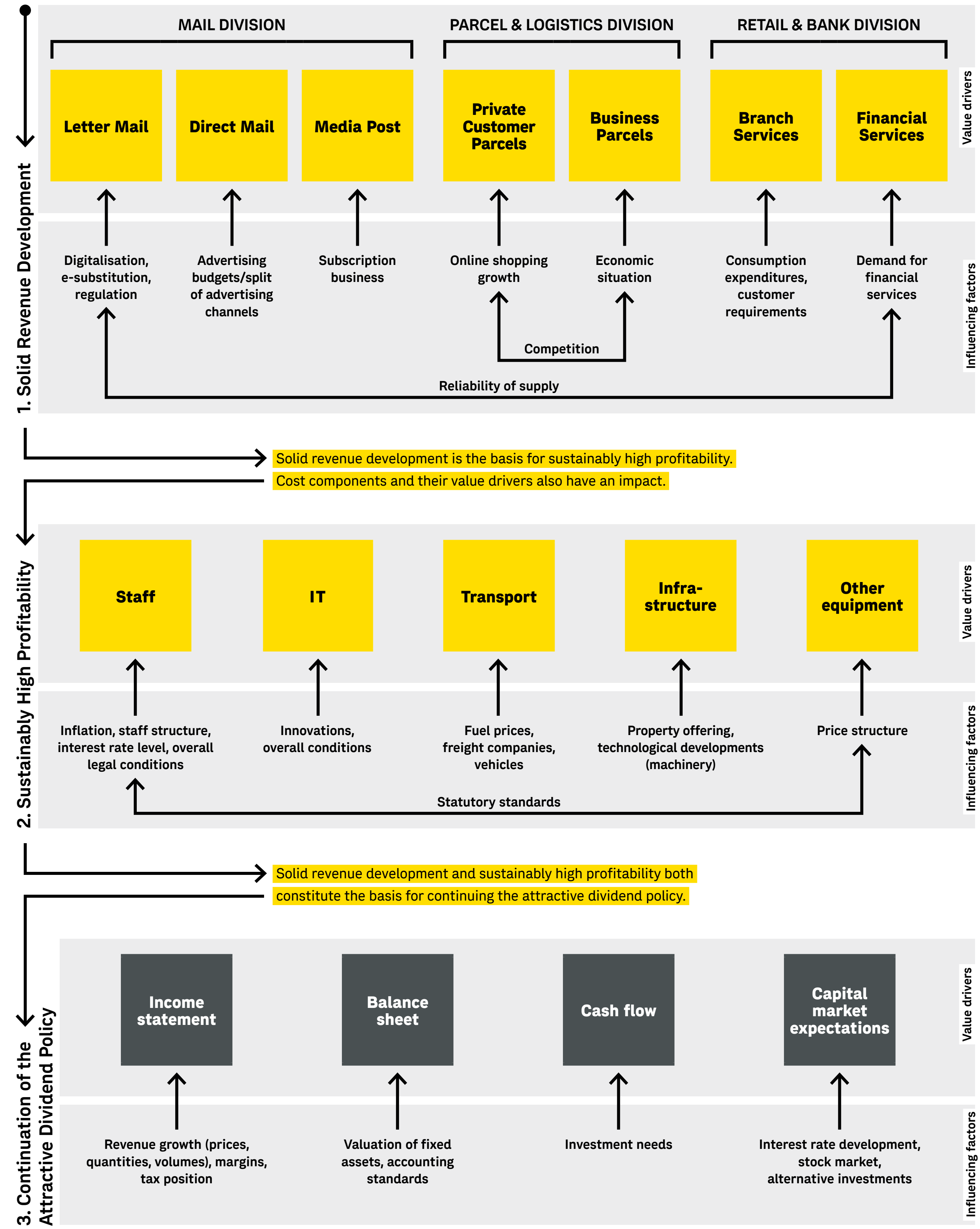
Ongoing control takes place by means of a monthly comparison of the status quo with the previous year, planned targets and forecasts for all business units of the company. Moreover, automated daily reports are generated with respect to employee deployment, quality and the processed and expected volumes for the purpose of tactical control. The basic principles of clarity, congruence and consistency are ensured for all these assessments. Monthly performance evaluations form the centrepiece of financial and operational management.

Control and Remuneration

Management Board remuneration is in line with strategic and operational parameters and is based on a three-tiered approach with a fixed remuneration component and variable components, which are in turn made up of a short-term and a long-term component, namely the Short-Term Incentive (STI) and the Long-Term Incentive (LTI). The performance targets of the variable component cover the corporate strategy, business model and positioning of the company. The STI is primarily linked to quantifiable, short-term performance indicators and includes qualitative goal achievement components that are directly related to the sustainability strategy. The LTI is a share-based variable remuneration with a three-year performance period, which aligns management interests with those of the shareholders. The performance indicators for the LTI reflect the ability to make investments and pay dividends as well as indicate corporate development in general, and are of key importance for the long-term management of Austrian Post. Details can be found in the Remuneration Report of Austrian Post.

post.at/ir/c/corporate-governance

ECONOMIC OBJECTIVES AND THEIR VALUE DRIVERS



CLEAR CAPITAL MARKET POSITIONING

Reliability and predictability are the foundation stone of Austrian Post's investment story. This reliability and predictability are reflected in the form of dividends. Austrian Post has been publicly traded on the Vienna Stock Exchange since May 2006 and has shown an impressive track record. Even in challenging times, the company has always delivered on the promise of its investment story.

Strong Performance since the IPO

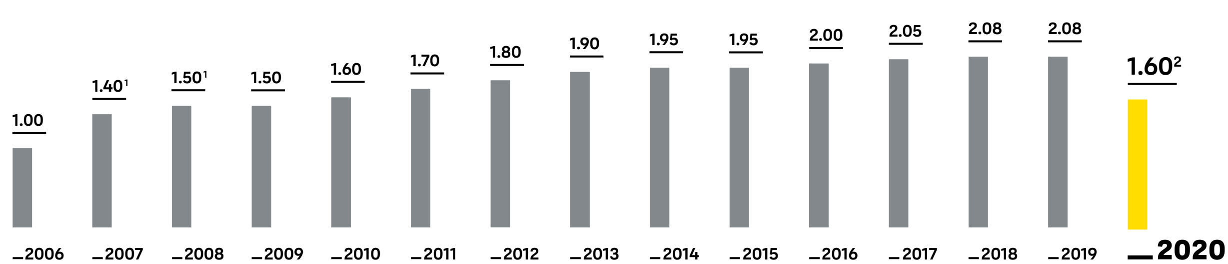
Back when it went public, Austrian Post set itself a clear objective to generate sustainable and attractive dividends on the basis of its solid business model. Overall, investors who bought Austrian Post shares at the IPO in May 2006 have been paid dividends in the amount of EUR 26.51 per share. Based on the issue price of EUR 19.00, investors have already received a return on investment of more than 100% from dividend payments alone.

Austrian Post is committed to ensuring the continuity of its dividend policy and aims to continue offering its shareholders attractive dividends. The Management Board will propose to the Annual General Meeting on 15 April 2021 the dividend payment of EUR 108.1m to investors for the 2020 financial year – this corresponds to EUR 1.60 per share (dividend payment date on 29 April 2021). Measured against the share price of EUR 28.70 at the end of December 2020, this corresponds to a dividend yield of 5.6%. As a result, Austrian Post ranks as one of the most attractive dividend stocks both on the Vienna Stock Exchange and in comparison to its peers in the international postal and logistics sector. Austrian Post also aims for a dividend payout ratio of at least 75% of the profit for the period attributable to shareholders in the future. In doing so, the company strives to distribute a sustainable dividend that develops in line with the Group net profit. G 06

When taking into account the share price development, in addition to the dividend payments, the return on investment for the original shareholders is actually much higher. The share price rose from EUR 19.00 to EUR 28.70 in the period between May 2006 and December 2020. On the basis of the issue price as at 30 May 2006, the total shareholder return – including dividend payments – came to 190% as at the end of 2020. G 07

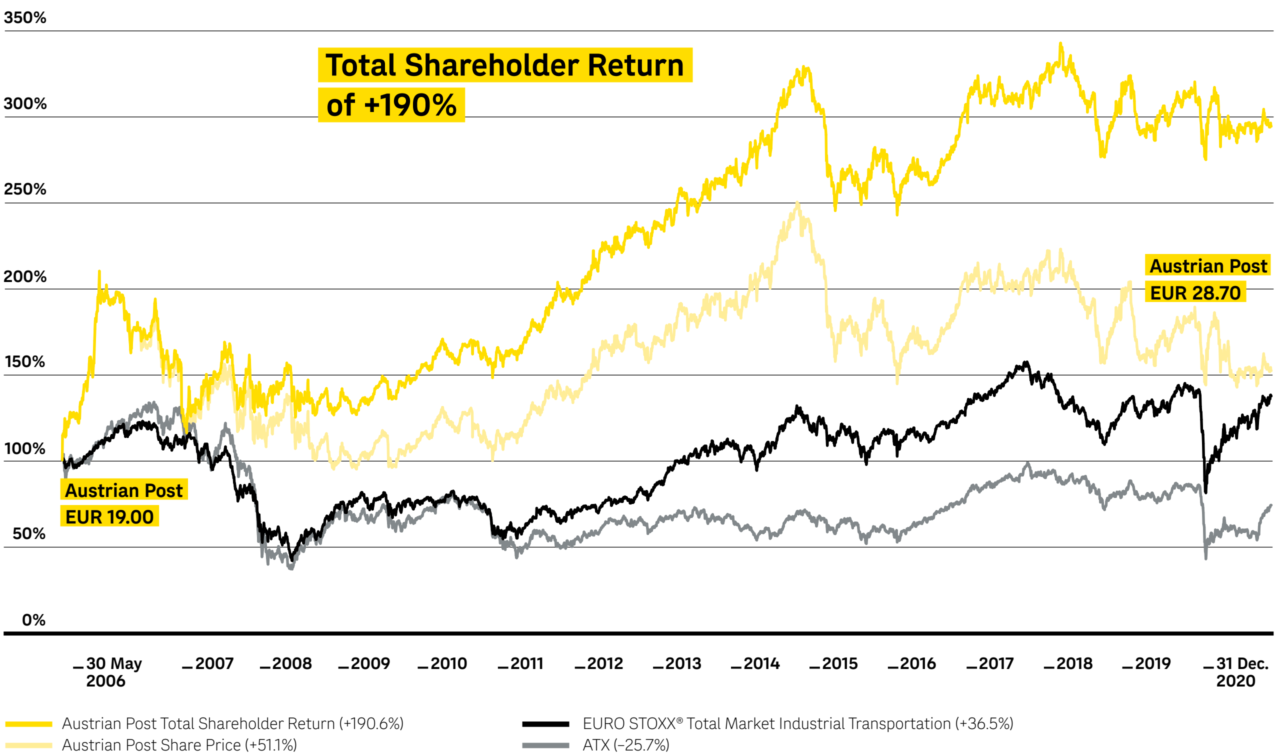
G 06 Dividends per Share 2006–2020

EUR



[1] excl. EUR 1.00 special dividend
[2] Proposal to the Annual General Meeting on 15 April 2021

G 07 Total Shareholder Return since the Initial Public Offering (30 May 2006 to 31 December 2020)



Good Reasons for an Investment in Austrian Post

Solid Business Model
→ Increase in revenue with leading market position in Austria
→ Sustainable profitability due to an efficient cost structure

Revenue development **8.3%**

Attractive Dividend Policy
→ Further development of dividends based on profitability and generated cash flow
→ Annual dividend distribution of at least 75% of the Group net profit planned

Dividend yield **5.6%**

Promised – Delivered
→ Prudent and realistic guidance with clearly-defined objectives
→ Clear commitment to achieve communicated targets

Decarbonisation of Logistics
→ Group-wide reduction in fossil energy sources
→ Massive reduction in carbon emissions in Austria by 2030

Carbon reduction 2009–2020 **-41.7%**

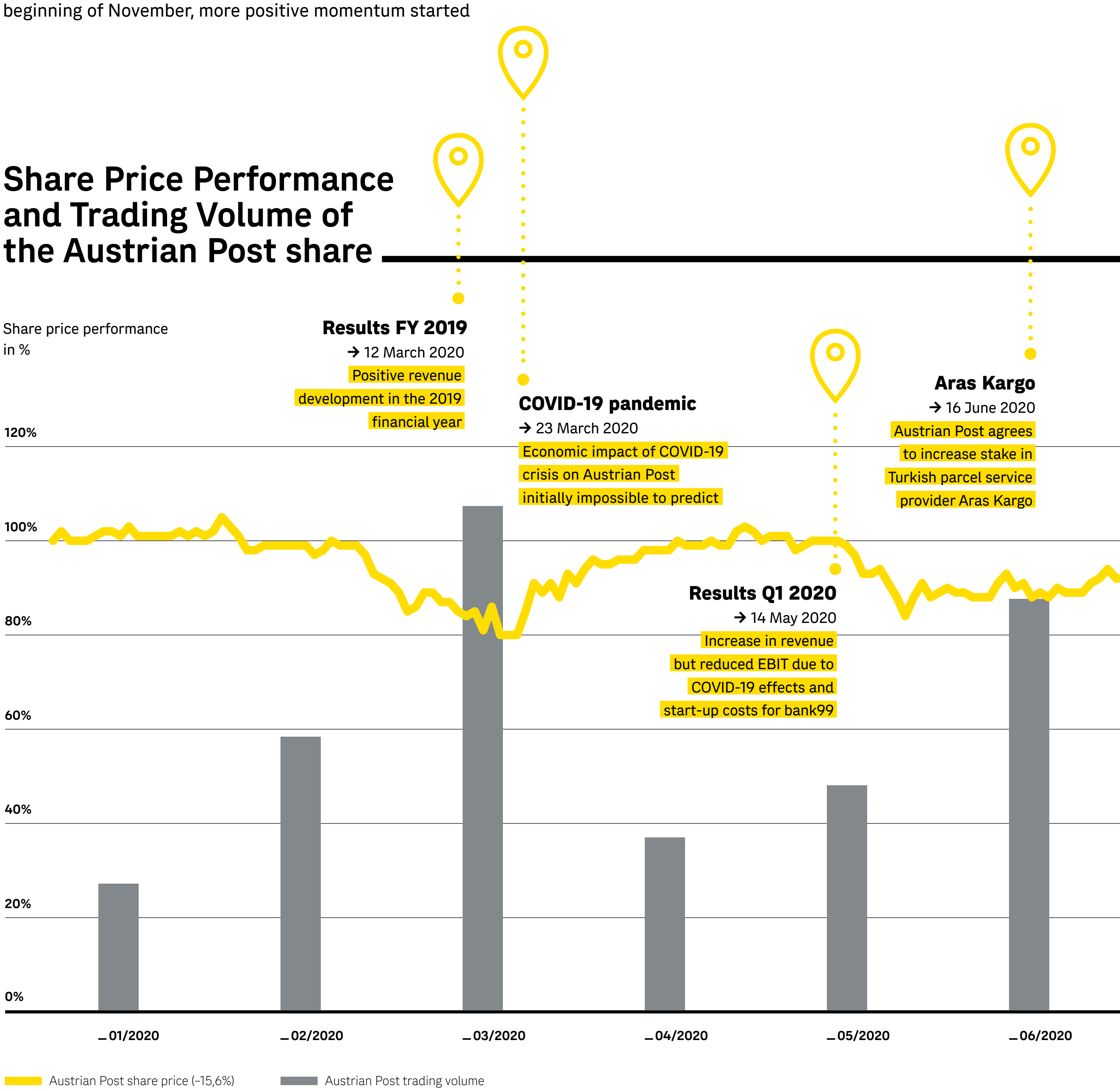
The Austrian Post Share in 2020

After Austrian Post started the year at EUR 34.00, the price increased slightly and reached a maximum of EUR 35.60 at the end of January. Austrian Post's share price slid with the outbreak of the COVID-19 pandemic, as the company was unable to escape the pressure coming from the national and international market environment. After a brief recovery phase, the months that followed were again marked by a downward trajectory. Towards the middle of the third quarter, the Austrian Post share fell to EUR 26.90, reaching its lowest value for the year. At the beginning of November, more positive momentum started to emerge again and Austrian Post's share closed 2020 at a price of EUR 28.70, down by 15.6% in total.

An average of 202,978 Austrian Post shares were traded on a daily basis in 2020. When 2020 came to a close, the company's market capitalisation was EUR 1.9bn.

The Austrian Post share reached a price of EUR 34.25 at the beginning of March 2021 (1 March 2021). This was in line with the general market trend in the first two months of 2021, which on the one hand reached a new record level, and on the other hand benefited from a rotation into small-cap stocks and value stocks.

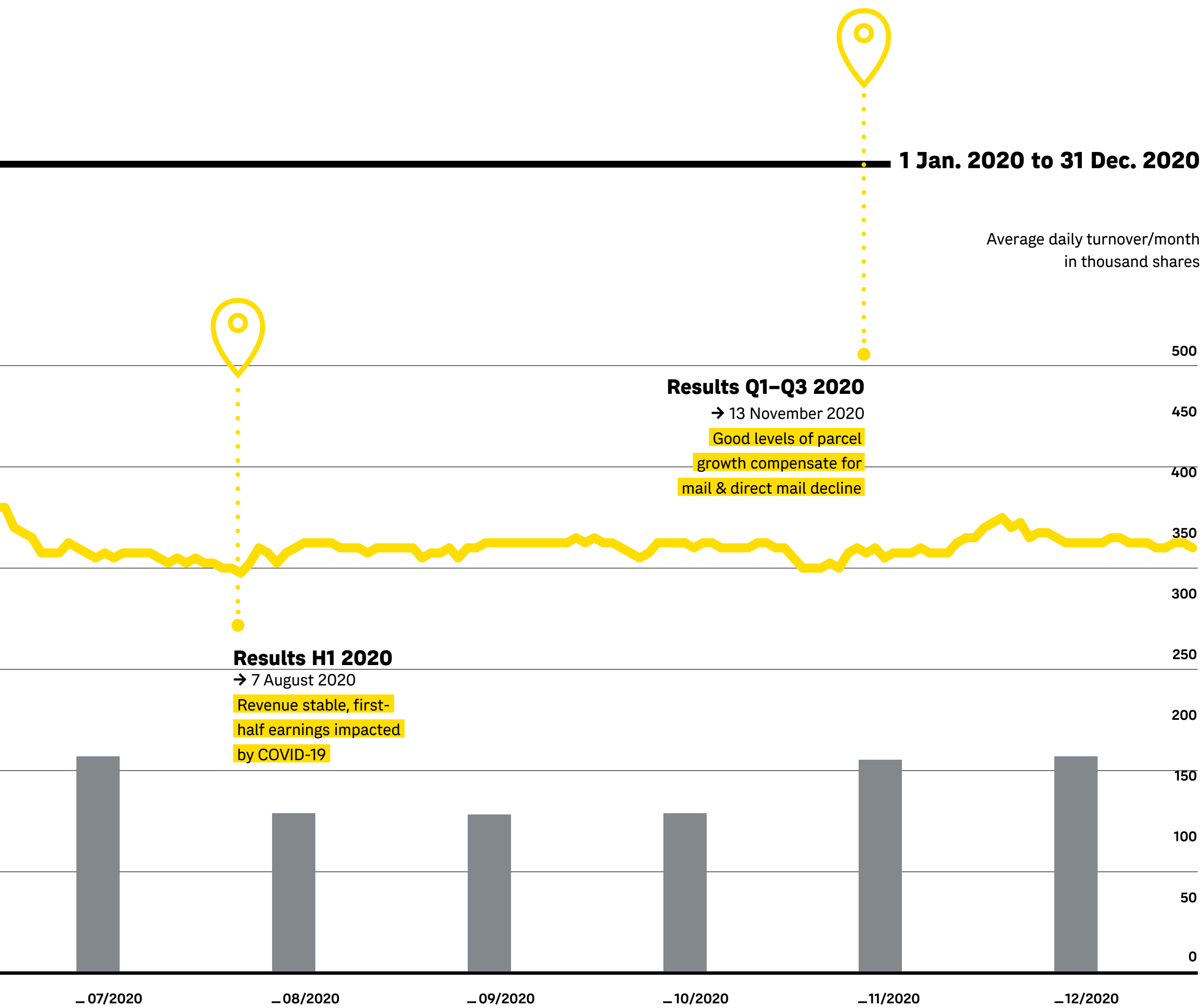
Share Price Performance and Trading Volume of the Austrian Post share



Stock Markets Faced with Challenging Environment in 2020

The COVID-19 pandemic and the measures taken to contain the virus sparked high levels of volatility on the stock markets in 2020. In this environment, both the EURO STOXX® Total Market Industrial Transportation, the industry barometer for the postal and logistics sector, and Austria's leading index, the ATX, suffered price losses as a result. Despite a period of recovery in the second half of the year, both indices lost ground over the course of the year. The EURO STOXX® Total Market Industrial Transportation slid by 3.0%, with the ATX leading index charting a decline of 12.8%.

The entire European postal sector was also hit by substantial volatility in 2020. Almost all peers of Austrian Post on the international capital market – Belgian Post (bpost), Portuguese Post (CTT Correios de Portugal), German Post (Deutsche Post), Dutch Post (PostNL) and the UK Post (Royal Mail) – were hit by a pronounced downward trend due to the COVID-19 pandemic before a recovery trend emerged in the autumn. In some cases, share prices in the European postal sector have already bounced back to their pre-COVID-19 crisis levels.



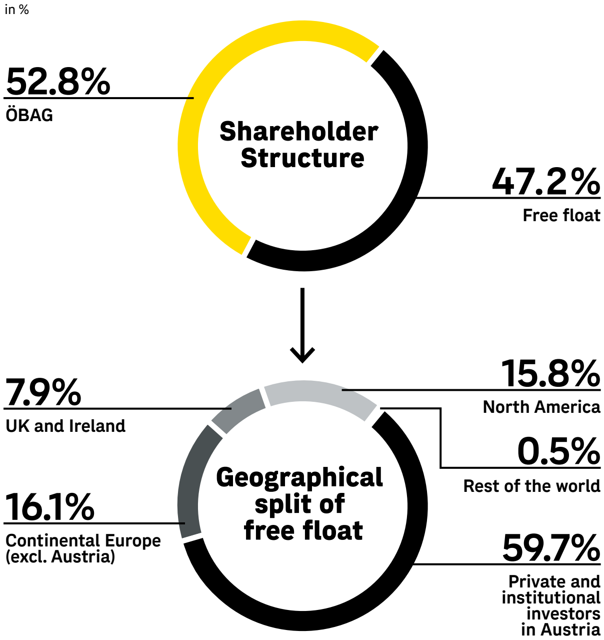
Austrian Post's Shareholder Structure

Österreichische Beteiligungs AG (ÖBAG) holds the majority, or 52.8%, of the Österreichische Post AG shares issued. The remaining 47.2% of shares are in free float. A shareholder survey conducted at the beginning of 2021 shows that the free float of 83.7% is largely distributed among investors based in Europe (+9.6% compared to the survey conducted at the beginning of 2020). Of this amount, 59.7% (+19.0%) is held by private and institutional investors in Austria, 16.1% (+4.9%) in Continental Europe, and 7.9% (–27.2%) in the United Kingdom and Ireland. Investors in North America (USA and Canada) currently hold 15.8% of free float shares (–31.5%), with other countries making up 0.5% (–17.4%).

Since the buyback of 2,447,362 shares in 2008 and the subsequent withdrawal of all the company's own shares on 24 April 2009, Österreichische Post AG's share capital has remained divided into 67,552,638 non-par value shares. The nominal value of these non-par value shares is EUR 5.00 per share. There are no voting rights restrictions or syndicate agreements that the company is aware of. The principle of "one share – one vote" applies without exception. G 08

G 08 Shareholder Structure

in %



Professional Communication with the Capital Market

Solid, predictable and reliable – this is how Austrian Post presents itself to all of its investors. Since its IPO, Austrian Post has attached a great deal of importance to an active information policy for investors and analysts.

To this end, the company engaged in intensive dialogue with all of its stakeholders on the capital market last year by organising roadshows, investor conferences and one-on-one meetings. Austrian Post reacted quickly to the COVID-19 pandemic and made changes to its active relationship management approach for investors and analysts. A wide range of communication tools, such as webcasts, conference calls, virtual roadshows, online conferences and videos, were used to communicate. In its communications, Austrian Post ensures that it provides transparent, equal and proactive information to capital market participants. In the 2020 reporting year, the Management Board and the Investor Relations team held in-depth one-on-one and group discussions with more than 150 institutional investors at more than 30 physical and virtual roadshows and investor conferences.

The high quality of Austrian Post's financial reporting is also confirmed by numerous awards. In 2020, the company received several international awards for the graphic design of its annual report. Austrian Post achieved the GOLD standard at the LACP Vision Awards after being ranked among the "TOP 100 worldwide", "TOP 40 – EMEA region" and "TOP 20 Austrian Reports". The annual report was also awarded GOLD status in the category "Printing & Production" and SILVER in the category "Interior Design" at the ARC Awards.

Represented in Numerous Indices and Good Ratings

Austrian Post has been listed in the ATX, the blue-chip index of the Vienna Stock Exchange, since 18 September 2006. The ATX tracks the 20 most liquid stocks on the Vienna Stock Exchange. Valuations are based on the amount of stock exchange turnover and the capitalised free float. As at the end of December 2020, the weighting of Austrian Post's shares in the ATX was 2.2%. Austrian Post is also represented in the ATX Prime and the international EURO STOXX® Total Market Industrial Transportation, among others.

The fact that the capital market considers Austrian Post to be operating sustainably is confirmed by numerous positive ratings. The MSCI ESG Rating rates companies in line with the best-in-class approach within the industry. In 2020, Austrian Post was repeatedly awarded the top score, AAA. The expansion of the electric vehicle fleet, the company's attractive remuneration systems, continuing education and professional development offerings for employees and good, solid business management structures were highlighted by MSCI. In the ESG Corporate Rating awarded by ISS ESG – one of the world's leading rating agencies in the sustainable investment segment – Austrian Post was awarded Prime status for its sustainability activities in 2020. As a result, Austrian Post ranks among the leading transport and logistics companies in terms of sustainability. In the Carbon Disclosure Project (CDP), the world's largest database for company environmental and climate information, used by capital market participants to evaluate potential investments, Austrian Post secured an A- rating. This recognition not only underscores Austrian Post's transparent environmental reporting but also serves as evidence of the quality of the climate protection measures initiated. In addition, the company's close cooperation with suppliers on the topic of climate protection was recognised and Austrian Post was included in the Supplier Engagement Leaderboard. T 01

Since Austrian Post is able to cover current financing projects on its own steam and does not have to borrow funds to any considerable degree, it does not have a credit rating awarded by the major rating agencies.

Extensive Research Coverage

The recommendations and share price targets of analysts play an important role for investment decisions next to the overall business environment and specific characteristics of a company. At the same time, Austrian Post perceives the analysts' reports as valuable feedback from industry experts on its company development and strategy.

As at the end of February 2021, Austrian Post is regularly analysed by nine renowned investment firms, which issued the following recommendations for shares in Austrian Post at the beginning of 2021:

Barclays	Underweight
Bank of America	Underperform
Berenberg	Sell
Erste Group	Buy
Goldman Sachs	Sell
Jefferies	Underperform
Kepler Cheuvreux	Hold
Raiffeisen Centrobank	Buy
UBS	Neutral

An overview of the latest assessments/recommendations by these investment firms is available on the internet at post.at/ir.

post.at/ir

T 01 Our ESG Ratings

MSCI ESG RATINGS (AAA)	**AAA** (Range from AAA to CCC)
ISS ESG Corporate ESG Performance (Prime)	**Prime status,** rating of C+ (Range from A+ to D-)
CDP (Supplier Engagement Leader 2020)	**A-** (Range from A to D-), Supplier Engagement Leader
ecovadis	**Silver** (58 out of 100 points)
SUSTAINALYTICS	**Outperformer** (68 out of 100 points)
Gaïa Rating	**64** out of 100 points

T 02 Share Indicators

		2019	2020	Change
Earnings per share[1]	EUR	2.17	1.75	–19.2%
Dividends per share	EUR	2.08	1.60[2]	–23.1%
Dividend payout	EUR m	140.5	108.1[2]	–23.1%
Dividend yield[3]	%	6.1	5.6[2]	–
Total shareholder return (annual performance incl. dividend)[4]	%	20.2	–9.5	–
Total shareholder return since IPO[4]	%	207.5	190.6	–
Share price performance	%	13.3	–15.6	–
PE (price/earnings ratio) at the end of December	–	15.7	16.4	4.7%
Share price at the end of December	EUR	34.00	28.70	–15.6%
High/low (closing price)	EUR	38.35/29.25	35.60/26.90	–
Market capitalisation at the end of December	EUR m	2,296.8	1,938.8	–15.6%
Number of shares in circulation at the end of December	Number	67,552,638	67,552,638	–
Free float	%	47.2	47.2	–

[1] Undiluted earnings per share in relation to 67,552,638 shares
[2] Proposal to the Annual General Meeting on 15 April 2021
[3] Dividend per share divided by share price at the end of December of the financial year in question
[4] Change in share price plus dividend payment (excl. reinvestment of dividend)

CORPORATE GOVERNANCE

42%

of the Supervisory
Board members
are women

#ALWAYS DELIVER A SOLUTION

DIVERSITY makes us strong.
It is our belief that diverse teams are more innovative, agile and economically successful. Austrian Post benefits from this diversity in the range of solutions it offers.
Find out more on page 38

CORPORATE GOVERNANCE REPORT

Austrian Post is a joint stock company under Austrian law and is publicly listed on the Vienna Stock Exchange. The Austrian Stock Corporation Act, Austrian Capital Market Act, Austrian Commercial Code, regulations on co-determination, the Articles of Association and by-laws for corporate bodies of the company together with the Austrian Corporate Governance Code (ÖCGK) comprise the legal framework for corporate governance at Austrian Post.

Compliance with the principles of good corporate governance constitutes the basis for the trust of our employees, shareholders, customers, suppliers and the general public in the management and supervision of the company based on long-term value creation.

1. Commitment to the Austrian Corporate Governance Code

The Austrian Corporate Governance Code provides a set of rules for good and responsible corporate governance and control on the Austrian capital market that are consistent with international standards. The Code is aimed at achieving responsible management and control of companies and groups of companies geared towards sustainable and long-term value creation. This tool is designed to provide a very high level of transparency for all of a company's stakeholders.

Austrian Post is unreservedly committed to complying with the current and valid version of the Austrian Corporate Governance Code and considers maintaining and further developing the company's high internal standards to be a top priority. In the 2020 financial year, Austrian Post complied with all rules and recommendations of the Austrian Corporate Governance Code.

The Austrian Corporate Governance Code is publicly available on the Austrian Post website at post.at/ir or on the website of the Austrian Working Group for Corporate Governance at corporate-governance.at.

In accordance with Rule 62 of the Austrian Corporate Governance Code, Austrian Post's compliance with the code and the accuracy of its related public reporting is evaluated externally on a regular basis. The most recent evaluation carried out by the auditing firm KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft for the 2019 financial year did not give rise to any objections regarding the public declarations made in accordance with the Code. Compliance with provisions regarding the auditor (C-Rules 77 to 83) was examined and confirmed by the law firm CMS Reich-Rohrwig Hainz. The next external evaluation is scheduled for the 2021 financial year.

In addition to the Austrian Corporate Governance Code, corporate governance at Austrian Post also includes the standards for the internal control system, risk management and compliance.

Austrian Post's risk management system enables the Group-wide identification and analysis of risks on the basis of strategic and operational targets. The proper functioning and suitability are evaluated by the auditor pursuant to C-Rule 83 of the Austrian Corporate Governance Code.

The internal control system (ICS) of Austrian Post is set up as a risk-oriented system and addresses ICS-related risks and ICS-related controls that are integrated into the company's processes. It is based on existing risk management and process structures in the company, maps the internal control activities relating to major risks and creates transparency so as to support the company's corporate bodies in their monitoring function. Internal Audit reviews the effectiveness of ICS-related controls on a regular basis. Its findings and recommendations serve to allow the continuous improvement of the ICS.

A compliance management system (CMS) was launched in 2010 and has been continuously expanded since then. The Code of Conduct and Ethics of Austrian Post serves as the basis for the CMS. It provides the framework and guidelines for employees' interactions with one other and with stakeholders. The focal points of Austrian Post's CMS are business compliance and capital market compliance. The business CMS has been certified to ISO 37001 and the capital market CMS has been certified to ISO 19600 since 2018.

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2. Composition of the Management Board

The Management Board of Austrian Post consists of three individuals:

Name (year of birth)	**GEORG PÖLZL** (1957)	**WALTER OBLIN** (1969)	**PETER UMUNDUM** (1964)
Position	CEO Chairman of the Management Board	Deputy CEO Mail & Finance	Member of the Management Board Parcel & Logistics
First appointed	1 October 2009	1 July 2012	1 April 2011
Current term of office expires	30 September 2024[1]	30 June 2025[1]	31 March 2026[1]

[1] takes into account the extension option (standard contract term is three years with an extension option for a further two years)

Georg Pölzl was first appointed Chairman of the Management Board and Chief Executive Officer of Austrian Post in October 2009. The Supervisory Board extended his Management Board mandate for the second time in November 2018, and also reappointed Georg Pölzl as Chairman of the Management Board until 30 September 2022, with a subsequent extension option for a further two years.

Walter Oblin previously held the role of Head of Group Strategy, and was appointed to the Management Board in 2012. He has been the Chief Financial Officer of Austrian Post since 1 July 2012. His mandate has been extended twice since then. The current term of office of Walter Oblin will last until 30 June 2023, with a subsequent extension option for two years. Walter Oblin was appointed Deputy Chief Executive Officer on 1 January 2019 and in addition to his role as Management Board member responsible for Finance took on responsibility for earnings in the Mail Division.

Peter Umundum was first appointed as the member of the Management Board responsible for Parcel & Logistics in April 2011. The Supervisory Board reappointed Peter Umundum as the member of the Management Board responsible for Parcel & Logistics in May 2020. Peter Umundum's current term of office will last until 31 March 2021, and will be extended thereafter for a period of three years with a subsequent extension option for a further two years.

The distribution of tasks among the Management Board has been defined in the by-laws for the Management Board adopted by the Supervisory Board in December 2018. Information on the individual members of the Management Board including their professional careers is presented in the next sub-section.

Professional Careers and Areas of Responsibility

GEORG PÖLZL

Georg Pölzl studied and received his PhD from the University of Leoben. He started his professional career as a corporate consultant for McKinsey & Company. Subsequently, he was appointed to the Management Board of the mechanical engineering and plant building company Binder+Co AG. Georg Pölzl then served as the Managing Director of T-Mobile Austria, based in Vienna, for a total of nine years. After that, he moved to Germany, where he assumed the position of special deputy of the Management Board of Deutsche Telekom and was the Spokesperson for the Executive Management of T-Mobile in Germany until 2009.

Areas of responsibility: Corporate Communication, Strategy and Group Development, Human Resources Management, Investor Relations & Corporate Governance, Group Auditing, Risk Management & Compliance, End-customer Services, E-Commerce, Retail & Bank

Executive and supervisory role in major Group companies: Member of the Supervisory Board of bank99 AG, member of the Supervisory Board of Aras Kargo a.s.

Additional roles: Member of the Board of International Post Corporation, Deputy Chairman of the Supervisory Board of Klinger Holding GmbH

WALTER OBLIN

Walter Oblin concluded his studies in Mechanical Engineering and Business Economics at Graz University of Technology and also holds an American MBA degree. He began his professional career in 1994 as a management consultant for McKinsey & Company in Vienna. He then became a partner in 2000 and, as a result, assumed managerial tasks as a member of McKinsey's Management Board in Austria and in its global transport and logistics sector. After 14 years of international consultancy work primarily for transport, infrastructure and logistics companies, Walter Oblin then took over the role of Commercial Director for the German technology company SorTech AG in 2008. In the autumn of 2009, he became Head of the Strategy and Group Development division at Österreichische Post AG.

Areas of responsibility: Mail Division including Group companies, Business Solutions Division including Group companies, Group Accounting & Treasury, Group Controlling, Group IT & Procurement, Group Legal and Group Real Estate

Executive and supervisory role in major Group companies: Deputy Chairman of the Supervisory Board of bank99 AG

PETER UMUNDUM

Following his studies in computer science at Graz University of Technology, Peter Umundum commenced his professional career in 1988 at Steirerbrau AG, where he assumed managerial responsibility for the Organisation and Computing department. In 1994, he moved to Styria Medien AG as the head of IT and two years later was appointed CEO of the Group company Media Consult Austria GmbH. In 1999 he acted as one of the founders and CEO of redmail and was also involved in the Styria Group's launch on the Croatian market. In 2001 Peter Umundum became the Managing Director of the daily newspaper "Die Presse", and three years later joined the Executive Management of the daily newspaper "Kleine Zeitung". In 2005 he became a member of the Mail division management at Österreichische Post AG.

Areas of responsibility: Operations in the Mail & Parcel Division, Parcel Austria, Logistics Centres & Transport, Strategic Network Planning, Logistics Solutions, CEE & Turkey and Group companies in the European distribution network EURODIS

Executive and supervisory role in major Group companies: Chairman of the Supervisory Board of Aras Kargo a.s.

Additional roles: Member of the Supervisory Board of Steiermärkische Krankenanstaltengesellschaft m.b.H.

3. Composition of the Supervisory Board

The Supervisory Board consists of a total of twelve members, i.e. eight shareholder representatives elected by the Annual General Meeting and four employee representatives elected by the Central Works Council.

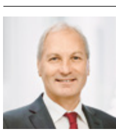
In the 2020 financial year, the following changes were made within the Supervisory Board: Jochen Danninger was sworn in as a Member of the Provincial Parliament by the Lower Austrian Provincial Parliament on 27 February 2020 and resigned from his mandate with effect from this date. Edeltraud Stiftinger and Herta Stockbauer resigned from the Supervisory Board at the end of the Annual General Meeting held on 17 June 2020[1].

Felicia Kölliker, Maximilian Schnödl and Sigrid Stagl were nominated for election as members of the Supervisory Board by Österreichische Beteiligungs AG (ÖBAG). After consideration of the proposed resolution by the Nomination Committee, and approval by the Supervisory Board, the three candidates were elected to the Supervisory Board at the 2020 Annual General Meeting. Due to the individual specialist knowledge of the new members of the Supervisory Board, the company's expertise in the areas of financial services, digitalisation and sustainability/CSR in particular was strengthened. ÖBAG has to comply with the strict independence and incompatibility criteria set out in the Austrian Corporate Governance Code when nominating/appointing individuals as members of the Supervisory Board of its affiliated companies.

The terms of office of Felicia Kölliker and Sigrid Stagl will end at the Annual General Meeting that grants discharge to the members of the Supervisory Board for the 2021 financial year. Maximilian Schnödl was elected until the end of the Annual General Meeting that grants discharge to the members of the Supervisory Board for the 2022 financial year.

At the constituent Supervisory Board meeting held on 17 June 2020, Maximilian Schnödl was elected as the Deputy Chairman.

[1] The Annual General Meeting scheduled for 16 April 2020 had to be postponed until 17 June 2020 due to the COVID-19 pandemic and was held as a "virtual Annual General Meeting" in accordance with the Austrian COVID-19 Company Law Act (COVID-19-GesV, Austrian Federal Law Gazette II no. 140/2020).

Name (year of birth)	Nationality	Main job	Area of competence as member of the Supervisory Board	Term of office	Positions in listed companies
SHAREHOLDER REPRESENTATIVES					
 **EDITH HLAWATI** (1957) Chairwoman	Austria	Lawyer	Legal, Capital Market, Corporate Governance and Remuneration	26 April 2007 until 2023 AGM	Telekom Austria AG
 **MAXIMILIAN SCHNÖDL** (1983) Deputy Chairman	Austria	Director of Österreichische Beteiligungs AG (ÖBAG)	Finance, IT & Digitalisation	17 June 2020 until 2023 AGM	
 **HUBERTA GHENEFF** (1964)	Austria	Lawyer	Legal	19 April 2018 until 2023 AGM	
 **FELICIA KÖLLIKER** (1977)	Switzerland	Member of the Executive Board of PostFinance Ltd (Switzerland)	Financial Services	17 June 2020 until 2022 AGM	
 **PETER E. KRUSE** (1950)	Switzerland	Corporate consultant	Parcel & Logistics, International Markets	24 April 2014 until 2023 AGM	
 **CHRIS E. MUNTWYLER** (1952)	Switzerland	CEO of Conlogic AG (Switzerland)	Parcel & Logistics, International Markets	22 April 2010 until 2023 AGM	Descartes Systems Group (Canada)
 **SIGRID STAGL** (1968)	Austria	Professor at the Vienna University of Economics and Business	Ecological Economics, Sustainability	17 June 2020 until 2022 AGM	
 **STEFAN SZYSZKOWITZ** (1964) Financial expert	Austria	Spokesperson of the Management Board of EVN AG	Capital Market, Finance	19 April 2018 until 2023 AGM	Burgenland Holding AG, Verbund AG
EMPLOYEE REPRESENTATIVES					
 **MARIA KLIMA** (1980)	Austria	Central Works Council		since 30 October 2018	
 **HELMUT KÖSTINGER** (1957)	Austria	Central Works Council (Chairman)		since 14 April 2005	
 **MARTIN PALENSKY** (1963)	Austria	Central Works Council (Deputy Chairman)		since 22 February 2002	
 **MANFRED WIEDNER** (1963)	Austria	Central Works Council		since 3 March 1999	

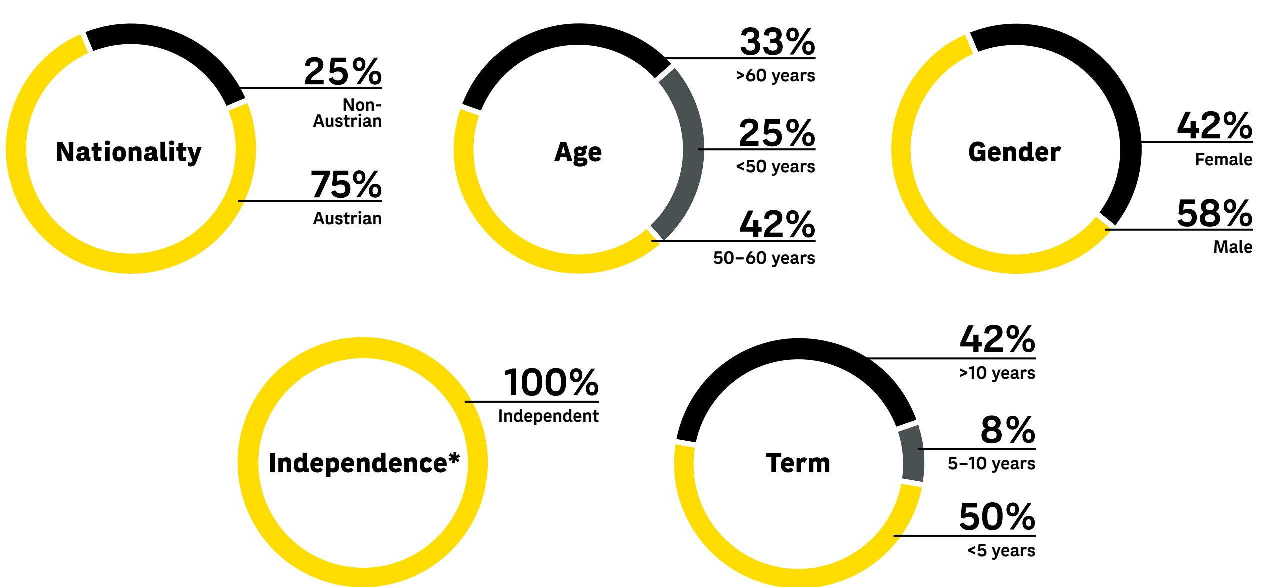
Independence and Diversity on the Supervisory Board

In accordance with C-Rule 53 of the Austrian Corporate Governance Code, the Supervisory Board of Austrian Post has defined the following criteria to determine the independence of members of the Supervisory Board:

1 The member of the Supervisory Board shall not have served as a member of the Management Board or as a manager of the company or one of its Group companies in the past five years.
2 The member of the Supervisory Board shall not maintain or have maintained in the past year any business relations with the company or one of its Group companies to an extent of significance for the member of the Supervisory Board. This shall also apply to relationships with companies in which the member of the Supervisory Board has a considerable economic interest, but not to carrying out functions in corporate bodies. The approval of individual transactions by the Supervisory Board according to L-Rule 48 does not automatically mean the person is qualified as being not independent.
3 The member of the Supervisory Board shall not have been an auditor of the company, have owned a share in the auditing company or have worked there as an employee over the past three years.
4 The member of the Supervisory Board shall not be a member of the Management Board of another company in which a member of the Management Board of this company is a member of the Supervisory Board.
5 The member of the Supervisory Board shall not serve as a member of the Supervisory Board for longer than 15 years. This does not apply to members of the Supervisory Board who are shareholders with a stake in the company or who represent such a shareholder's interests.
6 The member of the Supervisory Board shall not be a close relative (i.e. direct offspring, spouse, partner, parent, uncle, aunt, sibling, niece or nephew) of a member of the Management Board or of persons in one of the above-mentioned positions.

On the basis of these Guidelines for Independence (annex to the Austrian Corporate Governance Code), all eight shareholder representatives have submitted a written declaration and declared themselves independent. The following shareholder representatives on the Supervisory Board also meet the independence criterion set out in C-Rule 54 (no representation of a shareholder with a stake of more than 10%): Edith Hlawati, Huberta Gheneff, Felicia Kölliker, Peter E. Kruse, Chris E. Muntwyler, Sigrid Stagl and Stefan Szyszkowitz. This means that both of the independence quotas required by Rules 53 and 54 of the Code are complied with.

G 09 **Diversity in the Supervisory Board**



* according to the Austrian Corporate Governance Code (C-Rule 53)

There are no contracts between the members of the Supervisory Board and Austrian Post which would require consent or disclosure pursuant to Rules 48 and 49 of the Austrian Corporate Governance Code.

A total of five women are represented on Austrian Post's Supervisory Board, representing a share of 42%. This completely fulfils the statutory gender quota of 30% which took effect on 1 January 2018, and which applies separately for shareholder and employee representatives.

The members of the Supervisory Board show a balanced age structure ranging from 37 to 70. Three members are not Austrian nationals. As a whole, the Supervisory Board covers the entire spectrum of fields which are important for the company such as finance and expertise in the fields of logistics and financial services. Business management skills and legal knowledge, expertise in the fields of digitalisation and ecological economics, as well as long-standing management experience and competence complete the profile of the Austrian Post Supervisory Board. G 09

4. Mode of Operation of the Management Board and Supervisory Board

The Management Board is the managing body of the Austrian Post Group and is bound to act in the company's best interests. It manages the business of the company on the basis of prevailing legal regulations, the Articles of Association and the by-laws. The by-laws for the Management Board stipulate the assignment of responsibilities and cooperation within the Management Board. They also define the information and reporting obligations of the Management Board as well as a catalogue of measures requiring the formal approval of the Supervisory Board.

The Management Board discusses the current business development at Austrian Post, as well as strategic and operational issues during meetings held at least every fourteen days. At these meetings decisions are made that require the approval of the entire Management Board. Moreover, the members of the Management Board continually exchange information about the relevant activities and events with each other and with the responsible executives.

A Strategic Executive Management Council provides support to the Management Board in the running of the company. This leadership team consists of approximately 20 top-level employees and plays an advisory and supporting role with respect to all operational and strategic issues affecting Austrian Post.

The Management Board regularly provides the Supervisory Board with timely and comprehensive information about all relevant issues relating to business development, including the assessment of the risk situation and risk management at Austrian Post and all key Group companies. Moreover, in the spirit of good corporate governance, ongoing consultations take place between the respective chairs of the Supervisory and Management Boards concerning the matters falling under the jurisdiction of the Supervisory Board.

The Supervisory Board monitors and oversees the activities of the Management Board and makes decisions on issues of fundamental importance as well as the strategic direction of the company. The work of the Supervisory Board is characterised by a high level of openness. The intensive work carried out by the Supervisory Board committees supports the Supervisory Board with a view to ensuring focused discussions and efficient decision making.

Five Supervisory Board meetings were held in the 2020 financial year. The focus of the ordinary meetings of the Supervisory Board was on monitoring the ongoing business development of Austrian Post and its Group companies as well as various transactions requiring Supervisory Board approval. The implementation of the company's strategy and the status of ongoing strategic development projects were discussed in detail at all sessions.

The other priorities of the work carried out by the Supervisory Board in 2020 are summarised in the Report of the Supervisory Board to the Annual General Meeting.

In accordance with the stipulations of the Austrian Corporate Governance Code (ÖCGK, Rule C-36), the Supervisory Board carried out a self-evaluation of its work in the 2020 financial year on the basis of a questionnaire. The evaluated results were extensively discussed by the Supervisory Board, and will be integrated into the future work of the Supervisory Board.

There is a duty on the part of the Management Board as well as the Supervisory Board to disclose any conflict of interest. Members of the Supervisory Board must disclose any conflict of interest immediately to the Chairperson of the Supervisory Board. If the Chairperson is involved in a conflict of interest, they are required to immediately disclose this to a Deputy Chairperson. With respect to Management Board meetings dealing with the personal or economic interests of a particular member of the Management Board, this member is not permitted to take part in the relevant decision making.

Committees

In order to exercise its advisory and controlling functions efficiently, the Supervisory Board has formed Committees, which deal with technical issues and prepare resolutions for adoption by the Supervisory Board.

Executive Committee
Edith Hlawati (Chairwoman), Maximilian Schnödl

Nomination Committee
Edith Hlawati (Chairwoman), Maximilian Schnödl, Helmut Köstinger

Remuneration Committee
Edith Hlawati (Chairwoman), Maximilian Schnödl

Audit Committee
Maximilian Schnödl (Chairman), Stefan Szyszkowitz (Deputy Chairman, financial expert), Huberta Gheneff, Peter E. Kruse, Helmut Köstinger, Manfred Wiedner

Parcel & Logistics Committee
Peter E. Kruse (Chairman), Chris E. Muntwyler, Helmut Köstinger

Banking Committee
Maximilian Schnödl (Chairman), Felicia Kölliker, Helmut Köstinger

In accordance with the by-laws for the Supervisory Board, the Executive Committee is responsible for regulating the relationships between the company and the members of the Management Board, including granting approval to secondary employment, inasmuch as this does not fall within the jurisdiction of the entire Supervisory Board, the Remuneration or Nomination Committee. In addition, the Executive Committee maintains regular contact with the Chairperson of the Management Board and discusses strategy and business development.

The Nomination Committee submits recommendations to the Supervisory Board with respect to filling vacant positions on the Management Board, and also deals with issues relating to succession planning. The Nomination Committee or the entire Supervisory Board submits specific proposals to the Annual General Meeting with respect to filling vacant positions on the Supervisory Board. In the 2020 financial year, two sessions of the Nomination Committee dealt with filling the position of the "Parcel & Logistics" member of the Management Board.

The Remuneration Committee deals with the content of employment contracts with members of the Management Board and is responsible in particular for any remuneration issues. It ensures implementation of the remuneration rules contained in the Austrian Corporate Governance Code, and regularly evaluates the policies governing remuneration of members of the Management Board. The Remuneration Committee held four meetings in the 2020 financial year. The Committee took an in-depth look at the establishment of the remuneration policy for the Management Board and the Supervisory Board, which was presented to the Annual General Meeting on 17 June 2020. Furthermore, the goal achievement level of the Management Board for the 2019 financial year was evaluated and the target criteria for the variable remuneration components (Short-Term Incentive 2020 and Long-Term Incentive 2020–2022) were defined.

The Audit Committee performs the tasks assigned to it pursuant to Section 92 (4a) of the Austrian Stock Corporation Act (AktG) as well as Rule 40 of the Austrian Corporate Governance Code. The Audit Committee held five meetings in the 2020 financial year. In addition to reviewing and preparing approval of the annual financial statements and consolidated annual financial statements for 2019, great importance was attached to supervising the financial reporting process, the internal control system, and the audit and risk management system. In the 2020 financial year, the Audit Committee also dealt with the selection of the auditor for the 2021 financial year and made a corresponding recommendation to the Supervisory Board for the nomination proposal to be made to the Annual General Meeting.

The Parcel & Logistics Committee supports the Management Board in preparing complex decisions on fundamental strategic issues impacting the Parcel & Logistics Division. The committee discussed in detail increasing the company's stake in the Turkish parcel company Aras Kargo a.s. to 80% and various measures for expanding infrastructure.

The Banking Committee was established at the constituent meeting of the Supervisory Board on 17 June 2020 to monitor Austrian Post's financial services business. At the two meetings held in 2020, the committee took an in-depth look at the structure, ongoing business development and key control parameters of bank99.

The table below shows the attendance of the Supervisory Board members active as at 31 December 2020 at meetings in 2020.

	Supervisory Board	Nomination Committee	Remuneration Committee	Audit Committee	Parcel & Logistics Committee	Banking Committee
EDITH HLAWATI	5/5	2/2	4/4			
HUBERTA GHENEFF	5/5			5/5		
FELICIA KÖLLIKER	3/3[1]					2/2
PETER E. KRUSE	5/5			3/3[1]	4/4	
CHRIS E. MUNTWYLER	5/5				4/4	
MAXIMILIAN SCHNÖDL	3/3[1]			3/3[1]		2/2
SIGRID STAGL	3/3[1]					
STEFAN SZYSZKOWITZ	5/5			5/5		
MARIA KLIMA	5/5					
HELMUT KÖSTINGER	5/5	2/2		5/5	4/4	2/2
MARTIN PALENSKY	5/5					
MANFRED WIEDNER	5/5			5/5		

[1] First appointment / new composition of the Supervisory Board and committees as at 17 June 2020

Remuneration of the Management Board and Supervisory Board

Due to the entry into force of the Austrian Stock Corporation Amendment Act 2019 (Aktienrechts-Änderungsgesetz 2019), the Corporate Governance Code was adapted in January 2021 to reflect the new provisions regarding remuneration policy and the remuneration report.

In accordance with the new Sections 78a and 78b of the Austrian Stock Corporation Act, the remuneration policy for the members of the Management Board and the Supervisory Board of Austrian Post was prepared by the Supervisory Board and approved by the Annual General Meeting held on 17 June 2020. The remuneration policy is published on the company's website (available at post.at/ir).

Information on the remuneration of the Management Board and the Supervisory Board in 2020 is provided in the Remuneration Report to be prepared in accordance with Sections 78c and 98a AktG. The Remuneration Report will be presented for the first time for a resolution to be passed at the Annual General Meeting held on 15 April 2021 and will then be published on the company's website at post.at/ir. This 2020 Corporate Governance Report no longer contains the information previously published on the remuneration paid to the corporate bodies.

post.at/ir

5. Diversity Concept and Measures to Promote the Advancement of Women

Equal opportunities at work and equal treatment of employees without regard to gender and age are self-evident for Austrian Post as well as its Group companies.

Positions on the corporate bodies of the Management Board and Supervisory Board should be filled with individuals who provide the relevant knowledge, skills and personal competencies that are required for the management and supervision of a publicly-listed logistics and postal services provider and reflect the strategic objectives of the company. Ensuring a professional and personal balance in the composition of the Supervisory Board should be borne in mind. In this case, the diversity of the Supervisory Board with respect to the representation of all genders, a balanced age structure and the internationality of the members are to be taken into account. Within this context, it is important to report that five women and three non-Austrian citizens are members of the Supervisory Board. The members of the Supervisory Board are aged between 37 and 70.

No woman currently serves on the Management Board of Austrian Post. However, women occupy managerial roles in numerous first and second-tier reporting divisions. The proportion of female managers was 26%, while the proportion of women in the Group's entire workforce amounted to 30%. In order to conceivably fill vacant Management Board positions from the company's own ranks, the strategic objective is to achieve the best possible diversity at the highest management level and to gradually increase the proportion of women in executive positions.

With the Elly gender balance project, Austrian Post is using targeted measures to facilitate the needed cultural and structural change within the company. In 2018, Austrian Post became the first Austrian company to use the Women's Career Index (FKi) as a management and benchmarking tool. Using this independent measuring instrument, which has already been established in Germany, the company is studying how women at various levels of management can advance in their careers. In its second year of participation, Austrian Post achieved the most substantial year-on-year improvement among the 42 companies participating in the 2019 FKi (75 out of a possible 100 points). Austrian Post is currently being indexed as part of the 2020 FKi.

In 2020, measures aimed at achieving cultural and structural change were implemented at all levels of the Elly gender balance project. These include agreements on the achievement of goals for women in leadership positions, as well as the incorporation and implementation of unconscious bias training for managers. The initiatives also included measures aimed at raising awareness and reducing unconscious bias in recruitment processes, and the decision to adopt a gender-inclusive language standard within Austrian Post. This standard recognises more than two genders and gender identities, meaning that it reflects the diversity of gender expressions and bodies and helps to prevent discrimination. The measures listed will play a key role in the gradual establishment of gender balance in Austrian Post's standard processes and the associated change in organisational culture, in which all genders enjoy equal opportunities for access and advancement.

Austrian Post takes its role as a family-friendly company seriously, helping to promote the balance between work and family life through a variety of measures and programmes. In 2019, Austrian Post was once again given the "Career and Family Certificate" by the Austrian Federal Ministry of Labour, Family and Youth. The existing measures will be continued and implemented for a further three years and further targets will be set on the basis of agreements.

Vienna, 23 February 2021

The Management Board

GEORG PÖLZL
CEO
Chairman of the
Management Board

WALTER OBLIN
Deputy CEO
Mail & Finance

PETER UMUNDUM
Member of the Management Board
Parcel & Logistics

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

Dear Shareholders,

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

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

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

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

Annual General Meeting

The Annual General Meeting scheduled for 16 April 2020 had to be postponed until 17 June 2020 due to the COVID-19 pandemic and was held as a "virtual Annual General Meeting" in accordance with the Austrian COVID-19 Company Law Act (Gesellschaftsrechtliche COVID-19-Verordnung, Austrian Federal Law Gazette II no. 140/2020). This meant that all of the company's shareholders were given the opportunity to follow the Annual General Meeting live on the internet.

Changes in the Supervisory Board

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

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

Activities of the Supervisory Board

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

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

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

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

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

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

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

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

Activities of the Committees

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

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

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

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

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

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

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

11 March 2021

Edith Hlawati m.p.
Chairwoman of the Supervisory Board

2020 Consolidated and Annual Financial Statements

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

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

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

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

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

NON-FINANCIAL REPORT 2020

21.2%

of Österreichische Post AG's entire fleet is electric

#ALWAYS DELIVER A SOLUTION

CLEAR STRUCTURES HAVE BEEN ESTABLISHED within the company to live out Austrian Post's commitment to sustainability.
Find out more on page 51

GENERAL INFORMATION

Sustainability is of great importance to Austrian Post. Austrian Post is continuing to implement a large number of targeted measures to ensure its impact on the economy, employees, the environment and society is positive. As a company, Austrian Post is committed to generating economic success on behalf of its investors. At the same time, it is also very much aware of its corporate social responsibility, its role as an employer and its ecological footprint. Integrating sustainability into the core business is the way to secure a successful future for the company.

Report Contents

The following chapters include the required information in accordance with Section 243b (1–3) of the Austrian Commercial Code (UGB) in conjunction with Section 267a (1–3) of the UGB and contain non-financial information concerning Österreichische Post AG and its consolidated subsidiaries. In order to avoid redundancy, references are provided to parts of the Management Report and Corporate Governance Report, which also contain non-financial information. This particularly relates to additional information about the business model, risk management and Austrian Post's diversity plan.

Non-financial indicators are presented in a two-year comparison.

The information published in this report was audited by an independent third-party. A corresponding declaration made by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft can be found at the end of the Non-financial Report.

see p. 95

The Non-financial Report is divided into six sections covering all information required under the Austrian Sustainability and Diversity Improvement Act (NaDiVeG), such as the concerns laid out in the act, challenges, concepts, outcomes, due diligence processes, risks and non-financial indicators.

For additional information about the individual sustainability topics and examples of sustainability-related projects, please refer to the separate Sustainability Report, which was prepared according to the "Core" option of the GRI Standards. This Sustainability Report was also audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft and published at the same time as the Annual Report.

see 2020 Sustainability Report

COMPANY & RESPONSIBILITY

Business Model

With around 23,000 employees and annual revenue in excess of EUR 2bn, Austrian Post is a major logistics and postal services provider in Austria and beyond. As part of Austria's critical infrastructure, Austrian Post is responsible for ensuring security of supply within the country. Its core business is the delivery of letters, direct mail items, print media and parcels as well as various logistics services and value-added services. In addition to postal and telecommunications services, the most extensive branch network in Austria also offers financial services. Austrian Post groups its operations into three divisions: Mail, Parcel & Logistics and Retail & Bank.

Through its Group companies, Austrian Post's Mail Division and Parcel & Logistics Division not only operate in Austria but in Germany, Southeast and Eastern Europe and Turkey as well. The following Non-financial Report covers the entire Group. Österreichische Post AG, the parent company, generates 82% of the total revenue and employs 76% of the company's employees. The scope of data compiled about the Group of consolidated companies was expanded in 2020. For this reason, the non-financial indicators at Group level are not directly comparable with those of the previous year. The company is working on further harmonisation in order to enable better comparability of these indicators at Group level in future. Changes relating to Österreichische Post AG will therefore be commented upon in each case below.

Further information on the business model as well as the integrated corporate and sustainability strategy of Austrian Post is provided in the Company & Responsibility section.

see from p. 12ff

Subsidiary	Country
ACL advanced commerce labs GmbH	Austria
adverserve	Austria
bank99 AG (formerly Brüll Kallmus AG)	Austria
EMD – Elektronische- u. Mikrofilm-Dokumentationssysteme Ges.m.b.H.	Austria
feibra GmbH	Austria
Medien.Zustell GmbH	Austria
Post E-Commerce GmbH	Austria
Post Immobilien GmbH	Austria
Post Systemlogistik GmbH	Austria
Post.Wertlogistik GmbH	Austria
Post IT Services GmbH	Austria
PROWERB Gesellschaft für produktive Werbung GmbH	Austria
Scanpoint GmbH	Austria
sendhybrid ÖPBD GmbH	Austria
AUSTRIAN POST International Deutschland GmbH	Germany
City Express d.o.o.	Serbia
City Express Montenegro d.o.o.	Montenegro
Express One d.o.o.	Bosnia and Herzegovina
Express One Hungary Kft.	Hungary
IN TIME s.r.o.	Slovakia
M&BM Express OOD	Bulgaria
Overseas Trade Co. Ltd. d.o.o.	Croatia
Scanpoint Slovakia s.r.o.	Slovakia
Slovak Parcel Service s.r.o.	Slovakia
Weber Escal d.o.o.	Croatia
Aras Kargo a.s.	Turkey

Material Topics

The fundamental prerequisite for systematic and targeted sustainability management is the identification of material topics. Austrian Post reviewed its materiality survey as part of a Group-wide strategic process relating to its integrated corporate and sustainability strategy. This review involved identifying material topics, holding discussions with internal and external experts and deciding on measures to be taken.

The materiality analysis was then performed in three stages.

- In the first stage, top management assessed the relevance of the 14 main topics to the operations of the company.
- In the second stage, internal and external stakeholders were asked about how the main topics influence their opinions and decisions relating to Austrian Post.
- In the final stage, selected internal and external experts were asked for their assessment of how the main topics affect environmental, labour and social issues, corruption & bribery and human rights in accordance with the Sustainability and Diversity Improvement Act (NADiVeG). This was done using an online survey.

Material Topics of Austrian Post

T 03 Economy & Customers

Material Topic	Description	NaDiVeG concerns
1 Sustainable appearance & services for private customers	All activities focus on developing sustainable and customer-focused products and services. This area covers our activities with a direct connection to end customers.	— Social and employee concerns — Environmental concerns
2 Sustainable mail & parcel products	This area focuses on the range of products related to letters, direct mail items and parcels used by business customers. All products should be designed to not only benefit the customer but also to have a positive impact on the environment, society and the economy.	— Social and employee concerns — Environmental concerns
3 Sustainable procurement	This area focuses on the application of sustainability criteria and principles to our procurement practices. This includes evaluating suppliers and defining a policy. Austrian Post is particularly committed to following a regional strategy in this area in order to improve the company's regional focus and minimise the negative impact on Austrian Post, people and the environment.	— Respect for human rights — Combating corruption and bribery
4 Sustainable governance & compliance	Austrian Post wants to create structures and processes that will anchor and manage sustainability in every area of the company. This area includes transparent reporting to stakeholders in addition to "traditional" compliance and governance responsibilities.	— Respect for human rights — Combating corruption and bribery
5 Stakeholder value	Efforts to create value for all stakeholders are focused on contributing to society (e.g. maintaining the regional infrastructure and reliable supply of postal services), contributing to the economy (e.g. taxes and social security contributions) and creating value for its owners (e.g. dividends).	— Social and employee concerns

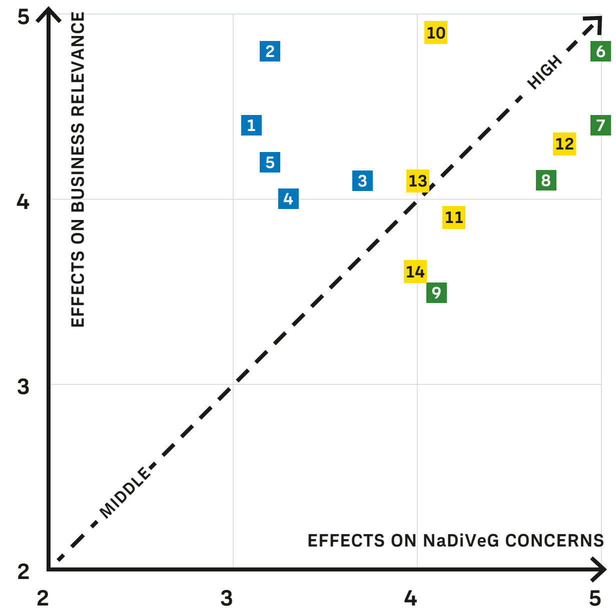
T 04 Environment & Climate

Material Topic	Description	NaDiVeG concerns
6 Green & efficient mobility	Our efforts in this area focus on making our fleet modern and sustainable by using vehicles with alternative drives in all areas. We are significantly reducing our fuel consumption in order to lower carbon emissions.	— Environmental concerns
7 Green & efficient buildings	This area includes all of the measures that we take to reach a high level of sustainability in all of our buildings. These include using renewable energy for power and energy efficiency measures. Our overall objective with these measures is to reduce energy consumption and carbon emissions.	— Environmental concerns
8 Resource-efficient processes	This area covers all of Austrian Post's measures for making its processes more efficient. These measures include expanding our certified environmental management systems, raising awareness among our employees and promoting joint delivery services.	— Environmental concerns
9 Circular economy	As a logistics service provider, we foster partnerships with a wide variety of players (customers, suppliers, local authorities, research institutions) to promote circular economy and the efficient use of resources. Our main focus here is on reducing waste and recycling materials.	— Environmental concerns

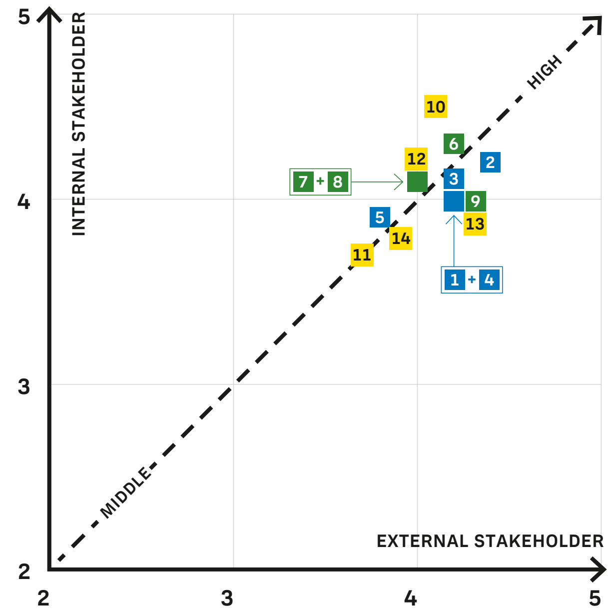
T 05 People & Social

Material Topic	Description	NaDiVeG concerns
10 Corporate & work culture	This area involves fostering a positive work environment. Relevant measures include coming up with new ways of working and laying the groundwork for a respectful management culture. We also focus on providing opportunities for staff to prosper and retaining expertise with targeted succession planning.	— Social and employee concerns
11 Integrated diversity management	We take steps to promote diversity both within our own company and among all of our stakeholders. We do this by establishing appropriate central logistics and service processes (e.g. barrier-free branches), making services available online and using inclusive language.	— Social and employee concerns — Respect for human rights
12 Occupational health & safety	Our success as a company is driven by our employees. This area focuses on keeping them safe from risks and hazards at work. It also includes measures aimed at improving the health of all our employees and their ability to work.	— Social and employee concerns
13 Digital responsibility	This area deals with how we protect personal data and make sure that it is handled in line with all relevant legal requirements. This includes keeping it confidential. It also focuses on the data security of our IT systems in terms of their integrity, availability and safety.	— Social and employee concerns — Combating corruption and bribery
14 Social dialogue & partnerships	Austrian Post wants to engage with stakeholders on an equal footing and make a positive contribution to society. This is covered in this area, along with our focus on partnerships to ensure sustainable development. This includes our work with charitable organisations, partnerships with educational institutions and cooperating with partners to protect the environment.	— Social and employee concerns

G 10 Effects on Business Relevance and Concerns Laid Out in the Sustainability and Diversity Improvement Act (NADiVeG)



G 11 Effect on Stakeholder Opinion and Decision-making



Economy & Customers

- 1 Sustainable appearance & services for private customers
- 2 Sustainable mail & parcel products
- 3 Sustainable procurement
- 4 Sustainable governance & compliance
- 5 Stakeholder value

Environment & Climate

- 6 Green & efficient mobility
- 7 Green & efficient buildings
- 8 Resource-efficient processes
- 9 Circular economy

People & Social

- 10 Corporate & work culture
- 11 Integrated diversity management
- 12 Occupational health & safety
- 13 Digital responsibility
- 14 Social dialogue & partnerships

Interpretation of Business Relevance and Impact of Material Topics

Sustainable mail & parcel products were the dominant issue in terms of Austrian Post's economic performance in the Economy & Customers area, along with sustainable appearance & services for private customers. Sustainable procurement and sustainable governance & compliance have the biggest impact. The issue of stakeholder value has somewhat less impact on economic success and matters relating to the Sustainability and Diversity Improvement Act (NADiVeG).

In the Environment & Climate area, green & efficient mobility, green & efficient buildings and resource-efficient processes have the biggest impact in terms of the economic success of the company and environmental concerns, with the circular economy playing a subordinate role.

The top issues in the People & Social area are the corporate & work culture and occupational health & safety. Integrated diversity management, digital responsibility and social dialogue & partnerships are other relevant topics with a comparable level of impact on economic success and environmental concerns.

How Austrian Post takes these material topics into account within the context of its sustainability management, which management approaches it pursues in each case, and the progress it has made with respect to the material topics is handled in the following sections of this report.

Interpretation of How the Material Topics Affect Stakeholder Opinion and Decision-Making

External and internal stakeholders have the same priorities in the area of Economy & Customers. For both groups, sustainable mail & parcel products are top of the list, followed by sustainable procurement and sustainable governance & compliance. Stakeholder value was somewhat less important to those surveyed.

In terms of Environment & Climate, external stakeholders thought that the circular economy was the most important issue, followed by green & efficient mobility. The latter is the most important issue for employees in this area.

In the People & Social category, the corporate & work culture were far and away the top priority for the employees of Austrian Post, followed by occupational health & safety. Both of these issues are also important for external stakeholders, although they prioritise digital responsibility, including data protection and data security. Integrated diversity management has a lower priority for both groups.

Sustainable mail & parcel products were the most important issue for external stakeholders across all of the different areas, followed by the circular economy and digital responsibility. The top three for employees were corporate & work culture, green & efficient mobility and occupational health & safety.

Sustainable Governance & Compliance

Good corporate governance is the means by which organisations create long-term value in a responsible and sustainable manner, while also ensuring that all of the Group's employees act in line with legal requirements, internal policies and moral and ethical principles (compliance). As a listed company, Austrian Post considers itself obliged to observe the principles of good corporate governance in line with the expectations of national and international investors.

Since its initial public offering, Austrian Post has been committed to adhering to the Austrian Corporate Governance Code (ACGC). Austrian Post reports extensively on corporate governance annually in its Corporate Governance Report.

see Governance Report p. 31ff

A compliance culture was established to ensure ethically impeccable and exemplary behaviour on the part of the company. The compliance management system ensures adherence to defined rules.

This is also reflected by the following material topic identified by Austrian Post:

— Sustainable governance & compliance

Austrian Post has defined the following targets and measures in order to monitor its success and progress in the area of "Sustainable Governance & Compliance".

T 06 Targets for the Material Topic: Sustainable Governance & Compliance

Our aim

→ Best practices for sustainable governance & compliance among ATX companies

Objectives	Measures	Status
SDG 12.6 Incorporate sustainability targets into the variable remuneration system in 2021	From 2021 onwards, each member of management level 1 must have one sustainability target as part of their variable remuneration From 2022 onwards, each member of management level 2 must have one sustainability target as part of their variable remuneration	Sustainability targets will be taken into account in the variable remuneration system for everybody at management level 1 in 2021

SDG 12.6 Maintain and improve reputation for implementing compliance best practices in the Austrian capital market	Conduct discussions and surveys on risk to enhance compliance risk analysis Monitor implementation and effectiveness of measures Information, communication and training on these rules and continued operation of the help desk (contact point for compliance issues)	Follow-up audit confirmed ISO certification in 2020 124 enquiries and reports from employees through the business and capital market compliance help desk Employees of Österreichische Post AG and its national subsidiaries completed 3,109 e-learning courses on business compliance, anti-corruption and capital market compliance in 2020 A new communication campaign was drawn up in 2020
SDG 12.6 Update internal sustainability indicator reporting process for management purposes by 2022	Implementation of a standard process for reporting sustainability indicators at a Group level during the year	Establish an interdisciplinary working group to define targets, perform a gap analysis looking at the data collection and evaluate implementation from a technical perspective
SDG 12.6 Make improvements to stakeholder-oriented reporting, including EU Taxonomy from 2021 onwards	Establish a reporting process that meets TCFD requirements Establish a reporting process that meets the requirements of the EU Taxonomy	Comprehensive TCFD-compliant reporting process established in 2020 Interdisciplinary working group will be established to evaluate the requirements of the EU Taxonomy
SDG 12.6 Make sustainability a key focus area across the Group from 2021 onwards Define sustainability targets for all national and international subsidiaries	Nominate points of contact for CSR & Environmental Management issues at all subsidiaries Draw up measures and targets for every subsidiary based on 2030 sustainability master plan	Sustainability officers were appointed at our subsidiaries in Southeast and Eastern Europe in 2021 The Global Sustainability Team held its kick-off meeting at the beginning of 2021

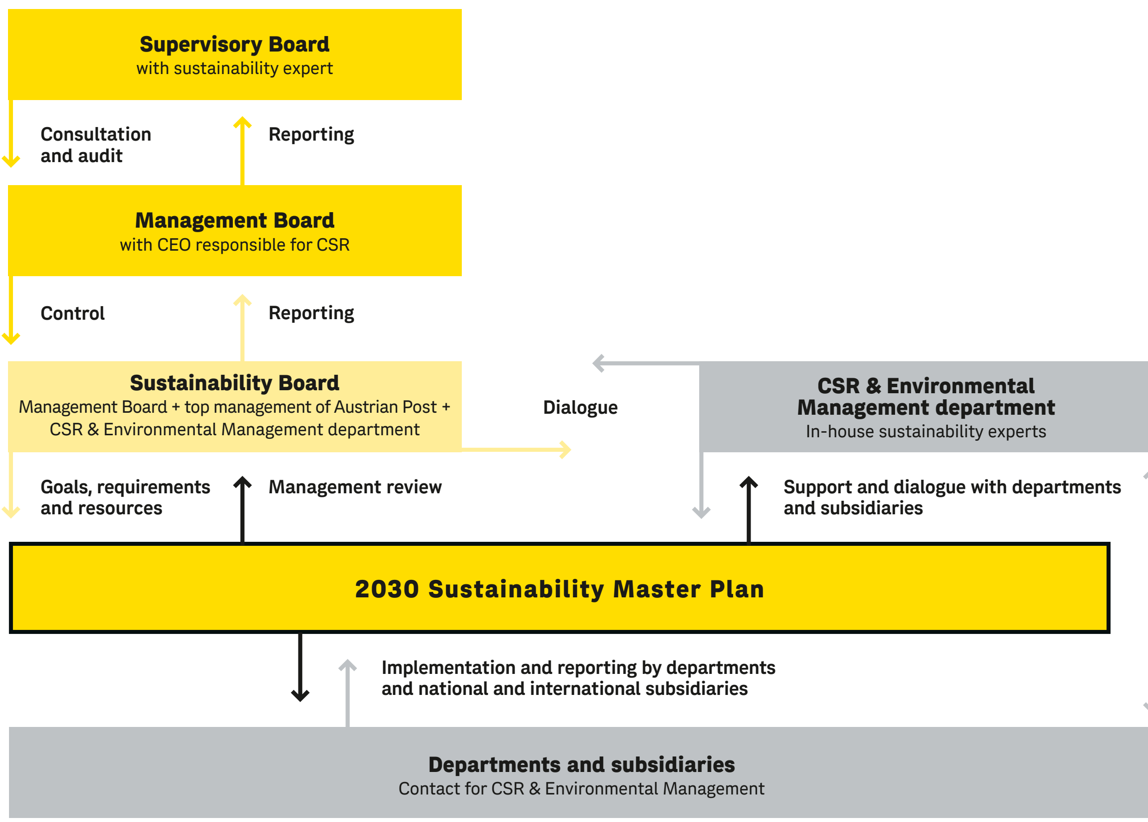
Responsibility and 2030 Sustainability Master Plan

Austrian Post has established clear structures within the company to live out its commitment to sustainability. On an organisational level, responsibility for sustainability is directly in the hands of Chief Executive Officer Georg Pölzl in the CSR & Environmental Management department. Because sustainability plays a role in a number of different areas within the company, the CSR & Environmental Management department remains in constant contact with Austrian Post's various divisions.

The 2030 sustainability master plan covers 14 material topics and was developed on the basis of the company's strategic pillars and target markets as part of the update to the strategy. Austrian Post uses strategic projects to address the 14 material topics which come under the three areas covered by the 2030 sustainability master plan – Economy & Customers, Environment & Climate, People & Social. Great importance is attached to an interdisciplinary approach and cooperation among the individual units. Intercompany working groups deal with current sustainability-related issues, formulate corresponding objectives and implement appropriate measures – always on the basis of the integrated corporate and sustainability strategy.

A new organisational structure was established in 2020 to manage sustainability issues within the company and make sure that sustainability is at the heart of its future development. This involved setting up a new committee, the Sustainability Board. From 2021 onwards, the Sustainability Board will provide the Management Board with updates about progress and targets in the three main sustainability areas three times a year. The Supervisory Board, which is the company's highest decision-making and governance body, is also actively involved in sustainability management, enabling Austrian Post to discharge its economic, social and ecological responsibilities. Professor and founder of the Institute for Ecological Economics Sigrid Stagl joined the Supervisory Board in 2020 as an expert in sustainability. Austrian Post benefits from her expert analyses of its sustainability measures.

G 12 Well-structured and Integrated ESG Governance



Capital Market and Business Compliance

Austrian Post is one of the country's flagship companies. The company is aware of its obligation to act as a role model and the responsibility which goes along with this. The company aims to fulfil this responsibility in every respect. Austrian Post therefore attaches great importance to responsible and transparent corporate management.

The mission statement was used as a basis for developing the Group-wide Code of Conduct and Ethics. The contents reflect Austrian Post's commitment to the principles of the UN Global Compact. The Code of Conduct provides the foundation for an open, respectful and legally compliant corporate culture. It serves as a reference framework for employees in their daily dealings with one another and for responsible behaviour towards business partners and the public.

The Management Board is ultimately responsible for ensuring that the Code of Conduct and Ethics is applied in a uniform manner within the Group. The process of confirming that the company's own employees comply with the Code of Conduct and Ethics was completed to a large extent in 2020. Austrian Post requires its business partners to meet the standards of its Code of Conduct for Suppliers. Vendor integrity checks are used to monitor compliance.

More information on p. 67ff

In order to live up to this responsibility in the areas of business compliance (which also incorporates anti-corruption) and capital market compliance, Austrian Post established a Group-wide compliance management system (CMS), which is managed by the central Compliance Office. The CMS for business compliance meets the requirements of ISO 37001 (anti-bribery management systems), while the CMS for capital market compliance meets the requirements of ISO 19600 (compliance management systems). This was reviewed and certified for the first time by TÜV Süd in 2018. The certifications were upheld for Österreichische Post AG in surveillance audits in 2019 and 2020.

As part of the CMS, Österreichische Post AG has named compliance officers in the individual departments and in all subsidiaries in which it holds a majority stake.

The compliance officers help the central Compliance Office to embed the CMS throughout the entire Group. At the time of compiling this report, there are 27 compliance officers in Austria and nine compliance officers in foreign subsidiaries. The activities of the central and regional compliance organisation contribute towards ensuring the sustainable and practical professionalisation and further development of the compliance management system in all units of the company. In addition to certification and surveillance audits, the company uses additional internal and external audits throughout the year to ensure that its compliance standards and the CMS are appropriate and effective.

Capital markets and business compliance targets are available on p. 31ff

RISK ANALYSIS AS THE BASIS FOR THE COMPLIANCE MANAGEMENT SYSTEM

Austrian Post's CMS makes compliance issues transparent with the help of a prevention strategy that focuses on risk. Rules designed to reduce risks are established on the basis of the compliance risk analysis results, and appropriate measures are integrated into business processes.

The primary tool for identifying corruption risks is the annual compliance risk analysis carried out by the Compliance team. The risk analysis incorporates information from Group risk management, personal discussions with the compliance officers and compliance observations. Personal risk discussions incorporate compliance monitoring and now cover around 72% of Group sites. Capital market compliance risks are analysed on a central basis by the Compliance Office due to their nature and the groups of people most affected. No material compliance risks were identified in 2020. The results are reported to the Management Board, which then approves the resulting compliance programme.

COMPLIANCE AND ANTI-CORRUPTION GUIDELINES FOR RESPONSIBLE CONDUCT

Company guidelines are another instrument for promoting responsible conduct and integrity. These guidelines are derived from the Code of Conduct and Ethics and set out a clear framework for each topic. The objective of the capital market compliance policy is to ensure that Austrian Post acts with integrity on the capital market and to promote understanding of capital market compliance. Its rules focus primarily on the prevention of the improper use of insider information. The policy reflects valid European and Austrian capital market regulations and is binding for all employees of the Group.

The purpose of the business compliance policy is to ensure that Austrian Post employees act with integrity in all of their interactions with each other and with business partners and to promote understanding of business compliance. It provides guidance about combating corruption and how to handle gifts, invitations and other benefits, sponsorship and donations, conflicts of interest and company resources. The policy reflects all relevant Austrian legislation and international standards and is binding for all employees of the Group.

RAISING AWARENESS THROUGH TRAINING ACTIVITIES

A responsible corporate culture plays a central role in the compliance management system. The basis for this is the mission statement, the Code of Conduct and Ethics, clear rules specifying roles and responsibilities as well as compliance guidelines. All steps are accompanied by comprehensive information and training measures as well as practical advice.

A variety of training and awareness-raising measures are held every year to make sure that all full-time and part-time employees are provided with capital market compliance and business compliance training at least once a year. Business compliance training and awareness-raising measures are also provided for selected business partners and contractors. Austrian Post uses a variety of communication and training methods – such as posters, info screens, articles in the employee magazine, and in-person and online training – to provide its stakeholders with targeted information and training and to address a wide range of compliance issues. In 2020, a new video on business compliance was produced and the roll-out of two capital market compliance and business compliance e-learning courses was continued. A subject was added to the updated communication campaign to increase awareness further. This campaign will be rolled out in 2021.

In addition to training for employees, the further education of compliance officers is also a part of the company's training activities. In-person training sessions continued, albeit with restrictions due to the pandemic. We frequently used virtual options instead of in-person training throughout 2020, in addition to articles in the employee magazine "Meine Post" covering important business and capital market compliance topics. The Compliance Academy delayed its second intake until the beginning of 2021 due to COVID-19. The anti-corruption and compliance measures mentioned above enabled Austrian Post to provide all its employees with training and information on these issues, including top management, the entire Management Board and the Supervisory Board.

The Compliance team and a compliance help desk accessible to employees throughout the Austrian Post Group are available in person, by telephone, on the intranet or by email to deal with questions, comments, concerns and suspected misconduct. Austrian Post provides a telephone hotline, intranet site and email address which whistle-blowers can use to report their concerns anonymously. All correspondence is kept in the strictest confidence. In 2020, a total of 124 employee inquiries and documents regarding the acceptance and granting of gifts, donations and sponsorship, capital market compliance as well as Austrian Post's principles of conduct were processed by the compliance help desk.

MEASURES TAKEN IN RESPONSE TO CASES OF CORRUPTION

No cases of corruption occurred at Austrian Post in 2020. If such a case occurs, steps in line with applicable labour laws as well as disciplinary measures are taken. Measures to prevent corruption were successfully carried out throughout the Group as part of Austrian Post's compliance management system in 2020.

Indicators

	Austrian Post Group		
Indicators	2018	2019	2020
Non-compliance with laws and regulations governing social and business issues	In 2018 no lawsuits were filed against Austrian Post and no sanctions or fines were imposed upon the company for anti-competitive behaviour, or for the formation of cartels or monopolies, based on the Federal Act Against Unfair Competition (UMG) and/or the Austrian Cartel Act (KartG). Austrian Post was not the subject of any major lawsuits, sanctions or fines imposed for violations of social welfare laws or regulations in 2018.	In June 2019 a case was brought against Austrian Post before the Cartel Court in connection with the cessation or determination of abuse of a dominant market position. The charges were related in particular to the alleged discrimination of the claimant through the granting of unfavourable price conditions, obstruction of competition as well as the inadmissibility of the contractually agreed confidentiality provisions and incorrect application of VAT regulations. The case is still pending at the court of first instance. Austrian Post was not the subject of any major lawsuits, sanctions or fines imposed for violations of social welfare laws or regulations in 2019.	A petition was submitted to the Cartel Court in June 2019 requesting that it make a determination of and remedy the alleged abuse of market dominance by Austrian Post. The charges were related in particular to the alleged discrimination of the claimant through the granting of unfavourable price conditions, obstruction of competition as well as the inadmissibility of the contractually agreed confidentiality provisions and incorrect application of VAT regulations. The case is still pending at the court of first instance. In 2020, four administrative penal proceedings were pending with regard to labour legislation (e.g., the Austrian Act on the Employment of Foreign Nationals [Ausländerbeschäftigungsgesetz] and the Working Time Directive [Arbeitszeitgesetz]). In one case, a minor administrative fine was issued due to an employee's misconduct for which Austrian Post is responsible; the other three cases are still pending.

SUSTAINABILITY & CLIMATE RISK MANAGEMENT

Comprehensive risk and opportunity management is a key cornerstone of good corporate governance. As a result of the increasing importance of sustainability and the new integrated corporate and sustainability strategy, environmental, social and governance issues (ESG issues) are featuring more heavily in Austrian Post's risk management than before. Sustainability and Diversity Improvement Act (NADiVeG) concerns and the requirements of the Task Force on Climate-related Financial Disclosures (TCFD) are also taken into consideration. The company's aim is to recognise sustainability-related opportunities and risks at an early stage and implement measures which will help the company achieve its strategic objectives and targets. Austrian Post is an official TCFD supporter, underlining the importance of this issue.

This section focuses on how the Group manages opportunities and risks relating to sustainability and climate change as part of its overall risk management strategy. For more information about the Group's general approach to risk management, as well as its risk strategy, risk policy and internal control system, please refer to the 2020 Management Report.

Management Report p. 97ff

Identifying Risks

Due to the increasing significance of sustainability risks to the company's business activities, focus was placed on improving the management of sustainability-related risks and opportunities in the 2020 financial year. Both the traditional outside-in[1] approach for general sustainability- related risks and the TCFD risk categories and the inside-out[2] approach in accordance with the Sustainability and Diversity Improvement Act (NADiVeG) were used.

The Risk Management, CSR & Environmental Management and Investor Relations departments worked closely together on this issue in 2020. An internal working group was established at the beginning of the year to give representatives from these departments the opportunity to identify, analyse and evaluate opportunities and risks as part of a structured, interactive and iterative process.

The company also held two workshops to discuss ideas with external experts – one focusing on ESG and NaDiVeG, the other on TCFD. The internal working group then held a number of workshops to identify the primary ESG-related and climate-related opportunities and risks for the company. Risks were identified on the basis of Austrian Post's key topics, the concerns laid out in NaDiVeG and a wide range of international standards which are relevant for Austrian Post (SASB, TCFD, IFC General EHS Guidelines and MVO Risk Check).

All risks reported by other departments in the Group-wide risk management system were also screened to determine if they had any connection to ESG or TCFD.

Risk Assessment

Any identified sustainability-related risks were then assessed from the following perspectives:

- Two time scales (medium term = four years, longer term = ten years) which affect the probability of opportunities and risks occurring
- Gross (status quo in 2020) and net (status quo in 2020 factoring in the effect of any risk mitigation measures)
- Qualitative (outside-in approach based on the Group-wide risk assessment matrix; inside-out approach based on a newly defined assessment matrix adapted to the Group-wide matrix)
- Quantitative, based on financial impact

[1] **Outside-in:** : Outside-in: risks arising from societal or environmental concerns (for example) with the potential to impact the company's business
[2] **Inside-out:** risks arising from the company's business with the potential to impact society or the environment (for example). The size and importance of Austrian Post was taken into consideration when assessing impact

Risk Management

This approach significantly increased the extent to which ESG and climate-related risks are integrated into the Group-wide risk management system. Detailed ESG opportunity and risk reports (which also took NaDiVeG concerns into consideration) and the company's first climate-related risk report in accordance with the TCFD requirements also played a significant role in these efforts.

All opportunities and risks within the Group are updated every six months. Any risks or opportunities which exceed internally defined qualitative and quantitative thresholds are reported to the Management Board. As short-term and long-term climate-related and ESG opportunities and risks are now covered by the Group-wide risk management system, they are also included in the biannual risk analysis and reported to the Management Board if the defined threshold is exceeded. Two ESG risks exceeded the reporting threshold in 2020.

The biannual Group risk management report will include a TCFD and ESG opportunity and risk report from 2021 onwards to improve internal TCFD and ESG reporting.
see p. 121ff

Table of ESG Risks According to TCFD and NaDiVeG

This section lists all of the ESG and TCFD risks which meet the threshold for inclusion in the Group-wide risk management system.
see p. 122f

All risks are presented in gross form. The process of identifying, analysing and assessing ESG and climate-related risks also identified three opportunities related to the key topic of "sustainable services for private customers". However, none of these opportunities met the threshold for external reporting. Ten ESG risks based on the outside-in approach (of which five are climate-related) and five ESG risks based on the inside-out approach in accordance with NaDiVeG have therefore been included.

Economy & Customers

One significant outside-in risk and one significant inside-out risk were identified in the Economy & Customers area.

The most significant risk to the company relates to its position as a sustainable company and the risk to investment due to a lack of governance processes. In the area of business ethics, corruption was the most significant inside-out risk due to the size and importance of the company within Austria and the capital market.

T 07 Economy & Customers: Gross Risks

Outside-In

Key topic	Risk	Measures
Sustainable governance & compliance	Risk to the company's position as a sustainable company and investment due to sustainability reporting not being up-to-date and an inadequate organisational focus on sustainability	Focus on sustainability in corporate structures and processes Up-to-date reporting (e.g. TCFD report) See p. 50ff
Sustainable procurement	Possible loss of reputation due to a failure to meet minimum social standards or uphold human rights across the supply chain	Certification of compliance management system, Code of Conduct for Suppliers, supplier screening See p. 66ff

Inside-Out

NaDiVeG concern	Risk	Impact	Measures
Corruption, human rights	Business ethics & procurement: negative impact on society (state, social security system, competition, capital market) due to lack of integrity	Possible misconduct can have negative impact on rule of law and society	Already meets very high legal standards (antitrust law, capital market requirements, Federal Procurement Act) due to state ownership and legal form as stock company Additional implemented and certified management systems See p. 50ff See p. 66ff

Environment & Climate

Austrian Post has identified outside-in and inside-out risks in the Environment & Climate area.

TRANSITORY CLIMATE RISKS[1]

The company is exposed to a material risk arising from new legislation or the amendment/tightening of existing legislation, in addition to loss of reputation and negative effects related to the digitalisation trend. These have the potential to result in significant direct costs (e.g. carbon tax, emissions trading) or changes to the business model (e.g. opt-in requirements for direct mail items).

see p. 122f

Austrian Post has consistently set itself ambitious climate targets for over a decade in order to improve its energy efficiency and minimise transitory climate risks. Since 2017, it has been one of just two companies in Austria to submit a science-based climate target to the Science Based Targets initiative. This target will be revised in 2021 so that it can make an increased contribution to combating climate change. It is committed to the objectives of the Paris Agreement and will take action to ensure that global warming is limited to 1.5°C.

see Environment & Climate, p. 71ff

PHYSICAL CLIMATE RISKS

Long-term climate change has the potential to pose a risk for Austrian Post, and may increase the cost of guaranteeing nationwide access to postal services as climate change progresses (hot summers, heavy precipitation in winter). Additional personnel, protective equipment and cooling measures may be required over the longer term in order to minimise these risks.

The most relevant inside-out environmental risks are the company's contribution to climate change and its role in increasing airborne pollutants due to the large amount of energy required by Austrian Post as a logistics company.

[1] Risks which can occur when moving towards a greener economy

T 08 Environment & Climate: Gross Risks

Outside-In

Key topic	Risk	Measures
TCFD: Policy and Legal Risks **Green & efficient mobility** **Green & efficient buildings**	Introduction of a carbon price (national carbon tax or inclusion of transport sector in national carbon emissions trading system)	All vehicles in the delivery fleet will be 100% electric by 2030. The company will focus more heavily on its partnerships in the area of delivery services, encouraging the increased use of electric vehicles. The company is looking for alternatives for its heavy-goods vehicles (biogas, hydrogen). Austrian Post is converting and modernising the heating systems it uses at its buildings. It is also implementing energy efficiency measures. See p. 71ff

TCFD: Policy and Legal Risks **Sustainable mail & parcel products**	Change to the legal requirements for addressed and unaddressed direct mail items due to more sensitive societal attitudes towards the potential environmental impact of advertising (e.g. opt-in requirement for advertising)	Life cycle assessment for advertising in 2020, resulting in improvements, partnerships with customers, development of alternative sustainable digital offerings See p. 65, 67
TCFD: Chronic Risks **Green & efficient mobility** **Green & efficient buildings**	Possible negative impact on procedures and processes due to high temperatures in summer	Increased use of air conditioning systems and alternative cooling methods, procurement of uniforms which provide protection against the sun, changes to schedules (beginning and end of day), more personnel to compensate for decreased productivity
TCFD: Reputation Risks **Circular economy**	Loss of reputation with customers due to potential negative opinion of how resources are consumed by the logistics industry and packaging waste from parcels	Life cycle assessments for letters, direct mail items and parcels from 2020 onwards. Improvements, partnerships with customers, competence centre for sustainable packaging/circular economy within Austrian Post See p. 65, 67
TCFD: Market Risks **Sustainable mail & parcel products**	Risk of general population and business partners accelerating the already considerable negative trend in mail and direct mail volumes due to digitalisation in an effort to combat climate change	Life cycle assessment for letters, direct mail items and parcels. Improvements, partnerships with customers, development of alternative sustainable digital offerings See p. 65, 67

Inside-Out

NaDiVeG concern	Risk	Impact	Measures
Environmental concerns	Increase in the company's carbon emissions	This increase has a negative impact on the nation's carbon footprint and the effort to combat climate change in general	Promotion of e-mobility, delivery and transport logistics partnerships with shipping companies, energy/fuel saving measures, ISO 14001 certified environmental management systems See p. 71ff
Environmental concerns	Increase in the company's local emissions (NO_x, fine particulate matter, noise)	The increase has a negative impact on local emissions	Promotion of e-mobility, use of vehicles with EEV exhaust standard or better, delivery and transport logistics partnerships with shipping companies, energy/fuel saving measures, ISO 14001 certified environmental management systems See p. 71ff

People & Social

Two outside-in risks and two inside-out risks were identified in the People & Social area.

Due to the company's extensive business relationships, Austrian Post is exposed to the outside-in risk of a loss of reputation due to a failure to observe human rights or minimum social standards along the value chain. Measures such as the vendor integrity check and the supplier assessment have been implemented throughout the Group in order to minimise this risk.

see p. 66ff

Another risk is personnel being absent due to inadequate employee health and safety measures. Austrian Post provides a comprehensive range of health and safety measures for its employees to reduce this risk.

see p. 84, 86f

Despite the company's health and safety measures, there is still an inside-out risk of accidents or health issues for the company's employees due to heavy seasonal workloads.

see p. 84, 86f

A further inside-out risk arises from the possibility of damages for customers and employees due to their sensitive data being misused or illegally disclosed.

see p. 84, 87f

T 09 People & Social: Gross Risks

Outside-In

Key topic	Risk	Measures
Occupational health and safety	Potential absences and costs due to inadequate implementation of efficient health and safety measures for employees	Health services (health days, vaccinations), safety measures for employees (PPE, etc.), training for drivers See p. 84,86f
Digital responsibility	Potential for damage due to inadequate awareness of data protection, IT security, cybersecurity and data security issues	IT security measures, enhancements to data protection organisational structure, awareness-raising measures for employees See p. 84,87f
Corporate & work culture	High turnover rate due to low level of employee satisfaction	Measures to improve the corporate and work culture See p. 83,85

Inside-Out

NaDiVeG concern	Risk	Impact	Measures
Social concerns	Possibility of loss of customer/employee data due to theft and/or data protection violations, and related negative impact on society	The misuse or illegal disclosure of sensitive data could have a negative impact on society in terms of data protection	IT security measures, enhancements to data protection organisational structure, awareness-raising measures for employees See p. 84,87f
Employee concerns Social concerns, human rights	Potentially high (seasonal) workload for the company's employees, drivers and temporary workers, both in terms of hours and the nature of the activity (parcel weight/size/volumes)	Health issues for staff and third parties due to an increase in the accident rate resulting from the higher workload	Health services (health days, vaccinations), safety measures for employees (PPE, etc.), training for drivers See p. 84,86f

Climate-related Risks Pursuant to the TCFD (TCFD Index)

T 10 Governance

TCFD recommendations	Implementation at Austrian Post
a) Describe the board's oversight of climate-related risks and opportunities	— From the 2021 financial year onwards, the Sustainability Board will provide the Management Board of Austrian Post with quarterly updates about the status of measures and the extent to which targets have been reached for all of the main areas related to Environment & Climate. This will allow the Management Board to monitor and supervise the company's progress in terms of its targets and requirements for climate-related issues. In addition to being covered at Sustainability Board meetings, climate-related topics can also be discussed and monitored at the monthly meetings of the Management Board. More information is available on p. 52. — Climate-related issues are factored into management decisions and covered in the Environment & Climate area of the integrated corporate and sustainability strategy. As a result, climate-related issues also feed into the financial planning process. — The remuneration policy for members of the Management Board includes climate-related sustainability targets. Targets are related to the expansion of photovoltaic systems, the expansion of e-mobility and the implementation of environmental management systems to improve the company's energy efficiency. From 2021 onwards, sustainability targets will also be incorporated into variable remuneration components for the entirety of top management (first reporting level) in line with the new integrated corporate and sustainability strategy. More information is available on p. 50. — From a risk management perspective, Austrian Post defines the climate as an objective fact rather than an opportunity or risk per se. As a result, its risk management system covers climate-related opportunities and risks, such as risk/opportunities related to climate change. →

	— Relevant climate-related opportunities and risks are integrated into the central risk management system. This system is used to provide the Management Board with a biannual report covering TCFD-related opportunities and risks. Risk Management also reports to the Audit Committee of the Supervisory Board on a half-yearly basis, and to the entire Supervisory Board on an annual basis. Reports can be provided on an ad hoc basis if required.
b) Describe management's role in assessing and managing climate-related risks and opportunities	— Top management is responsible for climate-related risks and opportunities, as it is for all other Group risks and opportunities. Opportunities and risks which can be allocated to a particular department are the responsibility of the management of that department. Opportunities and risks which involve multiple departments are the responsibility of the Management Board. For additional information about identification, analysis and assessment, see T12 "Risk Management" on p. 61. — Top management is prompted every six months to update the company's climate-related opportunities and risks so that the Management Board can be informed of the most significant opportunities and risks in the biannual opportunity and risk report. — Individual members of the Management Board have an opportunity to share their views when opportunities and risks are discussed. These views are incorporated into the opportunity and risk report.

T 11 Strategy

TCFD recommendations	**Implementation at Austrian Post**
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	— The short term has been defined as the next four years; this is in line with the definition used for medium-term planning and Group-wide opportunity and risk analysis. The company also defined a long-term timescale of ten years (identical to the duration of the 2030 sustainability master plan) in order to analyse climate-related opportunities and risks over a longer period. — A table of the ESG risks and opportunities identified by Austrian Post is available on p. 57f. All risks from the ESG risk management system are covered, including outside-in risks based on TCFD categories and inside-out risks in accordance with NaDiVeG. — The most significant climate-related risk identified by Austrian Post is the physical risk arising from the long-term consequences of climate change (chronic risk). It can be assumed that an increase in daytime temperatures will have an impact on the company's procedures, as well as the efficiency and health of its employees. — Based on the TCFD categories, the risk will be higher over the long term than in the short term as climate change has an increasing effect.
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	— Austrian Post has developed an integrated corporate and sustainability strategy which puts it in a position to be more effective at managing climate-related risks and seizing climate-related opportunities. See A p. 12ff, S p. 16ff. — TCFD risks primarily affect delivery processes and building standards, and could result in increased costs. Austrian Post does not believe there is currently any risk to the company's ability to continue as a going concern. — As the company implements measures to minimise climate-related risks, climate-related issues and risks are also included in the financial planning process (medium-term plan = four years) to varying degrees depending on the extent to which they are prioritised. Investment expenditure is the area of Austrian Post's financial planning that is most affected by climate-related measures as these measures include the procurement of electric vehicles and photovoltaic systems. Austrian Post also identified two climate-related risks with the potential to reduce revenue. Life cycle assessments also have an impact on financial planning and strategic decisions. See T08 Environment & Climate: Gross Risks, p. 57. — Three ESG and climate-related opportunities were identified in 2020 but did not meet the threshold for external reporting.
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	— All of Austrian Post's deliveries within Austria have been carbon neutral since 2011. The company has also been committed to a science-based target (SBT) since 2017 with the aim of limiting global warming to 2°C. Austrian Post began the process of revising the existing SBT with a 1.5°C scenario (for Scope 1 and 2 emissions) in 2020. Austrian Post also submitted an EV100 target to the Climate Group in 2018; the company aims to use electric vehicles for all deliveries by 2030. For more information, please refer to p. 71. — Austrian Post approved a new integrated corporate and sustainability strategy in 2020 to avoid climate-related risks and take advantage of climate-related opportunities. Combating climate change is the most significant issue in the Environment & Climate area. — Market risk is the main source of potential factors which could prevent Austrian Post from implementing this new strategy and achieving its SBT. The most significant risk is the possibility of stagnation in the development of alternative drives for transport logistics purposes. See T08 Environment & Climate: Gross Risks, p. 57. — The company analysed different scenarios which assumed a 2°C and 4°C increase in the global temperature. These scenarios had a long-term timescale of ten years. See p. 62f.

T 12 Risk Management

TCFD recommendations	Implementation at Austrian Post
a) Describe the organisation's processes for identifying and assessing climate-related risks	— All climate-related risks are included in the risk management system and managed with the same level of diligence as other (business) risks. — The general Group risk management process is used to identify and assess climate-related opportunities and risks (see p. 55 of the Group Management Report). This general approach was implemented for climate-related and ESG opportunities and risks as follows: the Risk Management, CSR & Environmental Management and Investor Relations departments worked closely on the issue in 2020. A structured and interactive process was used to identify, analyse and assess climate-related opportunities and risks on the basis of the main areas identified by Austrian Post and international reporting standards (e.g. SASB). This identification process included all TCFD risk categories, which allowed the company to analyse both transitional and physical climate-related risks. For more information about this process, please refer to p. 55ff. — In the past, climate-related and ESG opportunities and risks were primarily assessed from a qualitative perspective. Austrian Post made a significant step forwards in terms of quantifying these opportunities and risks in 2020. Existing and newly identified TCFD opportunities and risks were assessed from the following perspectives: – Two time scales (short term = four years, longer term = ten years) – Gross (status quo in 2020) and net (status quo in 2020 factoring in the effect of any risk mitigation measures) – Qualitative (outside-in approach based on the Group-wide risk assessment matrix; inside-out approach based on a newly defined assessment matrix adapted to the Group-wide matrix) – Quantitative, based on financial impact.
b) Describe the organisation's processes for managing climate-related risks	— Climate-related and ESG opportunities and risks are managed, disclosed and prioritised in line with general Group risk management processes. Climate-related opportunities and risks are also prioritised in terms of their impact. — Risks are managed by defining appropriate measures aimed at avoiding or reducing risks or otherwise transferring them to third parties, alongside measures which put the company in a position to seize opportunities. 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 a biannual analysis undertaken by the risk managers. — The materiality of relevant climate-related opportunities and risks is analysed in line with Group risk management processes. All opportunities and risks within the Group are updated every six months. Any risks or opportunities which exceed internally defined qualitative and quantitative thresholds are reported to the Management Board. Short-term and long-term climate-related and ESG opportunities and risks are now included in the biannual risk analysis and reported to the Management Board in the form of an opportunity and risk report if the defined threshold is exceeded. One TCFD risk exceeded the reporting threshold in 2020. A p. 122f. — The Group risk management report will include a TCFD and ESG opportunity and risk report from 2021 onwards to improve internal TCFD and ESG reporting. This will ensure that climate-related opportunities and risks with a timescale of ten years are reported to the Management Board. — The approach described under point a) significantly increased the extent to which climate-related risks are integrated into the Group-wide risk management system. Austrian Post also prepares detailed external ESG opportunity and risk reports and is in the early stages of preparing climate-related sustainability reports in accordance with TCFD standards.
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	— As previously stated in point a) of the section on processes for identifying, assessing and managing climate-related and ESG opportunities and risks, the processes for climate-related and ESG opportunities and risks are identical to the Group's general risk management processes. The processes for climate-related and ESG opportunities and risks are therefore integrated into the organisation's overall risk management.

T 13 Metrics and Targets

TCFD recommendations	Implementation at Austrian Post
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	— The main indicators which Austrian Post uses to measure and manage climate-related opportunities and risks are: – Scope 1 to Scope 3 GHG emissions – Proportion of energy from renewables – Proportion of delivery fleet that is electric – Energy consumption – Additional indicators related to water, land use and waste management are currently being investigated internally to determine if they are relevant.

	An internal working group will be set up in 2021 with the task of implementing the requirements of the EU Taxonomy. Austrian Post intends to disclose the proportion of its revenue linked to sustainable business activities from the 2021 financial year onwards. — The remuneration policy for members of the Management Board includes climate-related sustainability targets. Targets are related to the expansion of photovoltaic systems, the expansion of e-mobility and the implementation of environmental management systems to improve the company's energy efficiency. From 2021 onwards, sustainability targets will also be incorporated into variable remuneration components for the entirety of top management (first reporting level) in line with the new integrated corporate and sustainability strategy. See p. 50. — Indicators for Austrian Post are published in its Sustainability and Non-financial Reports. See p. 76ff.
b) Disclose Scope 1, Scope 2, and if appropriate Scope 3 greenhouse gas (GHG) emissions, and the related risks	— Austrian Post discloses all of its Scope 1, Scope 2 and Scope 3 GHG emissions in its annual Sustainability Report and Non-financial Report. See p. 37. — Carbon indicators are calculated on the basis of ISO 14064, which specifies requirements for the quantification and reporting of greenhouse gas emissions, and are therefore compliant with the requirements of the Greenhouse Gas Protocol. The indicators are validated every year by two external parties: the auditor of Austrian Post's annual financial statements and TÜV Austria. — There are currently no significant risks related to Scope 3 emissions. Additional possible sources of Scope 3 emissions will be analysed in 2021 to determine if they are relevant. If carbon emissions cannot be calculated on the basis of primary data, Austrian Post uses data from its own consumption units (fleet and property) instead.
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	— Austrian Post's main climate-related targets have been submitted to and certified by international institutions. – Science-based target: Reduce carbon emissions (Scope 1 to Scope 3) by 14% by 2025 (base year 2013) – EV100 target: All deliveries made using electric vehicles by 2030 — Austrian Post's environmental targets and the extent to which these targets have been reached are published annually in its Sustainability and Non-financial Reports. More information is available on p. 72ff.

TCFD Scenario Analysis

Austrian Post has performed a scenario analysis on the basis of the TCFD recommendations. It assessed how climate change would impact Austrian Post in the future based on TCFD guidance ("outside-in risks"). The first scenario analysis focused on the physical risks faced from climate change and their potential financial ramifications for Austrian Post.

An internal workshop identified the following physical risks as being material and appropriate for inclusion in a scenario analysis:

- Acute physical risks: extreme weather events, particularly hail. This risk was identified as an emerging risk worthy of continued monitoring in the internal ESG and TCFD risk process
- Chronic physical risks: periods of intense heat due to increasing temperatures in summer

see T08 Environment & Climate: Gross Risks on p. 57

The scenario analysis covered the period 2020 to 2040, in line with the climate change adaptation requirements which are expected to be included in the EU Taxonomy. We used representative concentration pathways (RPCs) adopted by the Intergovernmental Panel on Climate Change (IPCC) as a framework for the analysis.

The following scenarios were selected to cover the entire range of possible impacts:

- RCP2.6 (Decarbonisation scenario – Paris Agreement targets are met, with global warming limited to <2°C above preindustrial level by the end of the century)
- RCP8.5 (Business as usual scenario, global warming limited to >4°C by the end of the century)

Austrian climate data and sources were also used in the analysis to reflect a regional focus. European or global data from the IPCC and other sources was used whenever regional data was unavailable.

The company selected the following cost-inducing climate change parameters to model the negative impacts of climate change on Austrian Post:

- Chronic physical risks: impact of changes in average temperature on productivity and air conditioning
- Acute physical risks (hail): impact of increased damage to buildings and vehicles due to hail

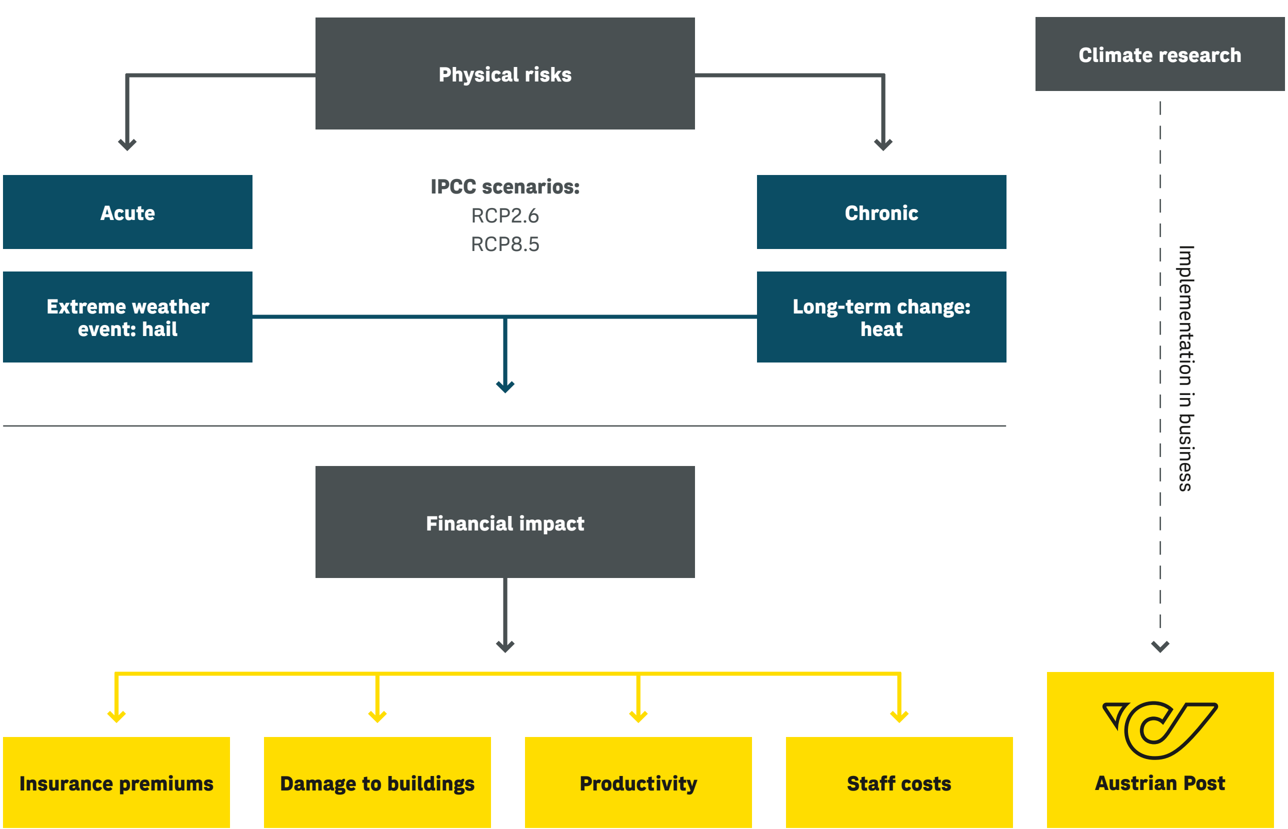
The following climate indicators were selected:

- Changes in summer weather and periods of warm temperatures in Austria were considered, but the quality of the data was considered too low to merit inclusion in the analysis
- Heat: change in monthly maximum temperature (°C) for June to September as a reference for decrease in productivity (2% per 1°C increase in temperature) and increased electricity costs for air conditioning (linear based on increase in temperature)
- Hail: this weather event is difficult to model and has been volatile in the past. As a result, it was not possible to provide any meaningful forecast for how hail events will impact Austrian Post financially in the future. An increase in hail damage is, however, expected in the future.

Based on a thorough review of the literature and an assessment of the climate indicators, the following conclusions were reached:

- Heat stress may result in lower productivity in future, particular in the warmest months of the year between June and September
- Increased power consumption and operating expenses (OPEX) for air conditioning due to an increase in cooling degree days and additional investment (CAPEX) required to install the necessary infrastructure.
- As it stands, hail events are not a suitable indicator for an acute climate risk due to a lack of data
- Austrian Post will continue to perform scenario analyses in future

G 13 **TCFD Scenario Analysis Approach**



ECONOMY & CUSTOMERS

The long-term economic success of the entire company is a high priority for Austrian Post. Key factors here are defending the company's position as a leader in Austria for the long-term and pursuing profitable growth in defined markets. Advancing digitalisation, growing competitive pressure and the internationalisation of markets are resulting in changes in the marketplace and posing challenges for the entire logistics industry. In the interest of ensuring sustained economic success, Austrian Post is actively addressing these changes with solutions that are viable for the future and tailored to meet customer needs. Innovation therefore plays an especially important role.

C COVID-19 accelerated all of these changes last year. Austrian Post saw a particularly steep decline in letter mail business and direct mail items, along with a significant increase in the number of parcels due to the boom in online shopping. Österreichische Post AG also needed to answer the question of how it was going to meet its universal service obligation and continue to serve the population despite the restrictions, all without making any compromises. These changes were a challenge for Austrian Post and the rest of the logistics sector. The company is actively adapting to these changes in order to safeguard its longterm economic success.

Concepts and Results

Austrian Post continually invests in the expansion and modernisation of its infrastructure and operating processes. In addition, it pursues an attractive dividend policy for the benefit of its shareholders. The company also aims to meet the growing needs of all customers by offering tailored products and services as well as leveraging growth potential. This strategic direction is in line with material topics identified by stakeholders as part of the materiality analysis focusing on business issues:

- Sustainable appearance & services for private customers
- Sustainable mail & parcel products
- Sustainable procurement
- Sustainable governance & compliance (this key area is covered in the Company & Responsibility section)
- Stakeholder value

Austrian Post has defined the following targets and measures in order to monitor its success and progress in the area of Economy & Customers.

T 14 Targets for the Material Topic: Sustainable Appearance & Services for Private Customers

Our aim

→ Increase in customer satisfaction

Strengthening Austrian Post in public perception and seamless customer experience

Objectives	Measures	Status
Improve customer satisfaction score to 73 by 2030	Numerous measures discussed in connection with material topics: sustainable appearance & services for private customers, sustainable mail & parcel products, stakeholder value	The average CSI score for Austrian Post in 2020 was 70 points
(Digital) services available 24/7 for everyone in Austria Double the use of self-service solutions by 2030	Expand various 24/7 services Expand range of online solutions	24/7 services in 2020: more than 51,000 pick-up boxes, 454 pick-up stations with 86,109 post office boxes, 463 drop-off boxes, 363 stamp vending machines A total of 13.3 million mail items sent using self-service machines Relaunch of post.at in 2020
SDG 12.2 shöpping carbon neutral in 2021	Same plan as Österreichische Post AG's CO_2 NEUTRAL DELIVERY initiative: 1. Avoid, 2. Alternative technologies, 3. Compensation	Austrian Post began drawing up the plan in 2020
SDG 8.10, 12.2 bank99 carbon neutral in 2022	Same plan as Österreichische Post AG's CO_2 NEUTRAL DELIVERY initiative: 1. Avoid, 2. Alternative technologies, 3. Compensation	Austrian Post began drawing up the plan in 2020

T 15 Targets for the Material Topic: Sustainable Mail & Parcel Products

Our aim

→ Develop products and services in line with social and environmental requirements

Objectives	Measures	Status
SDG 17.17 In 2021, Austrian Post intends to set up a roundtable with representatives from across the company to address issues related to direct mail items and parcels	Cooperation with other companies on joint measures to improve products	Work began on drawing up the plan in 2020
SDG 12.2 Life cycle assessments to be performed for "letter", "parcel", "direct mail" and "digital services" products by 2022	Implement improvements for own products based on life cycle assessment of "Das Kuvert" Conduct life cycle assessments for other products specified above	Complete life cycle assessment for "Das Kuvert" in 2020 Implement improvements for own products based on life cycle assessment of "Das Kuvert" in 2021 Assess possibility of conducting additional life cycle assessments

T 16 Targets for the Material Topic: Sustainable Procurement

Our aim

→ Best practices for sustainable procurement among ATX companies

Objectives	Measures	Status
SDG 12.2, 12.5 80% of main suppliers to have recognised sustainability certification by 2025	Perform supplier assessments as part of the vendor integrity check process Draw up an internal sustainable procurement policy	Vendor integrity checks were performed for 176 suppliers in 2020 Procurement figures were analysed in 2020 to identify the proportion linked to sustainable business activities Austrian Post plans to define sustainability criteria and recognised certificates in 2021

T 17 Targets for the Material Topic: Stakeholder Value

Our aim

→ Create short-term, medium-term and long-term (i.e. sustainable) value for our stakeholders

Objectives	Measures	Status
SDG 8.5, 8.10 Steady increase in revenue (revenue of EUR 3bn by 2030) Sustainably high profitability and continuation of the attractive dividend policy (>75% net profit)	Measures related to strategic focus areas and six markets to increase revenue while maintaining a commitment to sustainability, diversity and customer orientation Ongoing optimisation of structures and processes to enhance efficiency	In 2020, Austrian Post generated revenue of EUR 2.2bn Dividend of EUR 1.60 per share subject to the approval of the Annual General Meeting scheduled for 15 April 2021
Number of sites in excess of the 1,650 required by law Ensuring reliable delivery at all times and exceeding legal requirements by Österreichische Post AG	Ensuring a nationwide network of postal service points that exceeds legal requirements High-quality nationwide delivery	Austrian Post had 1,765 postal service points in 2020, exceeding the legal minimum requirement once again Both delivery indicators outperformed legal universal service obligations in 2020: 95.6% of letters delivered on the next working day, and 92.8% of parcels addressed to private individuals delivered with two working days

Sustainable Appearance & Services for Private Customers

Austrian Post knows what its customers want and expect – a key cornerstone of any company's success. This is the only way to be successful over the long term and develop tailored solutions and innovations for private customers. Austrian Post focuses on the needs of its customers and constantly works on new products and services which perfectly respond to the current demand for greater flexibility. Austrian Post always develops new solutions with sustainability in mind so that its products and services are fit for the future and meet the needs of its customers.

Austrian Post is continuously working on innovations to supplement its range of products and services in response to changes in the lifestyles and demands of customers. In this regard, customer comfort and service quality are always at the forefront of the company's efforts. Customer orientation and the high level of service provided by employees are reflected in Österreichische Post AG's positive customer satisfaction ratings, which are measured quarterly by an outside institute.

Customer satisfaction was measured on a quarterly basis during the reporting period by the Institute for Empirical Social Studies (IFES). The "Customer

Satisfaction Index" (CSI) encompassing customer satisfaction and customer loyalty is determined by means of a representative survey with a sample size of n = 2,000 per wave. On the CSI scale, a score below 50 is considered critical, with scores between 51 and 60 points considered moderate. Scores above 61 are good. Scores above 70 are very good. Scores of 81 up to the maximum of 100 points are outstanding. The average CSI score for Austrian Post in 2020 was 70 points, as it has been since 2018. Prior to 2018, Austrian Post's average CSI score was lower than 70, but improved steadily. Austrian Post is very proud of this achievement. Its initial score was 64 points in 2011.

Reliable customer service plays a significant role in ensuring that customers are satisfied. Customers can get in touch by email, contact form or Facebook if
C they have any questions, comments or concerns. This service was particularly popular during the year under review due to all of the changes and uncertainty caused by the COVID-19 pandemic. Austrian Post's website was accessed 146 million times in the year under review.

Sustainable Mail & Parcel Products

Austrian Post is always looking for ways to improve how it delivers letters and parcels. This involves improving processes and focusing on sustainability. Austrian Post brings digital and analogue offerings together to provide business customers with services which go beyond traditional logistics. These include innovative solutions that they can use to optimise their own internal processes. These range from input management through to modular mail processing services, cutting edge document management services and output management.

Austrian Post works in partnership with a wide range of companies to offer high-quality services across a large geographical area. That is how Austrian Post has kept its network efficient for so many years. Subsidiaries in Austria, nine other European countries and Turkey provide services that complement the core business and constantly provide new opportunities for development. All subsidiaries help the company to succeed by bringing their expertise to the Austrian Post family. This versatility makes Austrian Post more varied, more innovative, more creative and stronger.

Sustainable Procurement

Responsible conduct and integrity are very important – not just in the company's own processes, but in all business relationships. Austrian Post is aware of its role in the supply chain and assumes responsibility along the entire value chain. Efforts are made to ensure that the Group's suppliers share its values when it comes to the environment, taking responsibility and human rights.

As a service provider, Austrian Post's core activities involve receiving, sorting and delivering mail items. In order to fulfil these tasks, Austrian Post requires technical equipment, machinery, supplies, vehicles, IT and other services, such as shipping companies, which help Austrian Post with its deliveries. Austrian Post therefore distinguishes between procurement for its core business (particularly infrastructure and logistics) and purchasing on behalf of its administration (IT as well as indirect materials and services).

Focus on Sustainable Regional Procurement

Within the context of its responsible procurement policy, Austrian Post considers environmental and social factors in addition to price, quality and delivery time. Austrian Post's 2030 sustainability master plan defines targets and an action plan for sustainable procurement as part of its overall corporate and sustainability strategy. As part of this strategy, Austrian Post began the process of determining how much of its procurement spend was allocated to sustainable products in 2020. This analysis showed that 17% of the procurement spend is already linked to defined sustainability strategies. Individual sustainability measures are in the process of being implemented for a further 40% of expenses. Austrian Post will draw up an internal sustainable procurement policy in 2021. The processes and criteria defined in this policy will be used to ensure that the company's procurement processes have a focus on sustainability. The plan is to roll this policy out within Austrian Post and its subsidiaries so that it comes into effect in 2021.

Group Procurement is responsible for an annual order volume of around EUR 700m. Accordingly, Österreichische Post AG ranks among the leading contracting entities in the Republic of Austria. Regional structures are already used in the company's procurement policy – around 92% of the approximately 6,000 suppliers used are located in Austria. This means that Austrian suppliers account for more than 87% of the total purchasing volume.

Code of Conduct for Suppliers

Austrian Post is aware of its role in the supply chain and the associated consequences of its purchasing decisions. It therefore demands consistent compliance with environmental and social standards from all suppliers. These requirements are set out in the Code of Conduct for Suppliers.

The Code of Conduct for Suppliers of Austrian Post has been part of the standard documents included in tendering procedures since 2012. Austrian Post suppliers are subject to the Group's own Corporate Procurement Policy and are required to adhere to the minimum social standards stipulated in the Code of Conduct for Suppliers.

With respect to all external suppliers with which Austrian Post wants to establish strategically important, financially material or long-term business relationships, a risk assessment is regularly carried out on a medium-term basis in order to minimise the purchasing risk and above all default and dependency risks.

Vendor Integrity Check

One tool used to monitor compliance with the Code of Conduct and ensure that human rights are upheld in Group Procurement is the vendor integrity check (VIC), which is a compliance verification procedure.

Suppliers are subject to a vendor integrity check starting at an annual net purchasing volume of at least EUR 1m, or for high-risk categories starting at a volume of EUR 50,000. This enables Austrian Post to verify compliance with the Code of Conduct for Suppliers. In addition to compliance-related aspects, this evaluation also encompasses sustainability criteria such as human rights and labour laws, health and safety, environmental protection as well as ethics and corporate responsibility. Austrian Post has used a system-supported process for the VIC since 2018. A social monitoring solution was added in 2019. This automated approach considerably increases the data security and quality of the compiled information. Subsequently, the data is reviewed by the Compliance department and Group Procurement.

If critical issues arise, suppliers are requested to provide an explanation. If a supplier does not meet the criteria of the VIC, appropriate measures are agreed in conjunction with the Compliance department and their implementation is verified. There were six such cases in 2020. Austrian Post is continuously working on improving its upstream review process to enhance its supplier management procedures.

Group companies, i.e. subsidiaries, also perform services for Austrian Post and are therefore also considered suppliers. However, they do not undergo the VIC because they are integrated into Austrian Post's compliance management system. Postal companies in other countries with which cooperation agreements have been signed are also exempt from VICs. International partnerships and the conditions underlying cross-border postal traffic are regulated by the Universal Postal Union.

Policies

The corporate and local procurement policies further stipulate that all business relationships must be oriented to ethical principles and correspond to the requirements of fairness. All purchases over EUR 100,000 are subject to the Corporate Procurement Policy. The Local Procurement Policy supplements the Corporate Procurement Policy for purchases under EUR 100,000 in value.

The policies also take sustainability into account. Another principle calls for environmentally and socially responsible procurement and supplier relationships in line with the sustainability strategy. The rules in the procurement policy relating to procurement excellence (quality standards, reporting and supplier evaluation) and compliance apply to all Group Procurement activities. Added to this are the portion of procurement activities that are handled decentrally by the operating division. The compliance rules also apply for cases on the exceptions list which are subject to special rules in line with the procurement policy of Austrian Post.

Stakeholder Value

Austrian Post has been a universal services provider since full-scale market liberalisation took effect in Austria, guaranteeing the supply of high-quality postal services throughout the country. When it comes to ensuring reliable postal services, there are two societal trends that play an important role for Austrian Post: demographic change and people's altered lifestyles. Demographic change is associated with changing customer needs. Austrian Post provides a customer-focused range of products and services to meet these needs and keep customer satisfaction on an upwards trend.

Regional Infrastructure and Reliability of Supply

The parent company Österreichische Post AG is required to fulfil its obligation to supply high-quality universal postal services daily to every household across

Austria at a uniform price and to operate a nationwide branch network. Due to Österreichische Post AG's obligation to provide universal service, this topic only applies to Österreichische Post AG and not to its Group companies. Every day, Österreichische Post AG delivers letters and parcels throughout Austria. In order to safeguard the supply of basic postal services to the Austrian population, Österreichische Post AG offers nationwide services and delivers billions of mail items annually. Österreichische Post AG fulfils its mandate in outstanding quality: in 2020, 95.6% of all letters were delivered on the next working day, and 92.8% of parcels to private individuals were delivered within two working days.

Both levels are higher than what is legally stipulated in the context of the universal service obligation. Thanks to a broad range of online and offline services, Austrian Post takes into account customer needs and integrates them into its core business via everyday solutions. The optimisation of facilities and processes ensures efficient logistics. This leads to improved customer satisfaction. Österreichische Post AG's reputation and, as a result, the annual Customer Satisfaction Index are factors that influence the long-term growth of the company.

C Austrian Post has remained steady and reliable throughout the coronavirus pandemic, and is playing its part in maintaining the country's critical infrastructure. It delivers mail to four million households every day and never lets deliveries drop, even in areas under quarantine. Forty additional post boxes were set up in areas of high footfall for the Vienna elections as a significant increase in the number of people voting by post was anticipated this year due to the pandemic. A number of measures were introduced in the company's branches and for deliveries this year to keep customers and staff healthy and safe, including Plexiglas dividers at branches and postal partner sites, and contact-free deliveries.

S see p. 94, interview, p. 86f for information about the extensive range of health and hygiene measures we have implemented since the beginning of the pandemic

Added Value for Stakeholders

Austrian Post pursues the goal of generating sustainable added value on behalf of its stakeholders and society as a whole. The revenue of EUR 2.253,3m generated by Austrian Post in 2020 (incl. other operating income) was offset by advances in the amount of EUR 1.039,1m. The resulting added value of Austrian Post totalling EUR 1.214,2m was mainly distributed to employees directly in the form of wages and salaries and indirectly via social contributions. The total amount assigned to employees was EUR 1.044,0m.

A refer to the Annual Report 2020 p. 103ff for more information about the earnings situation

Payments of Österreichische Post AG to the Republic of Austria

For the 2020 financial year, the majority owner (52.85%) of Österreichische Post AG, namely Österreichische Beteiligungs AG – ÖBAG, will receive EUR 57.1m in dividends from the total dividend payout of EUR 108.1m (subject to approval by the Annual General Meeting on 15 April 2021). Moreover, EUR 44.4m was paid to the Republic of Austria as taxes and duties.

Payments of the Republic of Austria to Österreichische Post AG

Österreichische Post AG benefits from public sector funding for individual projects, and also actively participates in projects funded by the European Commission, such as “Smarter Together”. The support and knowhow of the Climate and Energy Fund, the Austrian Research Promotion Agency, the Vienna Business Agency and other government funding bodies enables the company to implement projects featuring a high level of research and innovation and/or relevance to environmental protection.

The objective of several mobility projects is to further expand climatefriendly mobility solutions in the form of evehicle fleets. These projects are financed largely by the European Agricultural Fund for Rural Development (EAFRD) of the European Union and the Federal Ministry for Sustainability and Tourism.

A central funding management unit was created to optimally support project managers. As a competent internal and external contact partner, the company provides assistance on everything from application submission to the invoicing of project costs.

Capital Market – Stable Dividends

An attractive dividend policy is not only a key cornerstone of the company's investment story, but also the foundation of its entire corporate philosophy. At least 75% of the Group's net profit should be distributed to shareholders each year. For the 2020 financial year, the Management Board will propose a dividend payment of EUR 108.1m (equivalent to EUR 1.60 per share) to shareholders to the Annual General Meeting scheduled for 15 April 2021.

The company's dividend policy is based on a solid business model and strong cash flow from operating activities. Earnings before financial result and income tax (EBIT) of EUR 161m were generated in 2020. The operating free cash flow came to EUR 125.7m following EUR 67.8m in maintenance investments and can therefore cover the planned dividend payout. The operating free cash flow thus forms a solid base on which the company will be able to make investments and pay dividends in the future. With a dividend yield of 5.6% at the end of 2020, we rank among the most attractive dividend stocks both in Austria and internationally of the last few years.

Non-financial Indicators

	Österreichische Post AG		Austrian Post Group	
Indicators	2019	2020	2019	2020
Number of supplier assessments (Vendor Integrity Check)	–	–	123	176
Number of postal service points	1,770	1,765	Not applicable[1]	Not applicable[1]
Delivery success rate on the first working day after posting	95.4% of mail items were delivered on the first working day after posting	95.6% of mail items were delivered on the first working day after posting	Not applicable[1]	Not applicable[1]
Customer satisfaction (Customer Satisfaction Index value)[2]	The average good CSI value was 70 points	The average good CSI value was 70 points	Indicator not available at Group level	Indicator not available at Group level

[1] These indicators are not applicable to the Group companies of Austrian Post in light of the fact that they are not subject to the universal service obligation.
[2] Customer Satisfaction Index (CSI) value on a scale from 0–100, < 50 points: critical, 51–60: moderate, 61–70: good, 71–80: very good, 81–100: excellent

Financial Indicators

T 18 Analysis of Value Creation

	Österreichische Post AG[1]		Austrian Post Group[2]	
EUR m	2019	2020	2019	2020
ORIGIN				
Revenue and other operating income	1,945.8	1,927.1	2,153.0	2,253.3
less advances	–830.3	–825.8	–965.7	–1,039.1
thereof materials and purchased services	–392.5	–464.7	–473.3	–596.2
thereof other operating expenses	–370.4	–286.1	–374.4	–300.7
thereof depreciation and amortisation	–67.5	–75,0	–118.1	–142.2
ADDED VALUE	**1,115.5**	**1,101.3**	**1,187.3**	**1,214.2**
DISTRIBUTION				
to employees (salaries, social contributions)	912.2	940.8	980.1	1,044.0
to shareholders (dividends)	140.5	108.1[3]	140.5	108.1[3]
to the Republic of Austria (taxes)	57.5	41.5	61.6	44.4
to creditors (interest)	0.2	0.2	4.7	5.1
Balance	5.1	10.8	0.3	12.7
ADDED VALUE	**1,115.5**	**1,101.3**	**1,187.3**	**1,214.2**

[1] Pursuant to Austrian Commercial Code (UGB)
[2] Pursuant to IFRS
[3] Proposal to the Annual General Meeting on 15 April 2021

ENVIRONMENT & CLIMATE

As a logistics company, Austrian Post bears a huge responsibility, particularly for the environment. In order to fulfil its responsibility, Austrian Post analyses global developments and challenges, and aligns its concepts and measures in view of this.

Megatrends which pose challenges for Austrian Post are global climate change, local emissions, and the shortage of resources and the resulting energy transition. In particular, globalisation and the continuing increase in international trade are having a major impact on the environment and the climate, especially due to emissions of climate-changing greenhouse gases such as carbon dioxide.

Environment and Climate Strategy

Austrian Post wants to minimise the impact that its operations have on the environment to the greatest extent possible. The CO_2 NEUTRAL DELIVERY initiative has been running since 2011, making Austrian Post a pioneering company in Austria when it comes to its track record on environmental and climate action. Other important parts of the strategy are the science-based carbon reduction target, switching the delivery fleet over to electric vehicles or other alternative drives by 2030 and the consistent expansion of ISO 14001 certified environmental management systems.

Protecting the environment and preventing climate change also play a key role in the integrated corporate and sustainability strategy and the 2030 master plan. This ensures that environment and climate targets and measures are factored into everything the company does. Targets and measures are used to improve and monitor performance in four key areas (green & efficient mobility, green & efficient buildings, resource-efficient processes and the circular economy).

The reduction of carbon emissions, and thus the CO_2 NEUTRAL DELIVERY initiative, plays a key role in the company's efforts in the field of climate protection and energy. All mail items within Austria are delivered by Österreichische Post AG in a carbon neutral manner. The first step of this initiative consists of taking measures to ensure greater efficiency in core processes, for example the energy optimisation of buildings and lighting, and the continuous renewal of the vehicle fleet.

The second step involves the increased use of alternative technologies. Austrian Post operates six photovoltaic plants and is the largest operator of e-vehicle fleets in Austria. The energy generated by the photovoltaic plants nearly supplies sufficient electricity to power the entire Österreichische Post AG electric vehicle fleet without greenhouse gas emissions.

All the remaining unavoidable carbon emissions are offset in a third step by supporting national and international climate protection projects.

In order to enhance credibility, the carbon neutral delivery of all mail items by Österreichische Post AG is confirmed each year by TÜV Austria. More than 200 customers now use the logo in their communications, recognising that the carbon neutral delivery of their mail items also improves the carbon footprint of Austrian Post's customers.

In 2017, Österreichische Post AG defined a science-based target stipulating a further 14% reduction in emissions by the year 2025 compared to the base year of 2013. Since the calculation of the first science-based target in 2016, the assumptions for calculating growth in the parcel business and the framework conditions have changed significantly. As a result, a new science-based target will be calculated in 2021. This new target will be in line with limiting global warming to 1.5°C. Emissions also climbed by 23.5% in 2020 in comparison to the base year. The strong organic growth in the parcel segment (+138% in the period from 2013 to 2020) and the larger parcel volumes resulting from the partnership with Deutsche Post DHL increased the kilometres driven by Austrian Post. This led to the vehicle fleet consuming more energy and an increase in carbon emissions.

Austrian Post compiles all relevant indicators required to calculate carbon emissions at Group level and in accordance with ISO 14064 Part 1. All indicators and calculations are verified by external audits. Österreichische Post AG's data is also certified according to ISO 14064. This process ensures that the necessary due diligence will be exercised in compiling key figures for the material topic of climate protection.

T 19 Environmental and Climate Strategy: Carbon Targets

Our aim

→ Decarbonisation of logistics thanks to environmental efficiency at all stages of the value chain

Objectives	Measures	Status
SDG 13.1, 13.2, 13.3 Ambitious carbon reduction targets	Calculate a new science-based target to reduce emissions by −40% between 2020 and 2030 Define a relative carbon emission target of −70% by 2030 compared to 2010	Austrian Post has begun the process of calculating a new science-based target for a 1.5°C economy as part of a company-wide project headed up by the WWF and supported by the Climate and Energy Fund. The new target will be submitted to the Science Based Targets initiative in 2021 (SBTi)
SDG 7.2, 7.3, 13.1, 13.2, 13.3, 13.3b Science-based carbon reduction target: reduce carbon emissions by 14% by 2025 (base year: 2013)	Continuation of the CO_2 NEUTRAL DELIVERY initiative – measures to support the material topics of green and efficient mobility, green and efficient buildings and resource-efficient processes	Österreichische Post AG's carbon emissions have increased by 23.5% (compared to base year 2013) due to rising parcel volumes up 138% between 2013 and 2020

Environment & Climate targets are available on p. p. 81

Concepts and Results

Austrian Post has been consistently integrating environmental activities into its core business for many years in order to manage its ecological footprint from year to year. The measures taken by Austrian Post in the Environment & Climate area are tailored to reflect the material topics:

- Green & efficient mobility
- Green & efficient buildings
- Resource-efficient processes
- Circular economy

Austrian Post see protecting the environment and preventing climate change as an ongoing process. For this reason, it regularly evaluates its priorities, objectives and measures, and adjusts them if necessary.

In order to manage and monitor its environmental performance, Austrian Post has defined the following targets and measures:

T 20 Targets for the Material Topic: Green & Efficient Mobility

Our aim

→ Mobility based on renewable low-carbon energy

Objectives	Measures	Status
SDG 13.1, 13.2, 13.3, 13.3b Add exclusively electric vehicles to the delivery fleet from 2024 onwards 100% electric vehicles for the last mile of delivery by 2030	Steady addition of electric vehicles to delivery fleet	2,047 electric vehicles were in use at Österreichische Post AG at the end of 2020, or 22.4% of all delivery vehicles

	Expanding green deliveries (on foot, electric bicycles, electric mopeds, electric cars) to new areas	Green deliveries of letters and direct mail (on foot, electric bicycles, electric mopeds, electric cars) in state capitals: Bregenz: 87% Eisenstadt: 95% Graz: 66% Innsbruck: 71% Klagenfurt: 72% Linz: 57% Salzburg: 48% St. Pölten: 65% Vienna: 97%
	Shifting all mail and parcel deliveries in Graz from diesel-powered vehicles to 100% electric vehicles by 2022	Austrian Post began the process of ensuring emission-free deliveries for all letters and parcels in Graz in 2020. By 2021, all deliveries will be made on foot or using electric vehicles or bicycles
SDG 13.1, 13.2, 13.3, 13.3b 100% electric management and sales fleet by 2030	Increase proportion of electric vehicles in management fleet Draw up a modern and environmentally friendly mobility scheme for employees	19 electric management vehicles were in use in 2020. This number is going up continuously Company bicycle-sharing stations were installed at two sites in 2020. Employees can use the bicycles for short business trips A new mobility scheme for employees will be drawn up in 2021
SDG 7.3, 12.2 Increase vehicle utilisation from 77% to 80% in transport logistics between 2020 and 2025 Test, procure and use alternative engines in company truck fleet depending on availability More procurement of trucks with exclusively alternative drives from 2030 onwards	Technical solutions to increase efficiency and safety	All 145 Austrian Post trucks were fitted with turning assistants in 2020 to keep the population safe Three trucks were fitted with photovoltaic systems in 2020 to reduce fuel consumption Liquid natural gas (LNG) truck ordered and set to go into service in 2021

T 21 Targets for the Material Topic: Green & Efficient Buildings

Our aim

→ Develop and operate our buildings with a focus on eco-efficiency

Objectives	Measures	Status
SDG 7.2, 7.3, 13.1, 13.2, 13.3, 13.3b Stabilise carbon emissions produced by Austrian Post real estate	Use electricity from renewable energy sources	Österreichische Post AG has been using electricity from renewable energy sources since 2012 Since 2017, all of Österreichische Post AG's electricity has come from renewable energy sources in Austria. Companies in the Austrian Post Group have procured all of their electricity from renewable energy sources in Austria since 2018
SDG 7.2 Double proportion of internally generated electricity from renewable energy sources by 2030	Expand photovoltaic systems	Austrian Post currently uses six photovoltaic systems with a combined rating of around 2,400 kWp. New systems with a rating of 1,300 kWp are in the planning stage; Austrian Post intends to add a further 2,500 kWp. Approval of a pilot project for a new energy plan for the planned base in Bruck an der Leitha: combined photovoltaic system & energy storage & e-mobility Installation of photovoltaic systems at all new logistics centres and post bases →

SDG 7.3 Improve efficiency of thermal energy per m² by 10% by 2030	Carry out energy audits in accordance with the Energy Efficiency Act (EEffG) and implement energy efficiency measures	Implementation of ten energy efficiency measures in the categories of lighting, room heating, electricity measurement and water heating at Österreichische Post AG and its national Group companies
		Gradual phasing out of oil as a heating fuel
SDG 12.2, 12.5 Use a variety of projects to implement sustainable infrastructure standards by 2026	Promoting sustainable new buildings	Use regional wood from Austria to build the hall at the new Styria logistics centre in Kalsdorf and the Thalgau logistics centre in the state of Salzburg
	Biodiversity measures	Use regional wood from Austria to build the hall at the new Styria logistics centre in Kalsdorf and the Thalgau logistics centre in the state of Salzburg
		Draw up a green space plan for the new Tyrol logistics centre
		Continue funding for eight bee colonies at the Vienna Letter Mail Centre
		Installation and maintenance of the green roof of the Vienna Letter Mail Centre which provides a habitat for endangered crested lark (red list) and wild bee swarms

T 22 Targets for the Material Topic: Resource-efficient Processes

Our aim

→ Make sure our processes are efficient in terms of resources

Objectives	Measures	Status
SDG 7.3, 12.5, 13.3 Company headquarters, all logistics centres and delivery bases with more than 70 employees ISO 14001 certified by 2025	Ensure more sites are ISO 14001 certified	An additional Austrian Post site was ISO 14001 certified in 2020. Four of Austrian Post's logistics centres and the entirety of Group company Medien.Zustell GmbH are ISO 14001 certified
	Waste optimisation and quality assurance projects at some sites	Waste disposal processes have been redesigned and optimised from a logistics perspective at multiple sites in Styria
SDG 7.3, 12.5, 13.3 Implement Environment and Energy Coach programme to raise awareness of all employees at these sites by 2030	Make employees more aware of waste issues	Employees at the two largest ISO 14001 certified sites were given practical training on waste management. Practical training on the same topic was also provided for all staff at the Group company Medien.Zustell GmbH
	Focus on sustainability for meetings and events	New catering for "Post am Rochus" corporate headquarters using regional and seasonal products; deliveries made using electric vehicles
		All major events (annual kick-off, Christmas party, Brochure Award, Annual General Meeting) have been held and certified as Green Events since 2019. The internal policy for sustainable events is used for smaller events

T 23 Targets for the Material Topic: Circular Economy

Our aim

→ Contribute to the circular economy

Objectives	Measures	Status
SDG 12.5 Develop a range of reusable packaging solutions by 2021 Start selling reusable packaging solutions from Austrian Post by 2022	Partnerships with customers, research institutions, etc. to promote circular economy	Project launched with an Austrian research institution (FH Steyr) evaluating reusable shipping solutions for parcels

Green & Efficient Mobility

Austrian Post is committed to using a modern and sustainable fleet. Fuel consumption is being significantly reduced in order to lower carbon emissions. The aim is to use vehicles with alternative drives for deliveries, transport logistics and management whenever possible. In 2020, Österreichische Post AG increased the number of electric vehicles in its fleet by 17% compared to the previous year. There are 2,047 vehicles in the electric fleet, making it the largest electric fleet in the country.

Green & Efficient Buildings

An important factor in reducing carbon emissions is improving the energy efficiency of buildings. For this reason, building renovation and energy efficiency measures are a key aspect of the sustainability strategy pursued by Austrian Post and its Group companies. Österreichische Post AG has been procuring all the electricity it needs solely from renewable energy sources since 2012. In 2018, Österreichische Post AG and all its Austrian Group companies began exclusively using green electricity from Austrian sources. Four major logistics sites and one office building use power generated by their own photovoltaic systems. Austrian Post also uses LED lighting in its buildings.

Resource-efficient Processes

When it comes to resource efficiency, the focus is on the conscious use of resources. This requires an analysis of the materials used by the Group and subsequent proactive management. A key instrument in increasing resource efficiency is the environmental management system in accordance with the ISO 14001 standard applied by Austrian Post since 2016. Raising awareness of environmental issues among employees leads to materials being used more consciously within the company. The Vienna Letter Mail Centre, Österreichische Post AG's largest logistics centre, along with the Wernberg Parcel Centre, the Hagenbrunn logistics centre, the Thalgau base and the entire Group company Medien.Zustell GmbH are now certified according to ISO 14001.

Circular Economy

Responsible waste and recycling management also play an important role with respect to the issue of resource efficiency. In the spirit of ensuring sustainable waste management, measures are taken to keep the waste produced by the Group's parent company and its domestic subsidiaries to a minimum. If waste cannot be avoided, it is disposed of properly.

Non-financial Indicators

Austrian Post compiles key energy indicators relating to its property holdings and vehicle fleet for Österreichische Post AG and all consolidated Austrian and international subsidiaries. The figures are compiled according to special operating procedures. All indicators and calculations are verified in external audits. This process ensures that the necessary due diligence will be exercised in compiling key figures for the material topics in the area of Environment & Climate.

Environmental Indicators

Fundamentally speaking, all indicators are based on both actual data and extrapolations. These extrapolations are necessary due to the fact that the availability of actual data is limited at the time of data collection. The approach used in making extrapolations is continually evaluated and improved.

The strong growth in the parcel business has resulted in increases in most indicators compared to the previous year.

Moreover, trends in the respective indicators are only explained for Österreichische Post AG.

Energy Overview

Total energy consumption for Österreichische Post AG properties and vehicle fleet increased year-on-year by 12% to around 419m kWh. Energy consumption in the properties area rose by 5% to around 128m kWh. In the vehicle fleet, energy consumption grew by 15% to approximately 291m kWh. The main driver in both cases is the strong growth in parcel volumes (+30%) brought about by Austrian Post's partnership with Deutsche Post DHL and significant organic growth, which in turn was spurred by lockdowns imposed in response to the COVID-19 pandemic. Austrian Post added the delivery of Deutsche Post parcels to private individuals in Austria to its own existing logistics network in August 2019. The year-on-year growth driven by this partnership is therefore related to the period between January and August.

This integration and increase in volume required extended capacity in the logistics centres as well as in transport and vehicles.

		Österreichische Post AG			Austrian Post Group[1]		
	Unit	2018	2019	2020	2018	2019	2020
ENERGY CONSUMPTION – BUILDINGS AND VEHICLE FLEET	m kWh	**354.0**	**375.9**	**419.5**	**433.1**	**486.3**	**531.4**
Total energy consumption – buildings[2]	m kWh	121.6	122.3	128.2	139.8	145.5	149.2
Total energy consumption – vehicle fleet[3]	m kWh	232.4	253.6	291.3	293.3	340.8	382.2

[1] **Austrian Post Group 2018:** the indicators apply to the entire Austrian Post Group with the exception of the subsidiary Express One Hungary.
Austrian Post Group 2019: the indicators apply to the entire Austrian Post Group.
Austrian Post Group 2020: the indicators apply to the entire Austrian Post Group, with the exception of the subsidiary Aras Kargo a.s.

[2] The energy indicators for property and buildings include all Austrian Post space (offices, delivery bases, logistics centres, branch offices). The Österreichische Post AG indicators are based on actual data running up to the relevant internal reporting date in January of the following year.
The indicators for the subsidiaries are based on data made available up to the relevant internal reporting date in January of the following year. Extrapolations were made in some cases.

[3] The fleet indicators relate to all of Austrian Post's motorised vehicles and outsourced transport services in the respective countries. The indicators for Österreichische Post AG are based on actual data running up to 31 December in the year under review.
The indicators for the subsidiaries are based on data made available up to the relevant internal reporting date in January of the following year. Extrapolations were made in some cases.

Energy – Property and Buildings

The amount of area covered by buildings went up due to logistics centres being expanded to double sorting capacities.

The amount of electricity consumed in buildings went up in the year under review due to the higher volume of mail items. While there was a decline in the volume of traditional letters (-7%) and direct mail items (-12%) due to lockdowns being imposed in response to COVID-19, parcel volumes increased (+30%).

		Österreichische Post AG			Austrian Post Group[1]		
	Unit	2018	2019	2020	2018	2019	2020
BUILDING SPACE	m^2	1,055,669	1,112,936	1,141,285	1,209,874	1,319,093	1,357,034
TOTAL ENERGY CONSUMPTION – BUILDINGS[2]	m kWh	121.6	122.3	128.2	139.8	145.5	149.2
Natural gas	m kWh	32.7	32	33.7	38.9	41.3	42.2
Heating oil	m kWh	2.0	2.4	2.1	2.1	2.5	2.1
District heat	m kWh	30.3	31.1	33.0	33.0	33	34.6
Biomass	m kWh	0.0	0.0	0.0	0.0	0.0	0.3
Electricity (total)	m kWh	56.6	56.8	58.7	65.8	68.7	69.2
thereof electricity from renewable energy sources	m kWh	55.4	55.4	57.6	59.0	59.2	61.7
thereof electricity from company's own photovoltaic plants	m kWh	1.4	1.3	1.6	1.6	1.3	1.6
thereof grey electricity	m kWh	1.2	1.4	1.1	6.8	9.4	7.5

[1] **Austrian Post Group 2018:** the indicators apply to the entire Austrian Post Group with the exception of the subsidiary Express One Hungary.
Austrian Post Group 2019: the indicators apply to the entire Austrian Post Group.
Austrian Post Group 2020: the indicators apply to the entire Austrian Post Group, with the exception of the subsidiary Aras Kargo a.s.

[2] The energy indicators for property and buildings include all Austrian Post space (offices, delivery bases, logistics centres, branch offices). The Österreichische Post AG indicators are based on actual data running up to the relevant internal reporting date in January of the following year.
The indicators for the subsidiaries are based on data made available up to the relevant internal reporting date in January of the following year. Extrapolations were made in some cases.

NON-FINANCIAL REPORT

MANAGEMENT REPORT

Energy – Vehicle Fleet

The distance driven went up by 8% due to the increased parcel volumes. Parcel volumes went up due to two factors:

- Austrian Post entered into a partnership with Deutsche Post DHL in August 2019. Under the terms of this partnership, Austrian Post handles the delivery of parcels sent to private households through Deutsche Post DHL. These parcels are included in Österreichische Post AG's parcel volumes.
- There was a significant amount of organic growth in parcel volumes in 2020, spurred by COVID-19 lockdowns. Both buyers and sellers showed a greater willingness to use e-commerce in the year under review.

The increase in the vehicle fleet's energy consumption outpaced the rise in the distance driven as the boom in parcel volumes has made it necessary to use a higher proportion of heavier vehicles which consume more energy. This trend was also driven by the significant increase in the number of bulky parcels being delivered. Austrian Post optimised the utilisation of all possible capacities in its own fleet of vehicles. Shipping partners account for the majority of the increased energy consumption.

		Österreichische Post AG			Austrian Post Group[1]		
	Unit	2018	2019	2020	2018	2019	2020
DISTANCE DRIVEN[2]	m km	**170.1**	**185.8**	**200.9**	**229.4**	**266.8**	**283.8**
TOTAL ENERGY CONSUMPTION – VEHICLE FLEET[2]	m kWh	**232.4**	**253.6**	**291.3**	**293.3**	**340.8**	**382.2**
thereof company's own vehicle fleet	m kWh	146.5	151	160.0	178.6	207	194.1
thereof electricity consumption for e-mobility	m kWh	1.2	1.5	2.3	1.2	1.5	2.3
thereof external vehicle fleet	m kWh	85.9	102.6	131.2	114.7	133.8	188.1

[1] **Austrian Post Group 2018:** the indicators apply to the entire Austrian Post Group with the exception of the subsidiary Express One Hungary.
Austrian Post Group 2019: the indicators apply to the entire Austrian Post Group.
Austrian Post Group 2020: the indicators apply to the entire Austrian Post Group, with the exception of the subsidiary Aras Kargo a.s.

[2] The fleet indicators relate to all of Austrian Post's motorised vehicles and outsourced transport services in the respective countries. The indicators for Österreichische Post AG are based on actual data running up to 31 December in the year under review.
The indicators for the subsidiaries are based on data made available up to the relevant internal reporting date in January of the following year. Extrapolations were made in some cases.

Emissions

Österreichische Post AG's carbon emissions (Scope 1–3) rose by 13% compared to the previous year. Carbon emissions within the company's direct sphere of influence (Scope 1 and 2 emissions) only went up by 5% compared to the previous year. There was a 28% increase in Scope 3 emissions, which Austrian Post is unable to influence directly. These rises were driven by the strong growth in parcel volumes (+30%) brought about by Austrian Post's partnership with Deutsche Post DHL Group and significant organic growth, which in turn was spurred by lockdowns imposed in response to the COVID-19 pandemic. This partnership and the increase in volumes made it necessary for Austrian Post to increase the capacity of its logistics centres, as well as its transport and vehicle capacities.

		Österreichische Post AG			Austrian Post Group[1]		
	Unit	2018	2019	2020	2018	2019	2020
TOTAL CO_2e EMISSIONS (SCOPE 1–3)[2] ACCORDING TO THE GREENHOUSE GAS PROTOCOL	t CO_2e	**71,389**	**76,946**	**86,949**	**92,361**	**105,546**	**115,509**
TOTAL CO_2e EMISSIONS (SCOPE 1–2)[2] ACCORDING TO THE GREENHOUSE GAS PROTOCOL	t CO_2e	**49,430**	**50,764**	**53,485**	**62,788**	**71,439**	**67,586**
TOTAL CO_2e EMISSIONS (SCOPE 3)[2] ACCORDING TO THE GREENHOUSE GAS PROTOCOL	t CO_2e	**21,959**	**26,182**	**33,464**	**29,573**	**34,106**	**47,923**
CO_2e EMISSIONS – BUILDINGS	t CO_2e	**12,365**	**12,701**	**13,316**	**17,575**	**19,155**	**18,761**
CO_2e Scope 1 – buildings	t CO_2e	7,078	7,238	7,584	8,819	9,122	9,300
Natural gas	t CO_2e	6,541	6,400	6,741	8,251	8,265	8,444
Liquid gas	t CO_2e	0	179	151	0	179	151
Heating oil	t CO_2e	537	659	556	567	678	569
Coolant in air conditioning systems	t CO_2e	0	0	136	0	0	136
CO_2e Scope 2 – buildings[3]	t CO_2e	5,287	5,462	5,732	8,756	10,033	9,461
District heat	t CO_2e	4,991	5,105	5,445	5,543	5,500	5,785
Biomass	t CO_2e	0	0	0	0	0	5
Electricity	t CO_2e	296	358	287	3,213	4,533	3,670
CO_2e EMISSIONS – VEHICLE FLEET	t CO_2e	**59,024**	**64,245**	**73,633**	**74,786**	**86,391**	**96,749**
CO_2e Scope 1 – company's own vehicle fleet	t CO_2e	37,065	38,063	40,169	45,213	52,285	48,826
CO_2e Scope 3 – external vehicle fleet	t CO_2e	21,959	26,182	33,464	29,573	34,106	47,923

[1] **Austrian Post Group 2018:** the indicators apply to the entire Austrian Post Group with the exception of the subsidiary Express One Hungary.
Austrian Post Group 2019: the indicators apply to the entire Austrian Post Group.
Austrian Post Group 2020: the indicators apply to the entire Austrian Post Group, with the exception of the subsidiary Aras Kargo a.s.

[2] All gases named by the GRI are taken into account when calculating Scope 1, Scope 2 and Scope 3 emissions. In order to meet GRI requirements, Österreichische Post AG's CO_2e emissions for the base year 2013 are listed as follows: CO_2e Scope 1 – road transport (company's own transport): 35,199 t; CO_2e Scope 1 – buildings: 8,887 t; CO_2e Scope 2 – buildings: 6,346 t; CO_2e Scope 3 – partner companies: 19,951 t. These figures are for Österreichische Post AG only. The difference to previously published CO_2e emissions for the year 2013 arises from not taking account of Post Wertlogistik GmbH.

[3] The calculation of Scope 2 emissions (electricity and district heat) for Österreichische Post AG is carried out in line with the market-based method. This means supplier-specific emission factors are used if available. When Scope 2 emissions are calculated using the location-based method (no supplier-specific emission factors, no green electricity), carbon emissions for the year 2020 come to 21,442 t. This demonstrates the impact of procuring electricity from renewable energy sources. The calculation of Scope 2 emissions (electricity, district heat) for the national subsidiaries is carried out in line with the market-based method. This means supplier-specific emission factors are used if available. The calculation of Scope 2 emissions (electricity) of the international subsidiaries is carried out in line with the location-based method.

Relative Emissions

Carbon emissions per transported tonne decreased by 3% last year, continuing the downwards trend. They also fell relative to revenue. Carbon emissions went up slightly relative to revenue.

		Österreichische Post AG			Austrian Post Group[1]		
Relative Indicators	Unit	2018	2019	2020	2018	2019	2020
CO_2e EMISSIONS PER TRANSPORTED TONNE[2]	kg CO_2e/t	129.0	124.0	120.0	–	–	–
SCOPE 1–2 CO_2e EMISSIONS RELATIVE TO REVENUE[3]	t CO_2e/EUR m	27.4	27.3	28.2	32.1	35.3	32.4
SCOPE 1–3 CO_2e EMISSIONS RELATIVE TO REVENUE[3]	t CO_2e/EUR m	39.6	41.4	45.8	47.2	52.2	55.3

1 **Austrian Post Group 2018:** the indicators apply to the entire Austrian Post Group with the exception of the subsidiary Express One Hungary.
Austrian Post Group 2019: the indicators apply to the entire Austrian Post Group.
Austrian Post Group 2020: the indicators apply to the entire Austrian Post Group, with the exception of the subsidiary Aras Kargo a.s.
2 Tonnes transported in 2018: 55,223 t; 2019: 62,1841 t; 2020: 72,6111 t. This data is not available at Group level.
3 Revenue of Österreichische Post AG to Austrian Commercial Code: 2018: EUR 1,804m; 2019: EUR 1,859m; 2020: EUR 1,897m
Revenue of the Austrian Post Group in accordance with IFRS excluding other operating income (excluding Aras Kargo a.s.): EUR 1.959m; 2019: EUR 2.022m; 2020: EUR 2,088m

Vehicles

There are 9,669 vehicles in the fleet, of which 2,047 (21%) are electric. This represents a 17% increase compared to the previous year and an important step towards achieving the EV100 target of using only electric vehicles for all deliveries by 2030. At present, electric vehicles are used for 22.4% of deliveries.

	Österreichische Post AG			Austrian Post Group[1]		
	2018	2019	2020	2018	2019	2020
VEHICLES (TOTAL)	9,257	9,510	9,669	10,473	11,239	11,060
Bicycles	719	734	748	758	773	790
thereof electric bicycles	620	649	672	621	650	673
Mopeds	921	977	840	970	1,025	884
thereof electric mopeds	416	428	408	417	428	408
Vehicles up to 3.5 t	7,467	7,636	7,911	8,529	9,168	9,153
thereof natural gasdriven vehicles up to 3.5 t	0	0	0	2	1	1
thereof electric vehicles up to 3.5 t	556	673	967	560	684	972
Vehicles over 3.5 t	150	163	170	216	273	233

1 **Austrian Post Group 2018:** the indicators apply to the entire Austrian Post Group with the exception of the subsidiary Express One Hungary.
Austrian Post Group 2019: the indicators apply to the entire Austrian Post Group.
Austrian Post Group 2020: the indicators apply to the entire Austrian Post Group, with the exception of the subsidiary Aras Kargo a.s.

Vehicles by Emissions Standard

In addition to expanding its fleet of electric vehicles, Austrian Post is committed to ensuring that even its fleet of traditional diesel vehicles is as modern as possible. There was an 18% increase in the number of vehicles that meet the newest EURO 6 standard compared to the previous year. All other vehicle categories went down year-on-year.

		Österreichische Post AG			Austrian Post Group[1]		
	Unit	2018	2019	2020	2018[2]	2019[2]	2020
MOTOR VEHICLES BY EMISSIONS STANDARD							
Euro 2	Number	185	119	8	–	–	81
Euro 3	Number	37	22	17	–	–	61
Euro 4	Number	366	455	425	–	–	589
Euro 5	Number	3,277	2,826	2,097	–	–	2,410
Euro 5 EEV	Number	74	70	56	–	–	61
Euro 6	Number	3,627	4,183	4,943	–	–	5,688

[1] **Austrian Post Group 2018:** the indicators apply to the entire Austrian Post Group with the exception of the subsidiary Express One Hungary.
Austrian Post Group 2019: the indicators apply to the entire Austrian Post Group.
Austrian Post Group 2020: the indicators apply to the entire Austrian Post Group, with the exception of the subsidiary Aras Kargo a.s.
[2] Figures are not available for 2018 or 2019 as Austrian Post only started recording these figures in 2020.

Paper

The share of paper from sustainable resources (FSC and PEFC) grew to 88%.

		Österreichische Post AG			Austrian Post Group[1]		
	Unit	2018	2019	2020	2018	2019	2020
PAPER CONSUMPTION (TOTAL)	t	**5,469**	**5,045**	**5,670**	**5,697**	**5,374**	**6,855**
thereof sustainably produced paper (PEFC and FSC paper)	t	5,195	4,324	4,987	5,243	4,384	5,025

[1] **Austrian Post Group 2018:** the indicators apply to the entire Austrian Post Group with the exception of the subsidiary Express One Hungary.
Austrian Post Group 2019: the indicators apply to the entire Austrian Post Group.
Austrian Post Group 2020: the indicators apply to the entire Austrian Post Group, with the exception of the subsidiary Aras Kargo a.s.

PEOPLE & SOCIAL

Austrian Post operates in an environment of continuous change. Digitalisation, demographic change and increasing mobility and flexibility are changing the needs of customers and employees. To meet these new challenges, Austrian Post needs a highly qualified workforce that plays an active role in shaping the company and creating new innovative services.

Society in general is also holding companies to an increasingly high standard. Dialogue with interest groups is becoming an increasingly vital tool for identifying needs and meeting the challenges faced by both companies and society. As a means of dealing with these changes impacting the postal business, especially due to societal transformation and digitalisation, Austrian Post closely monitors and analyses these challenges and manages its business accordingly.

Concepts and Results

Österreichische Post AG and its Group companies attach particular importance to proper and appropriate interaction with employees, business partners, customers and other stakeholders. As a service provider and major employer, Austrian Post wants to be perceived as a trustworthy and responsible business partner, employer and service provider.

That is why fostering the corporate and leadership culture is of crucial importance to Austrian Post.

The company's human resources work promotes the corporate and leadership culture and actively supports it by a variety of programmes and measures.

Information security, data security and confidentiality are top priorities for Austrian Post in light of technological trends and the steadily increasing importance of data. This is due to the fact that both business customers as well as recipients of mail items make data available to the company to ensure smooth transport and delivery.

Österreichische Post AG also works with a range of external partners to support numerous business-related, social and environmental projects and activities. Efforts are made to ensure that the company's engagement is linked to its core business and support projects where its core expertise can make a meaningful contribution.

The measures taken by Austrian Post in the People & Social area are tailored to reflect the material topics:

- Corporate & work culture
- Integrated diversity management
- Occupational health & safety
- Digital responsibility
- Social dialogue & partnerships

The following table provides an overview of these targets and measures:

T 24 Targets for the Material Topic: Corporate & Work Culture

Our aim

→ Enhance our corporate and leadership culture

Objectives	Measures	Status
SDG 8.5 Increase employee engagement from 76% to 82% by 2030 (indicator based on most recent employee satisfaction survey in 2017) Reduce turnover rate for all new employees joining the company under the new collective agreement (Kollektivvertrag-Neu) by 2030 from 35.8% to 28%	Respectful corporate and leadership culture: programmes to promote diversity and equality of opportunity Attractive career prospects and training Work-life balance schemes Measures to guarantee safety at work Occupational health care schemes Surveys to measure employee engagement	Measures being implemented Number of seminars: 1,577 Number of seminar participants: 33,539 Hours of training: 95,397
SDG 8.5 Define a voluntary financial social contribution as a percentage of staff costs and set an ambitious target for 2030	Benefit from the success of the company Comprehensive range of social services offered through post.sozial Occupational health care schemes Comprehensive range of training programmes	post.sozial: Total material resources: 6,352,000 EUR helfens.wert food coupons: 3,830,000 EUR helfens.wert paid support contributions: 510,000 EUR fair.reisen overnight stays 45,691 sehens.wert: no services in 2020 due to COVID-19
SDG 5.5, 10.2 40% of all management positions to be held by women by 2030 on the basis of the Gender balance project Elly	Gender balance project Elly Participation in Women's Career Index Agreed targets for women in leadership positions Active parental leave management	Measures being implemented Status Gender balance project Elly[1] Management positions held by women 2019: 33.1% 2020: 34.6%

[1] Only employees of Austrian Post (excluding subsidiaries) are included in the figures for the Gender balance project Elly for management purposes. The figures do not include payroll units which are not involved in the project. The Internal Labour Market, employee representatives, Management Board members and their assistants are the most significant units which are not involved in the project. The figures are calculated based on the total number of employees as at the end of the year. Employees on long-term leave are included in the calculation. For the purpose of the Elly project, a management position is defined as any employee at reporting level 2 to 5, including other management positions, regardless of the number of employees they are responsible for.

T 25 Targets for the Material Topic: Integrated Diversity Management

Our aim

→ Live out our commitment to diversity and equal opportunity

Objectives	Measures	Status
Combine various diversity measures implemented by Austrian Post	Plan for anchoring and implementing diversity measures	Currently in development
SDG 5.5, 10.2 Take a systematic and standardised approach to putting diversity activities at the centre of core processes and support functions	Unconscious bias training for managers Measures aimed at raising awareness and reducing unconscious bias in recruitment processes Adoption of a gender-inclusive language standard	Measures being implemented

T 26 Targets for the Material Topic: Occupational Health & Safety

Our aim

→ Maintain health and safety

Objectives	Measures	Status
SDG 3.6 No fatal accidents during the delivery of letters or parcels Reduce accident frequency (per 1 million productive hours) by 15% by 2030	Occupational safety committees established Input provided by employee protection bodies Organisational rules, operating instructions and leaflets to promote safety at work Regular training on safety risks and potential hazards Regular inspections and evaluations to identify potential hazards	Around 1,000 safety at work training sessions Around 3,500 site visits and evaluations
SDG 3.6 Implementation of a management system that meets ISO 45001 standards and Austrian Post certified by 2030		

T 27 Targets for the Material Topic: Digital Responsibility

Our aim

→ Meet the expectations of our customers, minimise risks and ensure compliance with data protection legislation

Objectives	Measures	Status
Data protection: Reduce number of data protection complaints by over 70% by 2025 (compared to year-end 2020) Speed up handling of requests from data subjects Establish dialogue with relevant authorities and arrange certification through external agencies	Enhance data protection activities Improve processes to ensure high-quality and efficient processing	The existing data protection management system was enhanced in 2020. In addition to setting up a data protection legislation team, a data protection centre was established to monitor and drive forward the implementation of legal data protection requirements within Österreichische Post AG
Data security: Expand the use of appropriate security measures to prevent the unauthorised use of data Minimise the risk of damage from cybercrime	Information security management and IT security based on ISO 27001 Technical measures to prevent, detect and respond to IT security incidents Organisational monitoring and awareness raising measures	A Group IT Department was established in 2020 dedicated to the technical side of data security Implementation of technical measures to secure end devices and provision of information to employees about cybersecurity measures due to the increase in remote working during the COVID-19 pandemic

T 28 Targets for the Material Topic: Social Dialogue & Partnerships

Our aim

→ Make a positive impact on society through dialogue and cooperation

Objectives	Measures	Status
SDG 17.17 Hold at least one central and one regional stakeholder roundtable per year	Central stakeholder roundtable once a year in Vienna	The Stakeholder Roundtable was not held in 2020 due to the COVID-19 pandemic
	At least one regional stakeholder roundtable in a different state every year	A digital stakeholder survey was used instead to ensure that stakeholder opinion was actively factored into the 2030 sustainability master plan
SDG 5.5, 10.2, 17.17 Involvement in one environmental campaign and one social campaign	Active support for social projects through the core business	As in previous years, Austrian Post provided support for numerous social projects in 2020, such as the "Pakete fürs Christkind" Christmas gift initiative and the "Ö3-Wundertüte" phone donation drive
	Post Generator	The Re:Post upcycling project was launched in 2020. This takes the form of two workshops with young designers looking at ways to reuse old Austrian Post uniforms In 2021, Austrian Post will partner with workshops who employ people with disabilities to get some of these ideas ready for mass production
SDG 13.b Establish an Austrian Post company forest in order to foster climate action and conservation by 2022	Explore other avenues	Initial meetings were held with a variety of providers in 2020
SDG 7.2, 7.3, 13.1, 13.2, 1.3 From 2022 onwards, raise awareness of climate and conservation issues among employees with external partners	Draw up a plan to raise awareness of climate and conservation issues	Austrian Post provided support for the Dürrenstein Wilderness Area in 2020 Issue of a special stamp for the Dürrenstein Wilderness Area

Corporate & Work Culture

The company's success is dependent on the performance of its employees. This requires motivated and highly qualified employees who give their best day in and day out. Austrian Post needs to position itself as a modern employer. This is the only way for the company to attract and retain employees. Austrian Post is committed to being an attractive employer. It take steps such as offering additional social benefits and comprehensive training to create an attractive working environment. It is also important to foster a culture of respect which employees can identify with and which is inclusive at every level.

In addition to offering a modern and open corporate and leadership culture, Austrian Post provides additional social services via the post.sozial association to improve the motivation levels and performance of its employees. This non-profit association aims to provide social support to active employees of Österreichische Post AG and its Austrian Group companies as well as to retired employees, family members and surviving relatives of employees. Services range from financial support for employees faced with exceptional expenses due to illness or natural disaster, to discounted tickets for cultural and sporting events, to affordable holiday deals. They also include child care services during the holidays.

Austrian Post has developed a range of training and education programmes for specific target groups and areas of expertise. These programmes are designed to fully leverage the existing potential of the company's employees and guarantee its long-term success. These include specialised instruction, further education courses, coaching and training at Österreichische Post AG and its Group companies. Investments in training and education provide personal and professional development opportunities for employees which further their careers, improve job satisfaction levels and reduce turnover.

Integrated Diversity Management

Equal opportunity at work and equal treatment of employees are a matter of course at Österreichische Post AG and its subsidiaries.

For this reason, Austrian Post strongly opposes prejudice and discrimination of any kind. Equal treatment of all employees regardless of their age, gender, sexual orientation or identity, nationality, ethnic origin, disability, religion or ideology is ensured by the terms of collective agreements concerning working conditions and the Groupwide Code of Conduct and Ethics. Executives are familiarised with the leadership guidelines at the Executive Academy, where training specifically focuses on conduct in conformity with the law and company standards. Furthermore, Austrian Post proactively promotes a corporate culture which has respect, openness, trust and appreciation at its core. The issue of bullying, for example, is discussed in various training courses. In addition, the Central Works Council of Österreichische Post AG is committed to ensuring adherence to these values, and continuously advocates for fair and equal treatment. The representation of the Central Works Council on the Supervisory Board ensures that employee concerns are also voiced at Supervisory Board meetings and that employees are involved in important management decisions.

Diversity management activities at Austrian Post promote social diversity and leverage it constructively. Austrian Post takes special care to ensure that its employees' individual differences are celebrated throughout the company. This creates a productive overall atmosphere in the company. In order to ensure equal opportunity at work, Austrian Post strongly opposes any and all types of discrimination, bullying and sexual harassment and, in a clear indication of its commitment, signed the Charter of Diversity in 2013.

Austrian Post believes that diversity drives innovation, and enables it to fulfil the multi-faceted demands of customers and master future developments in order to secure the company's long-term profitability.

For additional information on measures being taken to promote diversity within the company as well as details concerning diversity in the Management Board and Supervisory Board, please see the Corporate Governance Report.

Occupational Health & Safety

Preserving and promoting the health and safety of employees and preventing accidents and work-related illnesses are matters of great concern to Austrian Post.

Due to its crucial importance, occupational safety is firmly embedded in the organisation at Österreichische Post AG. Safety is addressed in formal occupational safety committees in which safety experts, occupational physicians, safety officers, employee representatives and Austrian Post as the employer are represented.

In 2020, 15 regional occupational safety committee meetings were held at Österreichische Post AG for sites with more than 100 employees or sites exposed to certain dangers. The related standards are specified in Sections 88 and 88a of the Employee Protection Act (ASchG). At these meetings, members put together suggestions for improvements in individual safety and health topics and discuss the implementation of appropriate measures. Counselling on occupational safety is also carried out by the appropriate employee protection bodies at all company sites in line with legal requirements. This serves to ensure that the health and safety of all of Österreichische Post AG's employees is covered by safety experts and occupational physicians.

In addition to the legal provisions on the topic of occupational safety and accident prevention, there are internal organisational rules, operating instructions and leaflets. The company involves employee representatives in discussions on key occupational safety and accident prevention issues. Employee representatives also sit on the occupational safety committees mentioned above.

As part of its approach to health management, Austrian Post also uses preventive measures at various sites in Austria to maintain and improve the health and ability to work of all employees. These include vaccinations, initiatives to help employees quit smoking, eye examinations and regular health consultations and health days. This range of services had to be curtailed significantly due to the COVID-19 restrictions. Employees can of course speak to occupational physicians about their health and any questions, concerns or worries they might have in connection with COVID-19.

C EXTENSIVE RANGE OF HEALTH AND HYGIENE MEASURES IMPLEMENTED SINCE BEGINNING OF PANDEMIC

Thanks to its professional approach to health management, Austrian Post has been monitoring developments, putting precautionary measures in place and evaluating these measures since the beginning of the COVID-19 outbreak. It is particularly important to keep employees well informed about correct hygiene behaviour and measures. This information is provided via specialists on prevention, executive and internal media. A comprehensive package of measures was put together based around the Austrian government's traffic light system to minimise the impact on operations. In autumn 2020, a handbook was published containing important information on preventive measures for all the company's divisions.

The handbook of general preventive measures provides a summary of the most important action and requirements. Additional handbooks were published for specific areas of the company. These handbooks allow executives to react quickly to developments, such as a sudden rise in infections.

The four-colour traffic light system is used to assess the COVID-19 epidemic on a regional level. Each colour represents a different level of risk. For example, green means low risk. The traffic light colours indicate the risk for a particular region. Different measures and recommendations apply depending on the level of risk. The purpose of the system is to prevent new coronavirus infections. The rules of conduct and measures which apply within the company are derived from the Austrian government's coronavirus traffic light system. Specific measures are implemented for different departments depending on the risk level.

The measures implemented by the company's logistics centres, for example, include employees being required to wear face masks, adjusting shift patterns to minimise direct contact between employees, random testing and taking people's temperature when they enter the logistics centres. All important information, such as the typical symptoms of COVID-19, are translated into the languages which are most commonly used by the linguistically diverse workforce.

The company's delivery services also have a range of additional measures which are implemented based on the colour category. These include measures such as staggered shifts and employees being required to wear a face mask when in contact with customers. Partition walls have been set up in delivery bases to address situations where employees are unable to keep a safe distance from one another.

Contact-free deliveries became mandatory for official mail in March 2020 following an amendment to the Austrian Postal Delivery Act (Zustellgesetz). This amendment allowed delivery staff to inform customers verbally when they receive official mail and sign on their behalf. Austrian Post also switched to contact-free deliveries for other products (e.g. registered mail and parcels). The temporary amendment was in effect until 30 June 2020. All mail has been delivered as usual since that date while maintaining a safe distance. Delivery staff must wear a face mask in situations where it is not possible to maintain a safe distance.

Wearing a face mask is required at all times in the company's branches. The number of customers permitted in a branch at any one time is also limited. All branches have been fitted with Plexiglas partitions and floor markings. Plexiglas partitions are also in use at all postal partners' premises. High-risk surfaces such as touchscreens in self-service areas are cleaned and disinfected on a regular basis.

The opportunity was created for around 2,000 employees to start working from home in the middle of March 2020. Everybody working from home remained in touch with their colleagues virtually. Safety measures were also put in place at the company headquarters in line with the government's traffic light system. One such measure is that no more than 20% of Austrian Post employees may be present in the building at Vienna's Rochusmarkt at the same time if the traffic light shifts to red. Meetings are held virtually whenever possible. Intervals between cleaning have been reduced throughout the building. Additional soap and disinfectant dispensers have also been installed.

Austrian Post provides handbooks, additional instructions and checklists so that executives can improve compliance with safety measures as part of their day-to-day work. All employees have been provided with protective equipment to reduce the risk of COVID-19 infection, such as face masks and disinfectant.

In addition to corporate social responsibility, employee protection is also a factor of relevance to business operations, because accidents and lost working days lead to additional costs. Promoting occupational safety and health also serves as the basis for greater operational efficiency and productivity increases.

Digital Responsibility

Due to technical developments and the steadily increasing importance of data for the company's successful performance, the Austrian Post Group uses extensive measures to ensure the confidentiality of customer and company data as well as the integrity and availability of the IT systems operated by Austrian Post.

Data Protection

Austrian Post has carried out a number of measures in recent years to implement the requirements of the EU General Data Protection Regulation (GDPR), which has been in effect throughout Europe since 25 May 2018. New processes were set up and existing processes were adapted to reflect the new legal situation. Various guidelines on data protection issues were written and communicated to all employees.

It is important to raise employees' awareness of data protection and security issues across the Group. The existing data protection management system was also enhanced. In addition to setting up a data protection legislation team, a data protection centre was established to monitor and drive forward the implementation of legal data protection requirements within Austrian Post. The data protection centre is divided into three main areas: data protection compliance (specialist assistance for data protection managers of Österreichische Post AG, product assessments, improving policies and training plans, point of contact for Group / data protection officers, coordinating the data breach process), data protection process management (providing support for and improvements to the process, project coordination) and data protection operations (handling the rights of data subjects).

Data protection within the company therefore consists of the data protection legislation team, the data protection centre, data protection officers and data protection managers (responsible for advising business units and managing processing records) in the different areas of Austrian Post and its subsidiaries.

The company uses training and events outlining the latest developments in the field of data protection and the relevant legislation to make sure that its data protection efforts are up to date. In 2020, a training session was held in partnership with several independent institutions, following which the participants received data protection certificates. All of Österreichische Post AG's data protection managers have therefore been certified as data protection officers.

Despite Austrian Post implementing internal processes and precautionary measures to improve data protection, in 2019 the Austrian Data Protection Authority (ADPA) declared the processing of statistically calculated "party affinity" marketing classifications to be unlawful as it considered the information to be sensitive personal data. Austrian Post disagrees with this assessment. The ADPA levied an administrative penalty of EUR 18m. The final decision on the imposition of this penalty has not yet been reached.

The ADPA launched a new case against Austrian Post in 2020 which claimed that the company has an inadequate data protection compliance system and systematically violates the rights of its data subjects. Austrian Post disputes this allegation. The differences in opinion between the ADPA and Austrian Post are mainly due to unresolved questions of law which need to be referred to a higher court.

Austrian Post will continue to enhance its data protection activities in future. The plan is to make data protection processes more automated to improve their quality and efficiency.

Data Security, IT Security and Cybersecurity

The digitalisation trend is increasing the need for secure IT systems. A greater focus has therefore been placed on IT and data security in 2020 and established a department within Group IT dedicated to the technical side of data protection. The company's aim is to improve its IT security, data security and cybersecurity systems in a standardised and sustainable manner across Österreichische Post AG and its subsidiaries.

This brings two different skill sets together. Firstly, expertise is needed to draw up Group-wide standards and policies for effective information security management and IT security. Information security managers are responsible for implementing these standards and polices from a technical and organisational perspective at the subsidiaries of the Austrian Post Group. The relevant requirements are based on ISO 27001. Improving IT security will be one of the key projects undertaken over the next few years as part of the IT@Post strategy. A programme of measures was established for Österreichische Post AG with the aim of guaranteeing the sustainable development of IT security measures. These measures were derived from Group-wide standards. The programme involves modernising existing security systems and processes and introducing new ones. Efforts in this area involve technical components for preventing, detecting and responding to IT security incidents alongside organisational measures for monitoring issues and highlighting the importance of data security for employees. New technical measures were implemented to protect the devices of employees working from home due to the COVID-19 pandemic. Users were also provided with information about cybersecurity Measures.

Social Dialogue & Partnerships

Austrian Post is one of the leading companies in Austria and has deep roots in society. It believes it has a social responsibility to promote sustainable development and support people who are disadvantaged and require special support. The focus of this commitment is on education and awareness raising, culture and the arts, the environment and the common good. In order to fulfil these responsibilities, Austrian Post brings its core business to bear – the nationwide delivery of mail items and its Austrian distribution network. Österreichische Post AG once again supported the "Pakete fürs Christkind" Christmas gift initiative and the "Ö3-Wundertüte" phone donation drive in 2020. As part of the "Austrian Post at School" initiative, around 3,000 school boxes were sent to primary schools throughout Austria to promote reading and writing skills. Representatives from Austrian Post played an important role alongside other companies in Österreichische Beteiligungs AG (ÖBAG) sustainability workshops, the Council for Sustainable Logistics and the "Path to the 1.5° Economy" project, the purpose of which is to foster a climate-friendly economy.

Non-financial Indicators

2020 was an extremely challenging year for Austrian Post. Focusing on employees' health and safety while also maintaining operations was the priority last year, and remains so during the ongoing pandemic. Austrian Post is considered part of Austria's critical infrastructure, and plays an important role in everyday life. Together with other companies, the Group makes sure that people in the country have reliable access to postal services. Services were provided nationwide even when lockdown restrictions were in place and this will continue to be the case. The COVID-19 pandemic and repeated lockdowns also unleashed a boom in e-commerce and a massive increase in parcel volumes. Capacities were increased across Austrian Post to maintain a record of fast and reliable deliveries. For this reason, the company's workforce grew in spite of the COVID-19 pandemic. Austrian Post also did not make use of short-time working schemes in any way. As in the previous year, Austrian Post remains committed to maintaining a large workforce and keeping utilisation levels high.

Employees

	Österreichische Post AG		Austrian Post Group[1]	
	2019	2020	2019	2020
TOTAL EMPLOYEES (FTE[2])	17,205	17,465	20,338	22,966
thereof women	5,347	5,459	6,517	6,977
thereof women (FTE in %)	31.1	31.3	32.0	30.4
thereof men	11,859	12,007	13,821	15,989
thereof men (FTE in %)	68.9	68.7	68.0	69.6
FULL-TIME EMPLOYEES (HEADCOUNT)	15,139	15,279	18,029	20,580
PART-TIME EMPLOYEES (HEADCOUNT)	3,615	3,817	3,934	4,167

[1] The indicators apply to the entire Austrian Post Group. The data compilation in the scope of consolidation of the Group was expanded in 2020. For this reason, the non-financial indicators at Group level are not directly comparable with those of the previous year.
[2] FTE = Full-time equivalents

Employees by division

	Österreichische Post AG		Austrian Post Group[1]	
	2019	2020	2019	2020
Mail	404	393	856	865
Parcel & Logistics	152	166	2,553	4,829
Retail & Bank	2,143	2,000	2,146	2,077
Corporate	1,563	1,659	1,611	1,724
OPERATIVE DIVISIONS	4,261	4,218	7,166	9,494
Logistics Network	12,944	13,247	13,172	13,472
TOTAL EMPLOYEES (FTE[2])	17,205	17,465	20,338	22,966

[1] The indicators apply to the entire Austrian Post Group. The data compilation in the scope of consolidation of the Group was expanded in 2020. For this reason, the non-financial indicators at Group level are not directly comparable with those of the previous year.
[2] FTE = Full-time equivalents (annual average)

Turnover

The employee turnover rate at Österreichische Post AG was 11.6% in 2020. This was lower than in the previous year due to fewer employees aged 51 or over leaving the company. A lower number of civil servants took Section 14 retirement in 2020 than in previous years. There was also a slight improvement at employees joining the company under the new collective agreement (Kollektivvertrag-Neu).

	Österreichische Post AG		Austrian Post Group[1]	
	2019	2020	2019	2020
TURNOVER (TOTAL STAFF DEPARTURES)[2]	**2,910**	**2,189**	**3,652**	**2,910**
thereof women	1,081	904	1,320	1,136
thereof men	1,829	1,285	2,332	1,774
By age group				
under 30	855	823	1,123	1,071
30–50	922	795	1,317	1,166
over 51	1,133	571	1,212	673
TURNOVER (STAFF DEPARTURES IN %)[2, 3]	**15.5**	**11.6**	**16.6**	**11.8**
thereof women	37.1	41.3	36.1	39.0
thereof men	62.9	58.7	63.9	61.0
By age group				
under 30	29.4	37.6	30.8	36.8
30–50	31.7	36.3	36.1	40.1
over 51	38.9	26.1	33.2	23.1

[1] The indicators apply to the entire Austrian Post Group. The data compilation in the scope of consolidation of the Group was expanded in 2020. For this reason, the non-financial indicators at Group level are not directly comparable with those of the previous year.
[2] Departures of permanent staff employed for at least six months. All forms of staff departures are taken into account.
[3] Departures in relation to the employee average for the period (headcount).

NON-FINANCIAL REPORT

MANAGEMENT REPORT

Diversity

31.3% of the company's employees were women in 2020.

Due to restructuring, the number of employees in management positions at Österreichische Post AG was slightly lower in 2020 than in the previous year.

There was an almost negligible decrease in the "Women in management positions" indicator in the year under review on an FTE basis. The company helps female employees to progress in their professional lives by providing suitable career opportunities and a variety of measures to provide a balance between work and family life.

The gender balance project Elly includes targeted measures which play a role in bringing about the cultural and structural changes which the company needs to improve the gender balance in all of its divisions and at every level of management over the coming years.

The gender balance project Elly was established with the specific aim of advancing women, which is one of Austrian Post's priorities. The indicator "Women in management positions" for this project saw a slight improvement.

	Österreichische Post AG		Austrian Post Group[1]	
	2019	2020	2019	2020
EMPLOYEES (FTE[2]) BY AGE GROUP	**17,205**	**17,465**	**20,338**	**22,966**
under 30	2,956	3,174	3,667	4,511
30–50	7,437	7,542	9,247	10,871
over 51	6,813	6,750	7,424	7,584
EMPLOYEES BY AGE GROUP IN %				
under 30	17.2	18.2	18.0	19.6
30–50	43.2	43.2	45.5	47.3
over 51	39.6	38.6	36.5	33.0
EMPLOYEES IN MANAGEMENT POSITIONS (FTE)[3,4]	**725**	**664**	**916**	**912**
thereof women	178	162	234	233
thereof men	546	502	682	679
By age group				
under 30	20	21	33	32
30–50	341	308	490	508
over 51	364	335	393	372
EMPLOYEES IN MANAGEMENT POSITIONS IN %[3,4]	**4.2**	**3.8**	**4.5**	**4.0**
thereof women[5]	24.6	24.4	25.6	25.6
thereof men	75.4	75.6	74.4	74.4
By age group				
under 30	2.7	3.2	3.5	3.5
30–50	47.1	46.4	53.5	55.8
over 51	50.2	50.4	42.9	40.8

1 The indicators apply to the entire Austrian Post Group. The data compilation in the scope of consolidation of the Group was expanded in 2020. For this reason, the non-financial indicators at Group level are not directly comparable with those of the previous year.
2 FTE = Full-time equivalents
3 Management Board members, strategic management team (reporting directly to the Management Board), operating management team (directly reporting to the strategic management team or executives), wider management team and leadership conference (employees of reporting levels two to five responsible for at least three employees) as well as all management positions responsible for at least three employees.
4 The subsidiary Post.Wertlogistik GmbH is not included in the Group figures for 2019.
5 34.6% of management positions (as defined for the purpose of the gender balance project Elly) were held by women in 2020, compared to 33.1% in 2019. Only employees of Österreichische Post AG (excluding subsidiaries) are included in the figures for the gender balance project Elly for management purposes. The figures do not include payroll units which are not involved in the project. The Internal Labour Market, employee representatives, Management Board members and their assistants are the most significant units which are not involved in the project. The figures are calculated based on the total number of employees as at the end of the year. Employees on long-term leave are included in the calculation. For the purpose of the Elly project, a management position is defined as any employee at reporting level 2 to 5, including other management positions, regardless of the number of employees they are responsible for.

Sick Leave and Accidents

The sick leave numbers of Österreichische Post AG went down in 2020 despite the COVID-19 pandemic.

Sick leave numbers went down in 2020 due to fewer civil servants taking Section 14 retirement than in previous years.

The number of occupational accidents went up slightly from 2019 to 2020. A total of 791 occupational accidents were reported at Österreichische Post AG in 2020. Falls, traffic accidents and the operation of equipment are the main causes of accidents. Austrian Post transported 166 million parcels in the financial year; this was an extremely high volume and represents a year-on-year increase of 30%. As a result, the distance driven by Austrian Post delivery staff also went up.

	Österreichische Post AG		Austrian Post Group[1]	
	2019	2020	2019	2020
EMPLOYEE SICK LEAVE (FTE[2] IN %)	9.0	7.6	8.5	6.8
NUMBER OF OCCUPATIONAL ACCIDENTS[3]	784	791	851	917
FATAL ACCIDENTS	0	0	0	0

[1] The indicators apply to the entire Austrian Post Group. The data compilation in the scope of consolidation of the Group was expanded in 2020. For this reason, the non-financial indicators at Group level are not directly comparable with those of the previous year.
[2] FTE = Full-time equivalents
[3] Accidents starting with one working day lost incl. subsequent sick leave (incl. commuting accidents).

Training and Education

Due to the COVID-19 pandemic, Österreichische Post AG provided more online training and less in-person training in 2020 than in the previous year. E-learning will account for a greater proportion of training from 2020 onwards. This is the main reason for the number of seminars and participants going up while person hours went down. Making greater use of e-learning allows Austrian Post to reach more employees while shortening the length of seminars.

	Österreichische Post AG		Austrian Post Group[1]	
	2019	2020	2019	2020
NUMBER OF SEMINARS[2]	1,142	1,577	1,296	1,804
NUMBER OF PARTICIPANTS	6,713	33,539	7,379	37,406
PERSON HOURS	135,340	95,397	142,708	111,330

[1] The indicators apply to the entire Austrian Post Group. The data compilation in the scope of consolidation of the Group was expanded in 2020. For this reason, the non-financial indicators at Group level are not directly comparable with those of the previous year..
[2] E-learning included from 2020.

Digital Responsibility

	Österreichische Post AG		Austrian Post Group	
Indicators	2019	2020	2019	2020
Substantiated complaints concerning breaches of customer privacy and losses of customer data	In 2019, an officially initiated investigation, three proceedings on individual complaints and an administrative prosecution with regard to the statistical calculation of party preference, among other things, were held and were decided by the Data Protection Authority, but are not legally binding. In addition, an investigation was conducted into offline retargeting, which was discontinued by the authorities. Moreover, the Data Protection Authority ruled against Austrian Post, which has appealed the decision, in the case of an abandoned post bag. In proceedings in which Austrian Post was not itself a party, Austrian Post failed to provide information about mailings to the Authority, basing its stance on postal secrecy, and was therefore issued an administrative penalty of EUR 600. Austrian Post paid this fine.	In 2020, the Austrian Data Protection Authority initiated two investigations, 37 individual complaints procedures and one administrative criminal procedure related to the rights of data subjects An appeal is pending in the case related to an abandoned post bag.	In 2019, an officially initiated investigation, three proceedings on individual complaints and an administrative prosecution with regard to the statistical calculation of party preference, among other things, were held and were decided by the Data Protection Authority, but are not legally binding. In addition, an investigation was conducted into offline retargeting, which was discontinued by the authorities. Moreover, the Data Protection Authority ruled against Austrian Post, which has appealed the decision, in the case of an abandoned post bag. In proceedings in which Austrian Post was not itself a party, Austrian Post failed to provide information about mailings to the Authority, basing its stance on postal secrecy, and was therefore issued an administrative penalty of EUR 600. Austrian Post paid this fine.	In 2020, the Austrian Data Protection Authority initiated two investigations, 37 individual complaints procedures and one administrative criminal procedure related to the rights of data subjects An appeal is pending in the case related to an abandoned post bag. Post.Wertlogistik GmbH was the subject of an official investigation in 2020.

Vienna, 1 March 2021

The Management Board

GEORG PÖLZL
CEO
Chairman of the Management Board

WALTER OBLIN
Deputy CEO
Mail & Finance

PETER UMUNDUM
Member of the Management Board
Parcel & Logistics

INDEPENDENT ASSURANCE REPORT ON THE NON-FINANCIAL REPORTING

To the Board of Directors of Österreichische Post Aktiengesellschaft, Vienna

We have performed an independent limited assurance engagement on the combined consolidated non-financial report according to §§ 243b and 267a UGB ("NFI report") for the financial year 2020, which has been published as Non-financial Report 2020 of Österreichische Post Aktiengesellschaft, Vienna (referred to as "Post" or "the Company").

Management's Responsibility

The Company's management is responsible for the proper preparation of the NFI report in accordance with the reporting criteria. The Company applies the legal requirements of the Austrian Sustainability and Diversity Improvement Act (§§ 243b and 267a UGB) as reporting criteria.

The Company's management is responsible for the selection and application of appropriate methods for non-financial reporting (especially the selection of significant matters) as well as the use of appropriate assumptions and estimates for individual non-financial disclosures, given the circumstances. Furthermore, their responsibilities include the design, implementation and maintenance of systems, processes and internal controls that are relevant for the preparation of the sustainability reporting in a way that is free of material misstatements – whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to state whether, based on our procedures performed and the evidence we have obtained, anything has come to our attention that causes us to believe that the Company's NFI report is not in accordance with the legal requirements of the Austrian Sustainability and Diversity Improvement Act (§§ 243b and 267a UGB) in all material respects.

Our engagement was conducted in conformity with the International Standard on Assurance Engagements (ISAE 3000) applicable to such engagements. These standards require us to comply with our professional requirements including independence requirements, and to plan and perform the engagement to enable us to express a conclusion with limited assurance, taking into account materiality.

An independent assurance engagement with the purpose of expressing a conclusion with limited assurance ("limited assurance engagement") is substantially less in scope than an independent assurance engagement with the purpose of expressing a conclusion with reasonable assurance ("reasonable assurance engagement"), thus providing reduced assurance. Despite diligent engagement planning and execution, it cannot be ruled out that material misstatements, illegal acts or irregularities within the non-financial report will remain undetected.

The procedures selected depend on the auditor's judgment and included the following procedures in particular:

- Inquiries of personnel at the Group level, who are responsible for the materiality analysis, in order to gain an understanding of the processes for determining material sustainability topics and respective reporting thresholds of the Company;

- A risk assessment, including a media analysis, on relevant information on the Company's sustainability performance in the reporting period;
- Evaluation of the design and implementation of the systems and processes for the collection, processing and monitoring of disclosures on environmental, social and employees matters, respect for human rights, anti-corruption as well as bribery and also includes the consolidation of data;
- Inquiries of personnel at the Group level, who are responsible for providing, consolidating and implementing internal control procedures relating to the disclosure of concepts, risks, due diligence processes, results and performance indicators;
- Inspection of selected internal and external documents, in order to determine whether qualitative and quantitative information is supported by sufficient evidence and presented in an accurate and balanced manner;
- Assessment of the local data collection, validation and reporting processes as well as the reliability of the reported data through a sample survey at Slovak Parcel Service s.r.o. (Slovakia)
- Analytical evaluation of the data and trend of quantitative disclosures submitted by all locations for consolidation at the Group level;
- Evaluation of the consistency of the of the Austrian Sustainability and Diversity Improvement Act (§§ 243b and 267a UGB) to disclosures and indicators of the NFI report, which apply to the Company;
- Evaluation of the overall presentation of the disclosures by critically reading the NFI report.

The procedures that we performed do not constitute an audit or a review. Our engagement did not focus on revealing and clarifying of illegal acts (such as fraud), nor did it focus on assessing the efficiency of management. Furthermore, it is not part of our engagement to audit future-related disclosures, prior year figures, statements from external sources of information, expert opinions or references to more extensive external reporting formats of the Company. Disclosures audited within the scope of the annual financial statement were assessed for correct presentation (no content examination).

Conclusion

Based on the procedures performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the NFI report of the Company is not in accordance with the legal requirements of the Austrian Sustainability and Diversity Improvement Act (§§ 243b and 267a UGB) in all material respects.

Restriction on Use

Because our report will be prepared solely on behalf of and for the benefit of the principal, its contents may not be relied upon by any third-party, and consequently, we shall not be liable for any third-party claims. We agree to the publication of our audit certificate together with the NFI report.

General Conditions of Contract

Our responsibility and liability towards the Company and any third-party is subject to paragraph 7 of the General Conditions of Contract for the Public Accounting Professions.

The respective latest version of the AAB is accessible at kpmg.at/aab.

Vienna, 2 March 2021

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungs-gesellschaft

Peter Ertl m.p.
Wirtschaftsprüfer
(Austrian Chartered Accountant)

pp **Michaela Schmiedchen m.p.**

MANAGEMENT REPORT

#ALWAYS DELIVER A SOLUTION

THE 2020 FINANCIAL YEAR was hit by the COVID-19 pandemic. The decrease in revenue in the Mail and Retail & Bank Divisions was offset by strong revenue growth in the parcel segment. Earnings fell by around 20% overall, however.
Find out more about business development starting on page 103

1. GROUP OVERVIEW AND MARKET ENVIRONMENT

1.1 Business Operations and Organisational Structure

Austrian Post, hereinafter also referred to as the Austrian Post Group or the Group, is the leading logistics and postal services provider in the country, with annual revenue of EUR 2.2bn and just under 23,000 employees. Being part of Austria's critical infrastructure, Austrian Post is responsible for ensuring security of supply within the country. The COVID-19 pandemic has affected Austrian Post to a different extent. The letter mail and direct mail business is generally being affected by e-substitution. COVID-19 and the specific lockdown situations faced by various customers and sectors resulted in further volume losses. Developments over the course of 2020 were very volatile: in the second quarter of the year, the measures taken to combat the pandemic had a considerable impact, with volume losses in the conventional letter mail business and direct mail of 13% and 25% respectively (in a year-on-year comparison). The trend normalised in the third and fourth quarters, with volumes down by 3% in letter mail and 8% in direct mail (in a year-on-year comparison) in the fourth quarter. The parcel business, on the other hand, benefited from the lockdown of retail shops. The already high level of organic growth and strong impetus from both e-commerce and the temporary closure of retail shops has pushed parcel volumes up by more than 40% in the second quarter of 2020, with the number of parcels rising by 32% (in a year-on-year comparison) in the fourth quarter.

The company's services range from the transportation of traditional letter mail, addressed and unaddressed direct mail to parcels and express mail items. Austrian Post also offers other logistics solutions, as well as a variety of value-added services, such as the transport of valuable goods and cash, webshop logistics and webshop infrastructure. In addition to postal and telecommunications services, financial services are offered via the most extensive branch network in Austria. Austrian Post is internationally active in nine other countries.

Austrian Post focuses its activities into three operating divisions: Mail, Parcel & Logistics and Retail & Bank. In addition, the Corporate Division mainly offers services relating to Group administration, and the development of new business models. These four divisions comply with reporting structure to the Management Board in accordance with IFRS 8.

The product and service portfolio of the **Mail** Division encompasses the collection, sorting and delivery of letters and document shipments, addressed and unaddressed direct mail, newspapers and magazines, as well as online services such as e-letter and cross-media solutions. The offering is complemented by additional physical and digital services in customer communications as well as by optimisation in document processing. Austrian Post customers have access to 1,765 postal service points, including 403 company-operated postal branches and 1,362 postal partners. Austrian Post offers 86,109 lockers at 454 pick-up stations in its self-service zones. In 2020, Austrian Post delivered 643 million letters, 412 million addressed and 2.9 billion unaddressed direct mail items, 313 million print media items and 336 million regional media items.

The **Parcel & Logistics** Division offers one-stop solutions for parcels and express mail items along the entire value chain. Austrian Post delivered 166 million parcels and express mail items in its domestic market in 2020. This makes it the leading service provider for the nationwide delivery of mail-order business and private customer parcels as well as B2B items, providing the highest quality of nationwide delivery. In addition to classic parcel products, express delivery and food delivery, the portfolio also includes a broad range of value-added services. For example, the company offers customised fulfilment solutions such as warehousing, order picking, returns management, the transport of valuable goods and cash, web shop logistics and web shop infrastructure. Internationally, the Parcel & Logistics Division is represented in eight other countries through its subsidiaries. In addition, stationary logistics for pharmaceutical products is offered in Germany through the associate AEP.

The new **Retail & Bank** Division includes the branch network comprising around 1,800 postal service points that were previously reported in the Mail Division. With a frequency of around 60 million customer contacts every year, this is one of the largest private customer networks in the country. In addition to postal, telecommunications and energy services, the branch network offers a wide range of retail goods, including books, stationery and packaging materials, as well as services such as lottery tickets, "Toto" sports bets, photocopying and fax services. Austrian Post also offers self-service solutions such as pick-up stations and drop-off boxes in numerous locations, which are highly used by the company's customers. bank99, which started operations on 1 April 2020, offers financial services throughout Austria. Austrian Post's new bank closed the supply gap created by the withdrawal of BAWAG P.S.K. This ensures that customers can continue to use banking services at post offices throughout Austria. The services offered by bank99 range from counter transactions, which are offered at all of Austrian Post's postal service points, to banking services including advisory activities in around 130 banking advisory centres. The product range also includes current accounts, savings products, consumer loans and credit cards. By the end of 2020, bank99 had already more than 60,000 customers.

1.2 Sales Markets and Market Position

Austrian Post and its Group companies are active in ten countries. 86% of revenue was generated in the home market of Austria in 2020. Here Austrian Post holds a leading market position in the delivery of letters, direct mail items, newspapers and parcels. Austrian Post succeeded in further increasing parcel volumes in the highly competitive parcels market in the face of increasing competitive and price pressure. The company has a market share of 58% of the total Austrian parcel volume, 71% of the parcel volume in the private customer segment and 31% in the business parcel segment (B2B) (Source: Branchenradar CEP Services in Austria 2021).

The Group companies of Austrian Post also have a good market position at 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 leading market participants in Turkey.

1.3 Economic Environment

After the severe global economic downturn in 2020, caused by the COVID-19 pandemic and measures taken world-wide to respond, a global recovery is expected in 2021. Nevertheless, and despite the approval of various vaccines, the uncertainty remains. Current threats include recurrent waves of infection and emerging novel variants of the virus. The projected recovery in 2021 will vary from country to country and will depend on access to medical supplies and on effectiveness of policy measures as well as on structural, country-specific characteristics. Global export trade is also expected to bounce back in 2021. According to the experts from the International Monetary Fund (IMF), the global gross domestic product (GDP) contracted by 3.5% in 2020, compared with growth of 2.8% in 2019. Economic growth of 5.5% and 4.2% is expected for 2021 and 2022, respectively (IMF, January 2021).

In Europe, GDP increased by 1.3% in 2019 and subsequently plummeted by 7.2% in 2020. The European economy is not expected to reach the pre-crisis level again before 2022. Looking ahead to 2021 and 2022, the IMF predicts GDP growth of 4.2% and 3.6%, respectively (IMF, January 2021).

The Austrian economy was also hit hard by the COVID-19 pandemic last year. Although economic activity made a marked recovery in the summer, the first and second lockdowns had a significant negative impact on the economy. Unemployment rose by one-third despite the use of furlough arrangements. The Austrian Institute of Economic Research (WIFO) names vaccination coverage and further government measures as significant factors for the Austrian economy in 2021. After falling by 7.3% in 2020, GDP is expected to increase by 2.5% in 2021 (third lockdown scenario) and by 3.5% in 2022 (WIFO, December 2020).

Current signs point to a recovery with good levels of growth in the years to come in other European markets where Austrian Post operates. For Germany, the IMF estimates economic decline of 5.4% in 2020 compared with a 0.6% growth the year before. An increase of 3.5% and 3.1% is expected for 2021 and 2022, respectively. Apart from the economic decline in Germany, the markets of Southeast and Eastern Europe are also showing a downturn in economic performance, albeit to a lesser extent. For the European emerging markets, the IMF expects GDP to contract by 2.8% in 2020 after having increased by 2.2% in the previous year. For the years 2021 and 2022, the IMF assumes a greater increase in GDP of 4.0% and 3.9%, respectively (IMF, January 2021).

In Turkey, the measures to contain the virus led to an inevitable sharp decline in economic activity and employment in the second quarter of 2020, according to information released by the IMF in a Mission Concluding Statement published in January 2021. Rapid monetary and credit expansion, including key interest rate cuts, cheap and fast lending by state-owned banks, coupled with administrative and regulatory measures to boost lending, helped economic activity to make a strong recovery in the third quarter that exceeded pre-pandemic levels. However, this also means that inflation remains very high. Increasing dollarisation, a relatively high level of imports and financial outflows triggered extensive currency market intervention to stop the depreciation of the lira. Due to vaccine implementation and the recovery in growth among the country's trading partners, and especially given the substantial positive growth transfer carryforward from 2020, Turkey's GDP is expected to grow by 6% in 2021. From 2022 onwards, growth is expected to return to the trend level (around 3.5%). A slight decrease in inflation is expected up to the end of 2021 (IMF, Turkey, January 2021).

1.4 Sector 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 business heavily depends on the economic situation, the particular sector and the level of advertising activity on the part of companies. On the one hand, the COVID-19 pandemic has accelerated the trend towards e-substitution while restrictions imposed due to the pandemic and the lockdown measures have had a negative economic impact on volumes, as well as on the business activities of major customers, on the other.

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

In turn, 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 are becoming increasingly globalised and, with it, the required logistical services.

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 also leads to a growing demand for the resource-friendly transport of goods. Austrian Post is responding to this demand by offering carbon neutral delivery and the gradual decarbonisation of logistics in its home market of Austria, through which the carbon footprint is to be improved for itself and its customers.

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 in 2016 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 letterboxes, 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 Segment Information

Due to its new organisational structure, adopted in 2020, Austrian Post has increased its transparency via its split into the three operating divisions of Mail, Parcel & Logistics and Retail & Bank since 1 January 2020. Including the Corporate Division, these represent the four reporting segments in accordance with IFRS 8. Logistics for mail and parcel were combined into the internal logistics network production unit, which provides services for the operating divisions based on costs incurred.

2.2 Changes to the Scope of Consolidation

The Turkish company Aras Kargo a.s. was fully consolidated on 25 August 2020. The equity interest accounted for using the equity method until 24 August 2020 was increased by 55%. Austrian Post now holds an 80% stake in the company. Aras Kargo is one of the leading parcel services providers in Turkey.

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

2.3 Financial Performance

2.3.1 Revenue Development

In 2020, the Austrian Post Group's revenue increased by 8.3% to EUR 2,189.2m. On a comparable basis, i.e. excluding Aras Kargo, revenue growth came to 3.3%. Growth in the parcel business generated revenue growth of 44.4% (+28.4% excluding Aras Kargo), which more than compensated for the revenue decrease reported by the Mail and Retail & Bank Divisions. G 14

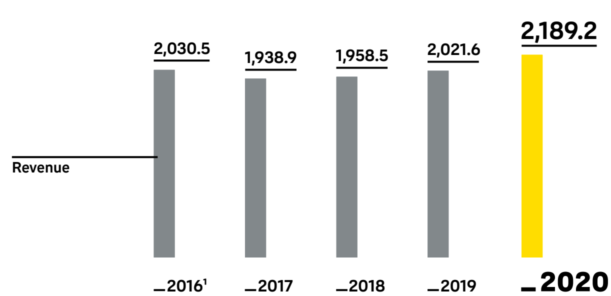
The Mail Division accounted for 55.6% of the total revenue of Austrian Post. Revenue in the Mail Division declined as expected, down by 7.4%. On the one hand, this is due to a more pronounced downward trend in conventional mail as a result of e-substitution and the lockdowns imposed at many authorities and companies. On the other hand, this was also caused by the loss of direct mail items as a direct effect of the business closures imposed by the authorities as a result of COVID-19 in 2020. On 1 April 2020, Letter Mail products and prices were adjusted, with a positive impact on revenue.

The Parcel & Logistics Division generated 41.5% of the total revenue in the reporting period. The revenue growth of 44.4% in 2020 was driven by positive organic growth from online orders, as well as by additional volumes due to cooperation with the Deutsche Post DHL Group from August 2019 onwards. The full consolidation of the Turkish company Aras Kargo on 25 August 2020 brought further revenue growth with a contribution of EUR 101.5m.

The Retail & Bank Division achieved a share of total revenue of 2.9% in the 2020 reporting period. The 19.7% decline in revenue in the newly reported Retail & Bank Division is due to the fact that bank99 was launched in the market on 1 April 2020, whereas the previous year's figure included service fees of EUR 29.3m from the former banking partner. G 15 T 29

G 14 Revenue Development

EUR m



[1] incl. revenues of EUR 134.8m from trans-o-flex

T 29 Revenue by Division

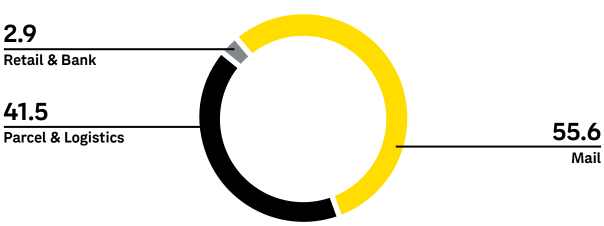
EUR m	2018[1]	2019[1]	2020	Change 2019/2020 %	Change 2019/2020 EUR m
REVENUE	**1,958.5**	**2,021.6**	**2,189.2**	**8.3**	**167.6**
Mail	1,318.6	1,320.1	1,222.7	-7.4	-97.4
Parcel & Logistics	552.4	632.5	913.6	44.4	281.1
Retail & Bank	93.7	80.5	64.7	-19.7	-15.8
Corporate/Consolidation	-6.2	-11.5	-11.7	-2.0	-0.2
Working days in Austria	250	251	252	–	–

[1] Adjusted to the new segment structure as at 1 January 2020, refer to Note 8.1

Based on the regional analysis of Austrian Post's revenue, 86.0% was generated in Austria in the 2020 reporting period. The remaining 14.0% were generated in international markets. Southeast and Eastern Europe accounted for 6.6% of revenue, and Turkey for 4.6%. 2.8% of revenue was generated in Germany. 92% Austrian Post's revenue is generated in euros. G 16

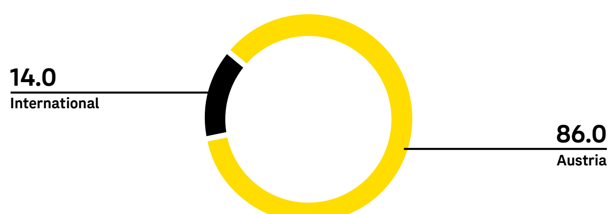
G 15 Revenue by Division 2020

in %



G 16 Revenue by Region 2020

in %



T 30 Development of Revenue in the Mail Division

EUR m	2018[1]	2019[1]	2020	Change 2019/2020 %	Change 2019/2020 EUR m
REVENUE	**1,318.6**	**1,320.1**	**1,222.7**	**-7.4**	**-97.4**
Letter Mail & Business Solutions	804.8	816.0	781.8	-4.2	-34.2
Direct Mail	382.6	372.0	320.9	-13.7	-51.1
Media Post	131.2	132.1	120.0	-9.1	-12.1
Revenue intra-Group	2.9	2.9	3.1	6.4	0.2
TOTAL REVENUE	**1,321.5**	**1,323.0**	**1,225.8**	**-7.3**	**-97.2**
thereof revenue with third parties	1,315.9	1,316.9	1,216.7	-7.6	-100.3

[1] Adjusted to reflect the new segment structure as at 1 January 2020, refer to Note 8.1

Revenue in the Mail Division amounted to EUR 1,222.7m, 63.9% of which can be attributed to the Letter Mail & Business Solutions business, 26.2% to Direct Mail and 9.8% to Media Post. G 18 T 30

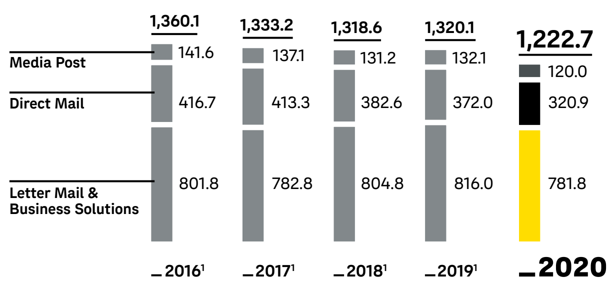
At EUR 781.8m, the revenue in the Letter Mail & Business Solutions business fell short of the prior year's level by 4.2%. The declining volume trend resulting from the substitution of letters by electronic forms of communication continued. In particular, the revenue was down due to the lockdown measures and the economic restrictions on public offices and companies. Volume development stabilised again towards the end of 2020, after declining considerably in the second quarter. Volumes continue to be affected by the current difficult framework conditions. Positive effects from elections are included both in the current reporting period and in the previous year, although the election effects in 2019 were significantly higher.

Further, Letter Mail products and prices were adjusted on 1 April 2020, with a positive impact on revenue. Compared to the same period of the previous year, International letter mail achieved a positive trend while the Business Solutions segment faced a slight decrease.

Revenues in the Direct Mail segment fell by 13.7% to EUR 320.9m in the 2020 financial year. In the second quarter of 2020, the impact of the business closures imposed by the authorities in response to COVID-19 left a particular mark on the direct mail business. Currently, visibility is limited, as further official lockdown measures are difficult to predict. The cyclical nature of revenue development points towards volatile direct mail business.

G 17 Mail Revenue by Product Group

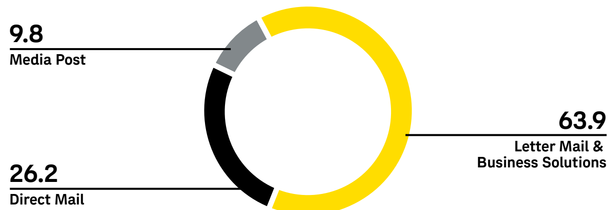
EUR m



[1] Adjusted for the new segment structure as at 1 January 2020, refer to Note 8.1

G 18 Share of Mail Revenue by Product Group 2020

in %



The revenue from Media Post, i.e. the delivery of newspapers and magazines, fell by 9.1% year-on-year to EUR 120.0m. The decline is also predominantly due to the COVID-19 pandemic. G 17

T 31 Development of Revenue in the Parcel & Logistics Division

EUR m	2018[1]	2019[1]	2020	Change 2019/2020 %	Change 2019/2020 EUR m
REVENUE	**552.4**	**632.5**	**913.6**	**44.4**	**281.1**
Premium Parcels	266.1	352.9	568.0	60.9	215.1
Standard Parcels	229.6	217.5	274.0	26.0	56.5
Other Parcel Services	56.6	62.1	71.5	15.3	9.5
Revenue intra-Group	0.7	0.7	1.0	36.6	0.3
TOTAL REVENUE	**553.2**	**633.2**	**914.5**	**44.4**	**281.3**
thereof revenue with third parties	548.6	623.6	905.3	45.2	281.7

[1] Adjusted to reflect the new segment structure as at 1 January 2020, refer to Note 8.1

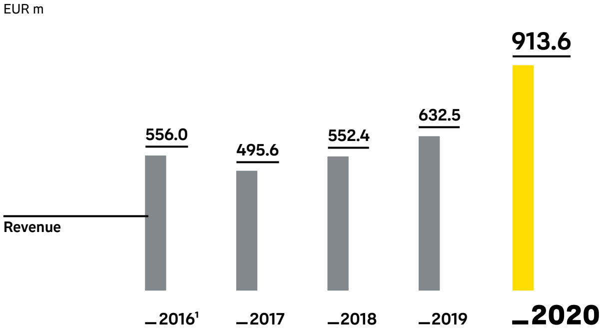
Revenue in the Parcel & Logistics Division increased by 44.4% from EUR 632.5m to EUR 913.6m in the 2020 financial year. Among other things, this strong growth in the parcel business is based on the positive development due to the ongoing trend towards e-commerce in Austria. Despite the internal delivery service of a major customer in eastern Austria, Austrian Post was able to continue benefiting from market growth in this reporting period. The environment is still one of intense competition and considerable price pressure. The total parcel volume in Austria increased by around 30% in 2020. The uncertainties and restrictions facing retail shops in the wake of the current COVID-19 pandemic are fuelling an ongoing boom in online retail. Cooperation with Deutsche Post DHL Group in Austria, which was launched in August 2019, has also made a considerable contribution to the current growth. In addition, the revenue reported by the Turkish subsidiary Aras Kargo, which has been included in the consolidated financial statements as a fully consolidated company since 25 August 2020, amounted to EUR 101.5m. G 19 T 31

The development towards faster delivery of parcels can be observed as a clear trend. In total, 62.2% of the division's revenue in the 2020 financial year was generated in the Premium Parels segment (delivery on the working day after posting). This implies an increase of 60.9% to EUR 568.0m. The Standard Parcels segment accounted for 30.0% of total revenue for the division. In 2020, this segment recorded a 26.0% increase in revenues to EUR 274.0m. The other parcel services segment, which comprises various additional logistics services and accounts for 7.8% of divisional revenue, generated EUR 71.5m in revenue in the reporting period, implying an increase of 15.3%.

Regional analysis shows that in 2020, 73.2% of divisional revenue was generated in Austria, with an increase of 29.9% compared to the same period of the previous year. 26.8% of revenue was generated by the international business of subsidiaries in Southeast and Eastern Europe and Turkey. In this highly competitive region, revenue grew in excess of 100% in the reporting period, driven by increased parcel volumes due to the COVID-19 pandemic. G 20

G 19 Revenue Parcel & Logistics Division

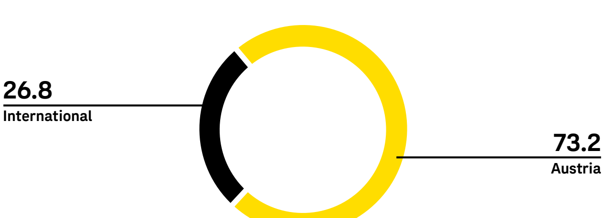
EUR m



[1] incl. revenues of EUR 134.8m from trans-o-flex

G 20 Parcel Revenue by Region 2020

in %



T 32 Development of Revenue in the Retail & Bank Division

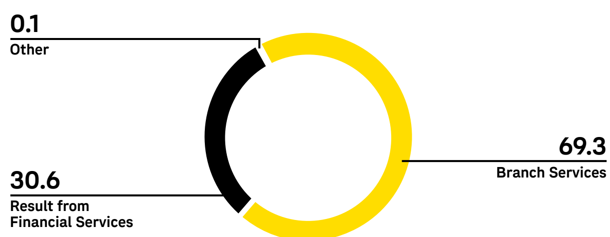
EUR m	2018[1]	2019[1]	2020	Change 2019/2020 %	Change 2019/2020 EUR m
REVENUE	**93.8**	**80.5**	**64.7**	**–19.7**	**–15.8**
Branch Services	93.7	80.4	44.8	–44.3	–35.6
Result from Financial Services	0.0	0.0	19.8	–	19.8
Other	0.1	0.1	0.1	–27.1	0.0
Revenue intra-Group	182.0	182.3	183.4	0.6	1.1
TOTAL REVENUE	**275.8**	**262.8**	**248.1**	**–5.6**	**–14.7**
thereof revenue with third parties	93.8	80.5	64.6	–19.8	–16.0

[1] Adjusted to reflect the new segment structure as at 1 January 2020, refer to Note 8.1

Revenue in the Retail & Bank Division came to EUR 64.7m in the 2020 financial year (previous year: EUR 80.5m). In the previous year, Branch Services included service fees from the former banking partner amounting to EUR 29.3m. In the current reporting period, Branch Services (retail goods and branch products) amounted to EUR 44.8m, with a positive impact of the COVID-19 pandemic in the sections of packaging materials and stationery. Financial Services Earnings of EUR 19.8m in 2020 also included cash payments for third parties (e.g. pensions). bank99 was launched on 1 April 2020 and had already more than 60,000 customers by the end of the year. G 21 T 32

G 21 Retail & Bank Division 2020

in %



MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

T 33 **Financial Performance of the Group**

EUR m	2018	2019	2020	Change 2019/2020 %	Change 2019/2020 EUR m
REVENUE	**1,958.5**	**2,021.6**	**2,189.2**	**8.3**	**167.6**
Other operating income	96.2	131.5	64.1	–51.2	–67.4
Raw materials, consumables and services used	–441.2	–495.7	–596.2	–20.3	–100.5
Staff costs	–1,008.7	–976.7	–1,041.4	–6.6	–64.7
Other operating expenses	–295.7	–361.3	–314.4	13.0	46.8
Results from financial assets accounted for using the equity method	–3.6	–0.6	1.5	>100	2.2
EBITDA[1]	**305.4**	**318.7**	**302.8**	**–5.0**	**–15.9**
Depreciation and amortisation	–80.6	–116.3	–139.8	–20.2	–23.5
Impairment losses	–13.9	–1.7	–2.3	–36.1	–0.6
EBIT[2]	**210.9**	**200.6**	**160.6**	**–19.9**	**–40.0**
Financial Result	–13.1	10.7	1.4	–86.5	–9.3
EARNINGS BEFORE TAX	**197.8**	**211.3**	**162.1**	**–23.3**	**–49.3**
Income Tax	–53.6	–66.8	–46.8	30.0	20.1
PROFIT FOR THE PERIOD	**144.2**	**144.5**	**115.3**	**–20.2**	**–29.2**
ATTRIBUTABLE TO:					
Shareholders of the parent company	143.7	146.4	118.3	–19.2	–28.1
Non-controlling interests	0.6	–1.9	–3.0	–56.4	–1.1
EARNINGS PER SHARE (EUR)[3]	**2.13**	**2.17**	**1.75**	**–19.2**	**–0.42**

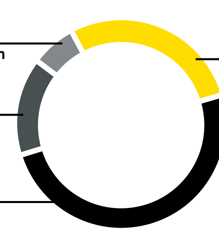
[1] Earnings before depreciation, amortisation, impairment losses, financial result and income tax
[2] Earnings before financial result and income tax
[3] Undiluted earnings per share in relation to 67,552,638 shares

2.3.2 Earnings Development

The structure of expenses of Austrian Post is characterised by a high share of staff costs. Accordingly, 49.7% of total operating expenses incurred by Austrian Post in 2020 were accounted for staff costs. The second largest expense item, which constituted 28.5% of operating expenses, was raw materials, consumables and services used, a large part of which related to outsourced transport services. Furthermore, 15.0% could be attributed to other operating expenses and 6.8% to depreciation, amortisation and impairment losses. G 22

G 22 **Structure of Expenses** 2020

in %



Year-on-year comparability of single income statement items is limited due to the full consolidation of the Turkish company Aras Kargo with effect from 25 August 2020.

Staff costs in the 2020 financial year amounted to EUR 1,041.4m, up by 6.6% or EUR 64.7m. On a comparable basis, i.e. excluding Aras Kargo, staff costs were up by 4.5% or EUR 43.6m in a year-on-year comparison.

Operational staff costs increased compared to the same period of the previous year due to the full consolidation of the Turkish company Aras Kargo as well as additional expenses for the growing parcel business. The Austrian Post Group had an average of 22,966 employees (full-time equivalents) in 2020, compared to an average of 20,338 employees in the same period of the previous year (+12.9%).

In addition to operational staff costs, staff costs of Austrian Post generally also include various non-operating expenses such as severance payments and changes in provisions, which can be attributed primarily to the specific employment situation of civil servant employees. The non-operating staff costs for 2020 required only a small amount of provisions. A positive effect was recorded in the previous year due to the reversal of provisions.

Raw materials, consumables and services used increased by 20.3% to EUR 596.2m. On a comparable basis, i.e. excluding Aras Kargo, the cost of materials was up by 9.4% or EUR 46.4m on the previous year's level. The increase is mainly due to higher transport expenses as a result of the huge parcel volumes and higher sales commission.

Other operating income fell by 51.2% to EUR 64.1m in 2020. Both other operating income and other operating expenses were significantly higher in the prior-year period. In the 2019 reporting period, credited recovery claims from non-wage labour costs paid in previous periods in the amount of EUR 58.0m were included in other operating income (recovery of contributions from the payroll of civil servants).

Other operating expenses fell by 13.0% to EUR 314.4m. On a comparable basis, i.e. excluding Aras Kargo, other operating expenses were down by 15.5% or EUR 55.9m on the previous year's level. The reporting period also included initial expenses for setting up the infrastructure for the new bank99.

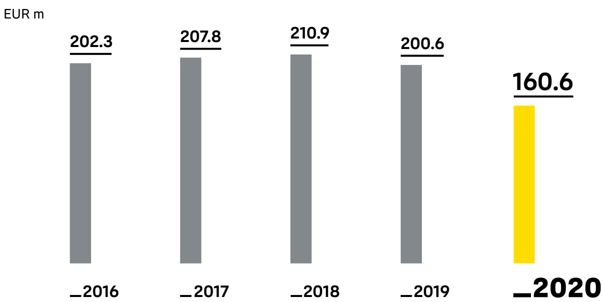
C EBITDA amounted to EUR 302.8m, 5.0% below the previous year's EUR 318.7m due to negative effects associated with the COVID-19 pandemic and bank99. This equates to an EBITDA margin of 13.8%.

Depreciation, amortisation and impairment losses in the reporting period totalled EUR 142.2m, compared with EUR 118.1m in 2019. Depreciation and amortisation increased primarily as a result of the commissioning of new locations for our parcel logistics infrastructure, while impairment losses of EUR 2.3m were up only slightly on the previous year's level of EUR 1.7m.

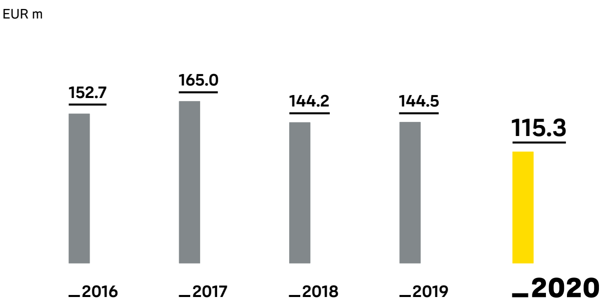
Consolidated EBIT fell from EUR 200.6m to EUR 160.6m in the 2020 financial year. EBIT margin amounted to 7.3%. EBIT of the logistics business (excl. Retail & Bank Division) reached a level of EUR 204.4m in 2020, resulting in an EBIT margin of 9.6%. G 23

The Group's financial result of EUR 1.4m was EUR 9.3m lower than in 2019, mainly due to the positive effect from the recognition of interest income from recovery claims from non-wage labour costs paid in previous periods in the 2019 financial year. After deducting income tax of EUR 46.8m, the profit for the period therefore came to EUR 115.3m (–20.2%). Basic earnings per share were EUR 1.75 compared to EUR 2.17 in the same period of the previous year. G 24 T 33

G 23 EBIT



G 24 Profit for the Period



T 34 EBIT by Division

EUR m	2018	2019[1]	2020	Change 2019/2020 %	Change 2019/2020 EUR m	Margin 2020[2]
EBIT	**210.9**	**200.6**	**160.6**	**–19.9**	**–40.0**	**7.3%/9.6%[3]**
Mail	–	196.7	164.4	–16.4	–32.3	13.4%
Parcel & Logistics	–	37.8	73.5	94.5	35.7	8.0%
Retail & Bank	–	–4.6	–43.8	<–100	–39.2	–
Corporate/Consolidation	–	–29.4	–33.5	–14.2	–4.2	–

[1] Adjusted to reflect the new segment structure as at 1 January 2020
[2] Margin of the divisions related to total earnings
[3] EBIT margin of 9.6% of the logistics business (excl. Retail & Bank Division)

C The result for the 2020 financial year of EUR 160.6m (–19.9%) was negatively impacted by the COVID-19 pandemic and initial set-up costs for the new bank99. The good parcel business and the full consolidation of the Turkish company Aras Kargo had a positive effect. The EBIT of the logistics business (excl. Retail & Bank Division) amounted to EUR 204.4m in the 2020 financial year.

In terms of divisional result, the Mail Division achieved an EBIT of EUR 164.4m in 2020. The 16.4% year-on-year decline resulted from the loss of revenue from the letter mail and direct mail business due to the COVID-19 pandemic. Due to the high amount of fixed costs in the letter mail business, the decline in revenue has a strong impact on earnings. The product and price adjustments made in the letter mail business as at 1 April 2020 had a positive effect. Comprehensive provisions for data protection procedures were also recognised in the previous year.

The Parcel & Logistics Division achieved revenue growth against the backdrop of intense competitive and margin pressure, generating an EBIT of EUR 73.5m in 2020. This is almost twice the amount (+94.5%) reported in the previous year. The full consolidation of the Turkish company Aras Kargo effective as of 25 August 2020 had a C positive impact on the result. In turn, additional costs due to health and safety measures and higher logistics costs related to the pandemic had a negative impact on the result, especially in the second quarter.

The Retail & Bank Division recorded an EBIT of minus EUR 43.8m in 2020, compared with minus EUR 4.6m in the previous year. The decline in earnings is attributed to reduction in revenue. While bank99 was launched in April 2020, the previous year still included EUR 29.3m in service fees associated with the former banking partner. Earnings were also impacted by negative factors relating to COVID-19 and by start-up costs for bank99.

EBIT in the Corporate Division (incl. Consolidation) changed from minus EUR 29.4m to minus EUR 33.5m. The Corporate Division provides non-operating services which are essential for the purpose of the administration and management of the company. In addition to conventional governance tasks, these activities include the management and development of properties not required for operations, management of significant financial investments, provision of IT services, development of new business models and administration of the Internal Labour Market of Austrian Post. T 34

2.4 Assets and Financial Position

T 35 Balance Sheet as at 31 December

EUR m	31 Dec. 2018	31 Dec. 2019[1]	31 Dec. 2020	Structure 31 Dec. 2020
ASSETS				
Property, plant and equipment	652.8	1,056.5	1,137.2	42.4%
Intangible assets and goodwill	83.3	96.2	158.3	5.9%
Investment property	78.4	73.0	74.4	2.8%
Financial assets accounted for using the equity method	9.2	11.4	11.4	0.4%
Inventories, trade and other receivables	439.6	403.6	484.6	18.1%
Other financial assets	107.7	298.7	116.1	4.3%
of which securities/money market investments	55.8	240.6	110.6	–
Financial assets from financial services	–	50.9	589.5	22.0%
Cash and cash equivalents	310.0	52.6	108.2	4.0%
Assets held for sale	0.3	0.1	0.5	0.0%
	1,681.2	**2,042.9**	**2,680.2**	**100%**
EQUITY AND LIABILITIES				
Equity	699.1	700.7	655.0	24.4%
Provisions	551.1	617.4	632.5	23.6%
Other financial liabilities	10.3	309.5	351.6	13.1%
Trade and other payables	420.6	415.3	508.2	19.0%
Financial liabilities from financial services	–	0.0	532.9	19.9%
	1,681.2	**2,042.9**	**2,680.2**	**100%**

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

2.4.1 Balance Sheet Structure

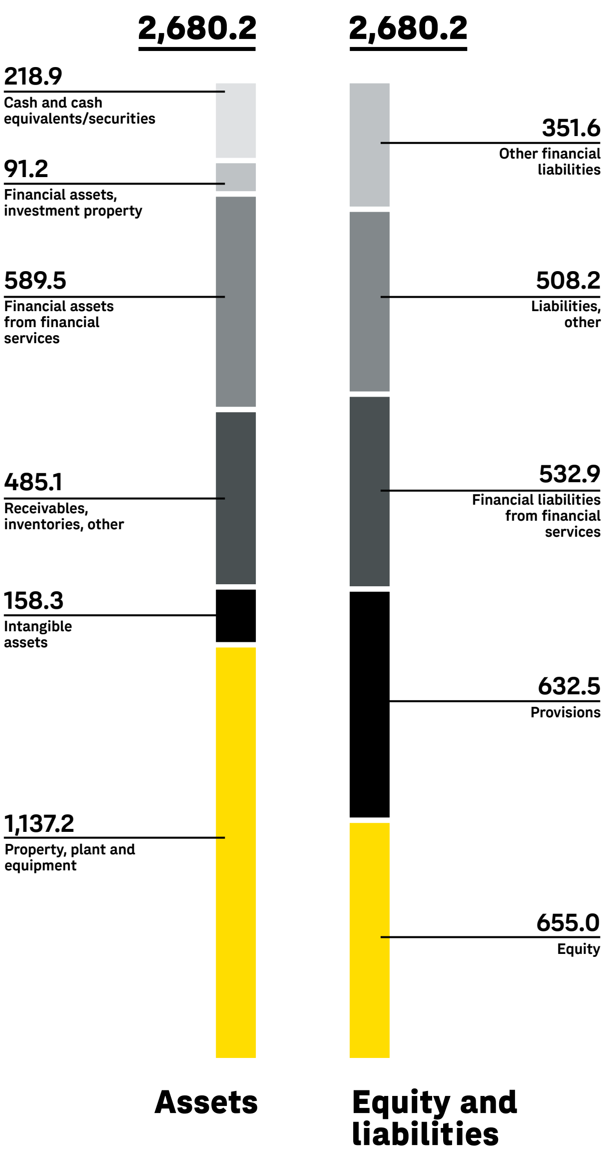
Austrian Post relies on a conservative balance sheet and financing structure. This is demonstrated by the high level of cash and cash equivalents and solid investment of cash and cash equivalents at the lowest possible risk.

Austrian Post's total assets amounted to EUR 2,680.2m as at 31 December 2020. On the asset side, property, plant and equipment amounting to EUR 1,137.2m was the largest balance sheet item and includes the right-of-use assets in connection with leases in the amount of EUR 326.6m. Intangible assets and goodwill resulting from company acquisitions amounted to EUR 158.3m as at 31 December 2020. The balance sheet shows receivables of EUR 379.7m, which include current trade receivables of EUR 314.2m. Other financial assets amounted to EUR 116.1m as at 31 December 2020. Financial assets from financial services amounting to EUR 589.5m were reported for the first time. These result largely from the deposit and investment business of bank99 as well as from the processing of cash payments for third parties (e.g. pensions).

Austrian Post held securities and money market investments that are included in other financial assets amounting to EUR 110.6m (excl. bank99) at the end of the year. The securities and money market investments held by Austrian Post have an investment grade or comparable credit rating, which is why it can be assumed that these assets can be converted into cash at short notice. The balance sheet shows that Austrian Post had cash and cash equivalents in the amount of EUR 108.2m as at 31 December 2020. Including financial investments in securities and money market investments, the portfolio of current and non-current cash and cash equivalents amounted to EUR 218.9m at year-end excluding cash and cash equivalents of the bank99. The financial resources of the bank99 amounted to EUR 578.9m as at the reporting date December 31, 2020 and were predominantly invested with the Austrian Central Bank. If the latter are included, the total came to EUR 797.7m as at 31 December 2020.

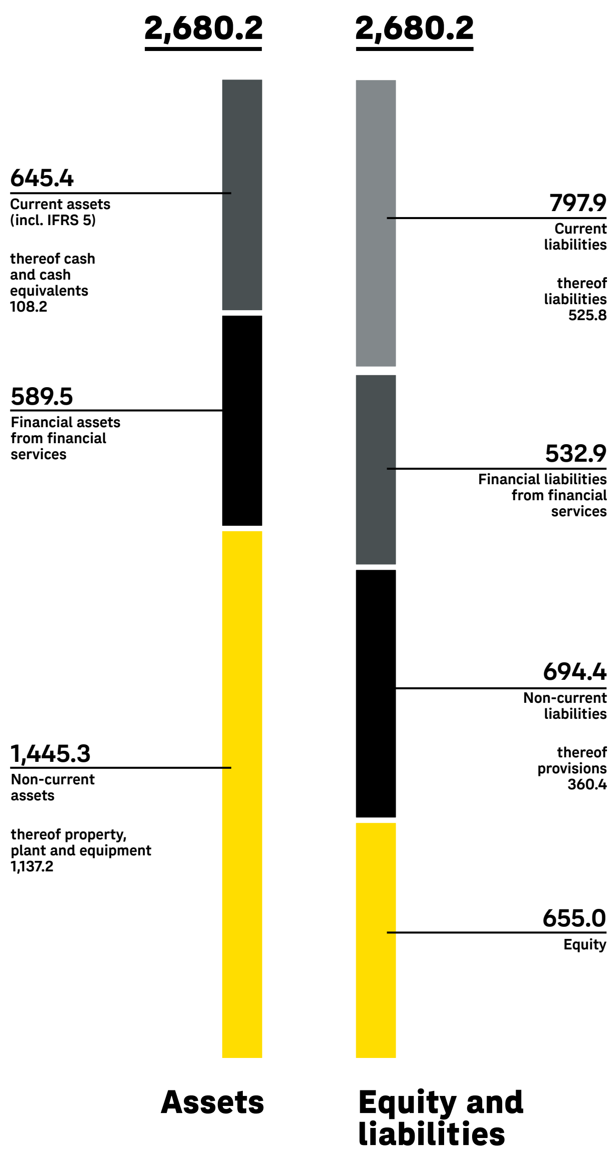
G 25 Balance Sheet Structure by Item — 2020

EUR m



G 26 Balance Sheet Structure by Maturity — 2020

EUR m



On the equity and liabilities side of the balance sheet, the equity of the Austrian Post Group amounted to EUR 655.0m as at 31 December 2020 (equity ratio of 24.4%). The reduction in the equity ratio as compared to the previous year is primarily due to the balance sheet increase as a result of the new financial services business in the Retail & Bank Division as well as to the full consolidation of the Turkish company Aras Kargo. Furthermore, provisions of EUR 632.5m are shown on the equity and liabilities side as at the end of December 2020. Around 75% of the provisions were staff-related, with EUR 182.2m attributable to provisions for underutilisation. A further EUR 193.9m relates to legally and contractually required provisions for social capital (severance payments and anniversary bonuses) and EUR 93.3m to other staff-related provisions. Other provisions amounted to EUR 163.1m and include obligations for possible compensation payments in connection with credited recovery claims from non-wage labour costs paid in previous periods in the amount of EUR 99.6m. In total, 47% of the provisions of Austrian Post have a maturity of more than three years, 10% of more than one year. 43% of the provisions are current provisions with a maturity of less than one year. Other financial liabilities amounted to EUR 351.6m and included non-current lease liabilities of EUR 274.1m. As at 31 December 2020, trade and other payables of EUR 508.2m included current trade payables of EUR 249.2m. Financial liabilities from financial services amounting to EUR 532.9m were reported for the first time as a separate item on the equity and liabilities side of the balance sheet. They mainly included the deposit and investment business of bank99 as well as the processing of cash payments for third parties (e.g. pensions). G 25 T 35

The analysis of the balance sheet structure by maturity shows that 54% of total assets, or EUR 1,445.3m, are accounted for by non-current assets. At EUR 1,137.2m, property, plant and equipment plays a significant role within non-current assets. Financial assets from financial services account for 22% of total assets, or EUR 589.5m. This item mainly includes cash and cash equivalents and balances with central banks. The largest current asset items (incl. IFRS 5), constituting 24% or EUR 645.4m, are receivables in the amount of EUR 369.1m as well as other financial assets in the amount of EUR 110.6m, which include securities in the amount of EUR 40.7m and money market investments in the amount of EUR 70.0m. Cash and cash equivalents amounted to EUR 108.2m.

On the equity and liabilities side, total assets are made up of equity (24%), non-current liabilities (26%), financial liabilities from financial services (20%) and current liabilities (30%). Non-current liabilities in the amount of EUR 694.4m primarily include provisions in total of EUR 360.4m and other financial liabilities in the amount of EUR 274.1m. Financial liabilities from financial services of EUR 532.9m include liabilities to customers of EUR 519.5m. Current liabilities in the amount of EUR 797.9m are dominated by EUR 525.8m in liabilities. G 26

2.4.2 Cash Flow

Gross cash flow amounted to EUR 327.1m in the 2020 financial year, compared with EUR 333.7m in the previous year (–2.0%). Cash flow from operating activities amounted to EUR 732.6m in the reporting period after EUR 327.4m in the previous year. The biggest effect here comes from the financial assets/liabilities from financial services (Core Banking Assets) of bank99, which had a positive effect of EUR 522.2m. Core banking assets combine positions resulting from the deposit and investment business of bank99 since the beginning of April 2020.

T 36 Cash Flow

EUR m	2018	2019[1]	2020
Gross cash flow	352.9	333.7	327.1
CASH FLOW FROM OPERATING ACTIVITIES	**295.9**	**327.4**	**732.6**
Cash flow from investing activities	–137.5	–290.7	7.0
of which maintenance CAPEX	–81.3	–71.5	–67.8
of which growth CAPEX	–58.1	–81.5	–75.5
of which cash flow from acquisitions/divestments	–38.3	–6.8	37.0
of which acquisition/disposal of securities/money market investments	23.0	–124.0	130.2
of which other cash flow from investing activities	17.3	–6.8	–16.9
Free cash flow	158.4	36.7	739.6
Free cash flow before acquisitions/securities/money market investments	173.7	167.5	572.4
OPERATING FREE CASH FLOW[2]	**161.9**	**150.5**	**125.7**
Cash flow from financing activities	–138.1	–183.4	–153.1
of which dividends	–138.8	–141.0	–141.2
Change in cash and cash equivalents	20.2	–146.7	583.6

[1] Change in the presentation of financial services, refer to Note 3.2
[2] Free cash flow before acquisitions / securities / money market investments, growth CAPEX and core banking assets; 2019: excl. payments of EUR 32.8m from the Neutorgasse real estate project and credited repayment claims for social security contributions on pay for previous periods of service amounting to EUR 65.7m; 2018: excl. special effect of EUR 70.0m (BAWAG P.S.K. special payment of EUR 107.0m minus financial services provided amounting to EUR 37.0m)

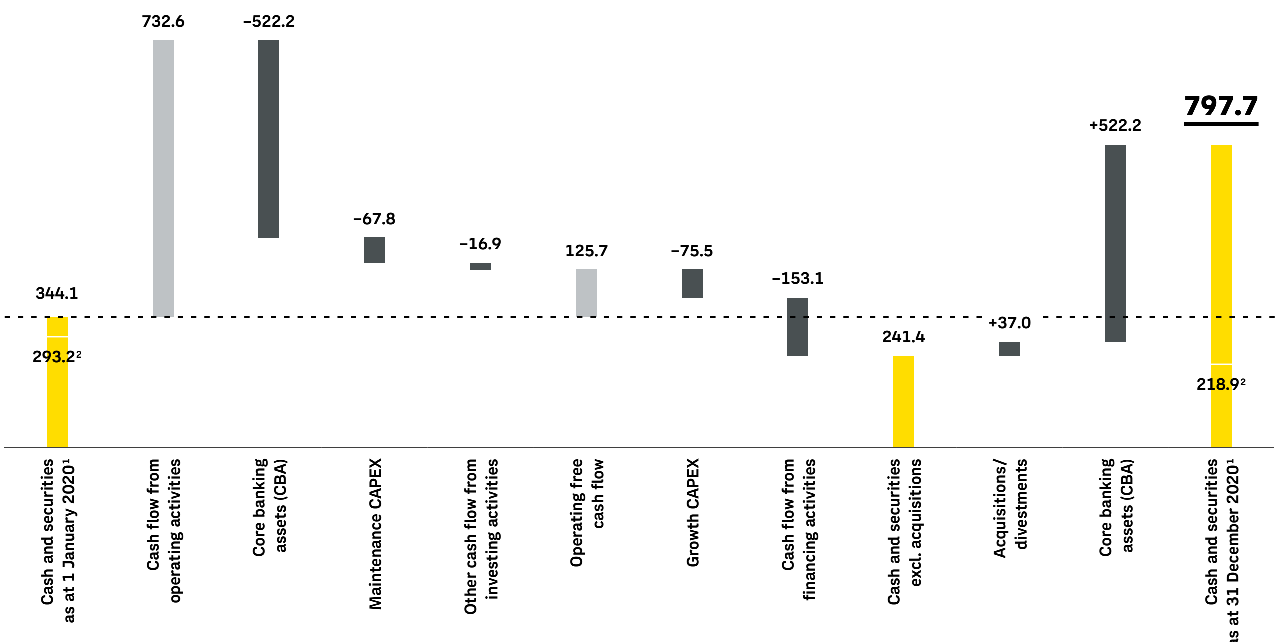
Cash flow from investing activities amounted to EUR 7.0m in 2020 after minus EUR 290.7m in the previous year. The change resulted primarily from the inflow of payments for securities and money market investments, which had an effect of EUR 130.2m on cash flow in the reporting period (compared to a cash outflow of EUR 124.0m in the same period of the previous year). This includes additionally the sale of the stake in flatexDEGIRO AG (previously flatex AG) at the amount of EUR 38.0m in the 2020 financial year. Free cash flow before securities, money market investments and core banking assets came to EUR 87.3m in 2020.

Austrian Post focuses on the key indicator operating free cash flow both to assess the financial strength of its operating business and to cover the dividend. The operating free cash flow amounted to EUR 125.7m in the current reporting period, compared to EUR 150.5m in the previous year. In addition, there are growth investments (growth CAPEX) that are financed in part using balance sheet savings.

Cash flow from financing activities comprised mainly the dividend distribution and the repayment of lease liabilities, amounting to minus EUR 153.1m in the 2020 financial year. T 36

G 27 Cash Flow Developments 2020

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 cash flow development in 2020 shows the following picture: as at 1 January 2020, Austrian Post's cash and cash equivalents amounted to EUR 344.1m; excluding cash and cash equivalents relating to bank99, the portfolio would come to EUR 293.2m. In 2020, cash flow generated from operating activities amounted to EUR 732.6m. After deducting core banking assets of EUR 522.2m and payments for maintenance CAPEX of EUR 67.8m in the 2020 financial year, the operating free cash flow amounts to EUR 125.7m. The planned dividend payment for the 2020 financial year of EUR 108.1m (proposal to be made to the Annual General Meeting on 15 April 2021) can be covered by the operating free cash flow in full. After taking into account the growth CAPEX of EUR 75.5m and the cash flow from financing activities, as well as acquisitions and divestments, cash and cash equivalents as at 31 December 2020 amounted to EUR 797.7m after including the core banking assets. Cash and cash equivalents as at 31 December 2020 came to EUR 218.9m (excl. cash and cash equivalents of bank99). G 27

2.4.3 Net Cash/Net Debt

T 37 Net Cash/Net Debt

EUR m	31 Dec. 2018	31 Dec. 2019[1]	31 Dec. 2020
+ Other financial liabilities	10.3	309.5	351.6
+ Interest-bearing provisions	394.9	369.2	377.7
INTEREST-BEARING DEBT	**405.2**	**678.7**	**729.3**
– Other financial assets	–107.6	–298.6	–116.1
– Non-current interest-bearing receivables	–1.0	–1.0	–1.6
– Cash and cash equivalents	–310.0	–52.6	–108.2
INTEREST-BEARING ASSETS	**–418.6**	**–352.2**	**–225.9**
– Assets held for sale	–0.3	–0.1	–0.5
NET CASH (–)/NET DEBT (+)[2]	**–13.7**	**326.5**	**503.0**
NET DEBT/EBITDA[2]	**–**	**1.02**	**1.66**
GEARING RATIO[2,3]	**–**	**46.6%**	**76.8%**

[1] Change in the presentation of financial services, refer to Note 3.2
[2] In light of the positive net cash reported in 2018, the indicators of net debt/EBITDA and the gearing ratio (net debt/equity) are not included in this year's report due to their limited meaningfulness.
[3] Gearing ratio = net debt/equity

Austrian Post Group reported net debt of EUR 503.0m at the end of 2020. The change compared to the previous year was due to an increase in interest-bearing debt and a decline in interest-bearing assets.

The ratio of net debt to EBITDA was 1.66 and the gearing ratio was 76.8% at the end of the reporting period. T 37

On the basis of existing liquidity and a solid cash flow from operating activities, Austrian Post is able to cover its financing requirements independently in 2021.

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 business development continues successfully and that no extraordinary circumstances arise.

2.4.4 Investments and Acquisitions

Austrian Post Group's investments in the 2020 financial year totalled EUR 200.0m, of which EUR 39.7m was attributable to the addition of right-of-use assets in accordance with IFRS 16. In the 2020 financial year, EUR 176.8m was attributable to investments for property, plant and equipment and EUR 23.2m to investments for intangible assets.

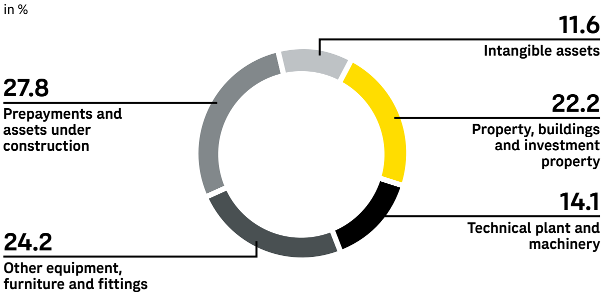
Operating and office equipment constituted 24.2% of Austrian Post's investment programme. In addition to the ongoing acquisition of the vehicle fleet, investments were also made for particular equipment and furnishings for branch offices and various types of hardware. Land/buildings and investment property constituted 22.2% in the reporting period, while advance payments and investments for assets under construction constituted 27.8% of the capex programme, primarily for the parcel expansion programme and delivery vehicles. In addition, 14.1% can be attributed to technical equipment and machinery at the logistics centres. Intangible assets constituted 11.6%. G 28

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

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

G 28 **Investments by Category** **2020**

in %



Investments 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 investments 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 investments and acquisitions, the amortisation period and the present value of the investments are also taken into consideration, both in the planning phase as well as when monitoring the key performance indicators.

The cash outflow for the acquisition and disposal of subsidiaries as well as for financial assets accounted for using the equity method amounted to EUR 0.8m in 2020 after a cash outflow of EUR 7.6m in 2019. 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 a valuation through a discounted cash flow method and, if applicable, plausibility checks of the defined values throughcomparison methods.

2.5 Value-based Key Performance Indicators

2.5.1 Capital Employed

Capital employed of the Austrian Post Group increased from EUR 961.3m in the previous year to EUR 1,110.0m as at 31 December 2020. The increase was down to the full consolidation of Aras Kargo as well as investments in Austrian Post's capacity expansion programme launched in response to increased parcel volumes. T 38

Austrian Post aims to optimise capital employed based on industry-specific circumstances. In light of this, investments are made extremely selectively and systematically, particularly to enable productivity increases and profitable growth. Goodwill is tested for its intrinsic value at an ongoing basis and is written down upon any indication.

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. If the customer is designated as a risk, payment terms can be immediately switched to advance or cash payments or a bank guarantee may be requested.

T 38 Capital Employed

EUR m	31 Dec. 2018	31 Dec. 2019[1]	31 Dec. 2020
+ Property, plant and equipment, intangible assets and goodwill	736.1	1,152.7	1,295.5
+ Investment property	78.4	73.0	74.4
+ Financial assets accounted for using the equity method	9.2	11.4	11.4
+ Inventories	17.3	14.3	15.5
+ Trade and other receivables, financial assets from financial services and tax assets[2]	343.8	373.3	1,009.1
– Non interest-bearing debt	–576.9	–663.4	–1,295.9
CAPITAL EMPLOYED	**607.9**	**961.3**	**1,110.0**

[1] Change in the presentation of financial services, refer to Note 3.2
[2] Less interest-bearing receivables

2.5.2 Ratios

The EBITDA margin of Austrian Post fell from 15.8% in 2019 to 13.8% in 2020. The EBIT margin came to 9.9% in 2019 and reached a value of 7.3% in 2020. The EBIT margin of the logistics business, i.e. excluding the Retail & Bank Division, came to 9.6% in the 2020 financial year, just short of the prior-year level. The return on equity changed from 25.9% to 20.6% in the 2020 financial year. The return on capital employed decreased from 25.6% in the previous year to 15.5% in the 2020 financial year. This was mainly due to the full consolidation of Aras Kargo as well as investments in Austrian Post's capacity expansion programme launched in response to increased parcel volumes. T 39

T 39 Ratios

in %	2018	2019	2020
EBITDA margin[1]	15.6	15.8	13.8
EBIT margin[2]	10.8	9.9	7.3/9.6[3]
ROE[4]	25.8	25.9	20.6
ROCE[5]	34.4	25.6	15.5

[1] EBITDA margin = EBITDA/revenue
[2] EBIT margin = EBIT/revenue
[3] EBIT margin of 9.6% of the logistics business (excl. Retail & Bank Division)
[4] Return on equity = Profit for the period/(equity on 1 January less dividend payment
[5] Return on capital employed = EBIT/average capital employed; 2019: Change in the presentation of financial services, refer to Note 3.2

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 order to live up to its claim of being a service provider, Austrian Post continually complements and improves its services on the basis of internal research and development measures. Moreover, Austrian Post consistently works on optimising its processes and procedures. Innovative solutions are explored and developed either in-house or together with cooperation partners. In many cases, this leads to new market standards for the entire logistics sector.

COVID-19 changed the driver of innovation in 2020. In addition to health and safety, the need for connectivity has increased. The factor that had the most direct impact on Austrian Post was the boom in e-commerce.

Innovation at Austrian Post is driven by an interplay of central management and decentralised innovation teams in the business areas responsible for the products and services. Central innovation management ensures transparency and networking for innovation activities and takes the lead for overarching topics – for instance, Austrian Post's involvement in the VERBUND X Accelerator Programme was coordinated centrally. Austrian Post acts as a partner for business areas with regard to digital transformation and bases its activities on identifying market needs and future trends in a timely manner and ensuring its competitiveness through appropriate initiatives.

In addition to its own development activities, Austrian Post also has long-standing partnerships with reputable Austrian universities, universities of applied sciences and other research facilities. For example, a partnership with the Institute for Technical Logistics (ITL) at Graz University of Technology was formed, which will support Austrian Post in the expansion and modernisation of its logistics centres. In order to make packaging more environmentally friendly, a partnership with the University of Applied Sciences Upper Austria was established. Key partners also include the Austrian Research Promotion Agency (FFG), the Climate and Energy Fund and the Vienna Economic Chambers. This ensures that the intensification of our innovation effort builds on scientifically sound results.

In terms of core business products and services, the focus in the 2020 financial year was on the implementation of new service platforms in addition to improvements of the user experience. Ongoing payments (subscriptions) in connection with Austrian Post's range of services can now be processed conveniently and securely via the new e-commerce hub service going forward. While a series of projects are initiated and executed by the divisions' product management teams, a centralised development of end-customer services is carried out to secure service leadership, with the aim of utilising the latest technologies to improve core services and to create and research new business models on the end-customer side. The online services provided by Austrian Post are characterised by a high level of security, flexibility, efficiency and trustworthiness.

The entry of the golden crypto stamp featuring one gram of gold bullion in the Guinness Book of Records as the "digital stamp with the highest issue value" attracted a great deal of attention among stamp collectors. Other stamp innovations included a stamp with the shape and texture of a ski tip and a special issue of an original coronavirus stamp made of toilet paper.

The Mail Division of Austrian Post continued with its consistent innovation drive in 2020. One particular focus last year was on direct mail, where creative market concepts were developed to take into account changing needs and digital options. By way of example, Austrian Post's own comparison portal daskuvert.at was launched with more than 50 million online offers. The digital direct mail portfolio was expanded further with the digital customer club in the form of a B2B loyalty building block or the digital out of home (DOOH) advertising slots. The physical direct mail offering is being constantly expanded to include digital direct mail channels, and Austrian Post accelerates its provision of digital access to core products in the letter and direct mail market. Worth special mention is the Group's readiness to be bold in testing the concepts and consistently implementing them upon positive feedback.

C The Business Solutions segment is the leading provider of innovative, physical and digital business process solutions. The focus is on efficient business solutions in the areas of input and business automation, document logistics, output management and digital advertising, which has particularly proved itself during the COVID-19 pandemic. Innovations in artificial intelligence, document management solutions and dual delivery offerings allow this business segment to continue with smooth and state-of-the-art operations for Austria's leading companies, even in these challenging times.

With regard to Logistics Solutions, Austrian Post continuously develops tailor-made customer solutions for warehousing and fulfilment as well as various value-added services, such as two-person handling, delivery at specified times (e.g. same day delivery) or sustainable packaging solutions. Combined with innovative online services, these solutions ensure greater efficiency, flexibility and customer-oriented optimisation of communication and distribution. Together with ACL advanced commerce labs GmbH, customers have a perfect partner to help them develop and expand their logistics value chain. This enables 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 higher customer demand for efficiency, flexibility and resilience. In doing so, Austrian Post is able to provide its customers with bespoke solutions ranging from online shops, special IT solutions, warehousing, fulfilment and end-customer delivery to cash management solutions.

In the area of processes and procedures, research and development focuses largely on suppporting the sustainable considerations of the company. Austrian Post invested EUR 8.8m in the carbon neutral and zero-emission delivery of mail items in the 2020 financial year. One particular highlight in the implementation of these priorities is the order placed for 25 electric high-capacity vans to further strengthen Austria's largest e-fleet. At the newly opened logistics centre in Kalsdorf, Styria near Graz, too, the focus was on the knowledge gained regarding sustainability thanks to research partnerships.

Another focal point of the investment programme during the period under review was equipment, furniture and fittings. In addition to ongoing investments in the vehicle fleet, this mainly involved investments in state-of-the-art branch office equipment and furnishings. A report on the vehicle fleet and the expansion of electromobility is provided in the Environment section. Investments incurred as a part of the capacity expansion programme were another topic. The "City Logistics" programme by Parcel Austria was also continued in the Parcel & Logistics Division in 2020 and a pilot project was launched for delivery using e-bikes or on foot via centrally located microdistribution sites (city hubs), based on the findings of previous pilot projects conducted in Graz city centre. This novel concept allows Austrian Post to make a significant contribution to reducing carbon and noise emissions in urban areas. Another innovation project relates to the "Internet of Things" (IoT) environment and allows 40,000 roller containers to be tracked. This optimises supply chains in the mail and parcel network, which further reduces the company's carbon footprint as well as costs.

Austrian Post consistently seeks out funding opportunities for innovation and investment. The CSR & Environmental Management department (CSR = Corporate Social Responsibility) advises and supports all pertained areas and also coordinates the tax research award.

This was another area impacted by the COVID-19 pandemic, as shown by the Ministry of Finance reacting quickly with significant stimulus measures to combat the economic impact of state-ordered lockdowns. The COVID-19 investment subsidy scheme plays a particularly important role for us. This enabled Austrian Post to submit investment proposals across the group and obtain preliminary funding approval. The scheme offers to subsidise 14% of the cost of investments with a digitalisation or ecological focus; the majority of applications are for investment projects of this nature. Applicants are allowed to submit investment products which have already been subsidised under another scheme. This represents a unique opportunity to boost the amount of subsidies available in this area and support measures to reduce carbon emissions, particularly when combined with the environmental subsidies available for electric vehicles and photovoltaic systems.

Schieneninfrastrukturdienstleistungsgesellschaft mbH subsidised our initiative to fit our fleet of trucks with turn-right assistance systems as part of a scheme which aims to improve traffic safety in our cities.

Austrian Post's innovative capability was demonstrated in a project which used a complex statistical calculation to forecast parcel volumes in order to make it easier for managers at logistics centres to schedule shifts and equipment. The project was submitted to the Vienna Business Agency two years ago. Following a review, the Agency provided a 25% subsidy and a bonus for women managing the project.

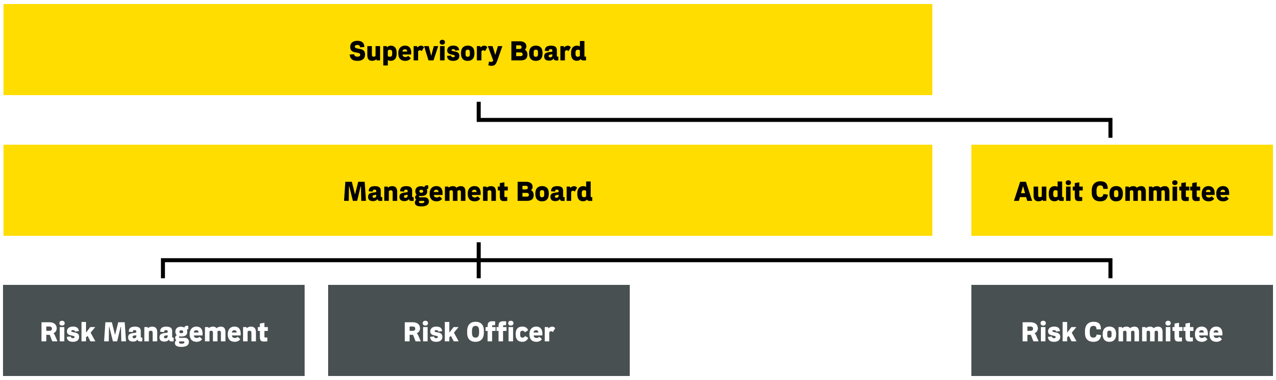
The above-mentioned projects are just a selection and by no means an exhaustive list of research projects.

4. OPPORTUNITIES AND RISKS

4.1 Risk Management System

Austrian Post operates a comprehensive risk management system integrating all business units and subsidiaries. This risk management system complies with the COSO standard "Enterprise Risk Management – Integrated Framework" in the version dated June 2017. The objective of risk management is to identify risks at an early stage, to analyse, assess and support through appropriate measures for the company to achieve its business tasks. 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 29

G 29 Governance Structure of Risk Management

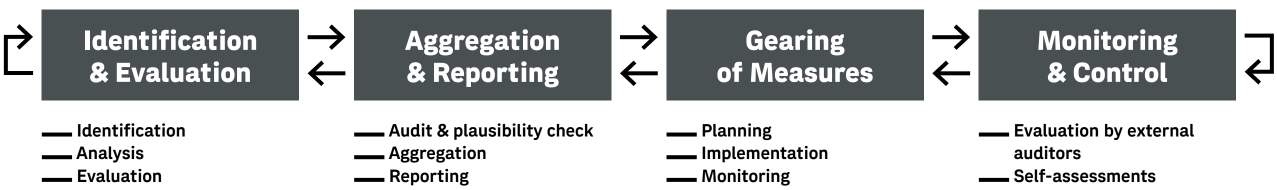


Austrian Post's risk policy focuses on safeguarding and sustainably increasing enterprise value and is incorporated into the corporate and sustainability strategy. Austrian Post is exposed to numerous risks.

As a result, Austrian Post is prepared to take risks provided that the resulting portfolio of opportunities and risks is well-balanced and that they remain within the company's legal conditions 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, control measures are taken to safeguard and sustainably increase enterprise value.

G 30 **Risk Management Process**



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

1. — Identification and Evaluation Risks are defined as a 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 defined 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 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 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. — Design of Measures The control of risks is based on defining appropriate measures aimed to avoid or reduce risks or otherwise transfer 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 as a part of semi-annual analysis. Austrian Post Group operates internal insurance management to systematically deal with insurable risks. Its primary responsibility is to continuously optimise the insurance status and processes relating to the handling and settling of claims.

4. — Monitoring and Control In conformity with Austrian Corporate Governance Code, the reliability and performance of the risk management system are subject to an annual assurance 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 30

4.2 Significant Risks

Austrian Post's risks and opportunities result from the overall risk environment and from trends that the company is exposed and changes it faces.

4.2.1 Environmental, Social and Governance (ESG) Risks

Austrian Post pursues sustainability strategy since 2016. The dynamic market environment called for an update of the company's tried-and-tested strategy. In this respect, the sustainability strategy has now also been linked with the Group strategy to form an integrated strategy. ESG issues are of high priority; in this respect the "carbon-neutral delivery" initiative is a good example. As a result, Austrian Post welcomes and supports climate and environmental protection measures. Some environmental efforts, however, create risks for the direct mail business. For example, unaddressed products could come under mounting regulatory pressure, which may lead to a large downward trend in direct mail. As a result, Austrian Post is striving to prevent this risk by engaging a dialogue with its stakeholders to raise awareness of the actual environmental impact of Direct Mail. In this respect life-cycle assessments are calculated for each product group.

For a detailed breakdown of other ESG risks, please refer to the Non-financial Report.

4.2.2 E-Substitution of Traditional Letter Mail

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

4.2.3 Staff Costs and Structure of Employment Contracts

The business model of Austrian Post is characterised by a high staff cost structure. A one-percentage point change in wages and salaries corresponds to average costs of EUR 9m per annum and potential provision requirements. Furthermore, a large number of Austrian Post Group employees have a status of civil servants, which means that they are subject to public sector employment laws. This implies peculiarities with respect to the way these employees are deployed in line with existing labour regulations. Due to prevailing legal regulations, the company is not allowed to make capacity adjustments for a part of its staff in the event of volume decreases. Similarly, no wage or salary level adjustments are permitted in case of less favourable market conditions. Therefore, on balance, public sector employment regulations result in lower cost flexibility. Against the backdrop of a liberalised market, Austrian Post Group increasingly faces limited flexibility in making a good usage of the civil servants it employs. The solution to this problem is highly important in the dialogue being held with the responsible legislator. Ongoing changes made to civil service laws and other new regulations, which do not take the special competitive situation of Austrian Post Group into account, could result in an additional burden and unexpected additional costs for the company over which it has no influence.

4.2.4 Implementation of Pricing Measures

Austrian Post tries to mitigate cost increases that cannot be offset through efficiency gains and productivity measures by adjusting its prices. There is a risk that these price adjustments will not be approved to the extent required by the radio and telecoms regulation authority (Rundfunk und Telekom Regulierungs-GmbH RTR-GmbH) as the responsible body.

4.2.5 Decline in Direct Mail Volumes

Direct mail business is influenced by economic development and is strongly dependent on the intensity of advertising activities by companies. However, retail shops, the most important customer group for direct mail items, will continue to be confronted with the following structural trends: on the one hand, an increasing market concentration is perceptible while retail shops suffer from the strong growth of the e-commerce market, on the other hand. In turn, this could result in a reduction in advertising materials and direct mail volumes which would have a negative impact on earnings. In addition, digital advertising and uncertainties regarding GDPR may reduce physical mailings.

4.2.6 Parcel Market

Competition remains intense due to continued dynamic growth in the parcel market driven by the ongoing e-commerce boom. The stagnating B2B market is also leading to further increases in competition in the X2C market. This may result in shifts in market share. Furthermore, strong parcel growth is driven by large online mail order companies, which grow disproportionately above the market. 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 in eastern Austria along with the associated potential further own activities.

4.2.7 Logistics Cost Risk

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

4.2.8 Associates in Logistics

One aspect of the Austrian Post Group's strategy is growth through selective acquisitions and partnerships, largely in the core logistics business. In this regard, it is important to identify appropriate acquisition targets and successfully integrate acquired companies. The opportunities and risks related to strategic investments are, to a great extent, dependent on political, economic and legal framework conditions. Austrian Post's associates in logistics operate primarily in the CEE parcel market. The parcel market in the CEE region is also characterised by intense competition and resulting price pressure. Hence, there is a risk that the earnings development of its associates might lag behind due to the abovementioned reasons, implying that Austrian Post's expectations for earnings contributions from its associates cannot be met.

4.2.9 Financial Services/bank99

In the branch network, Austrian Post has cooperated with strategic partners in the fields of telecommunications and financial services for many years. Notably the financial services sector faces a structural transformation due to changed customer requirements. In order to better meet these customers' needs for financial services, bank99 was launched in April 2020. The aim is to achieve a broad break-even situation in 2023.

The development of bank99's revenue and earnings depends on two main factors: the customer ramp-up and the supply of third-party products. With regard to the customer ramp-up, there is a risk that this will be delayed or slows down after initial positive development. With regard to third-party products, there are two risk aspects. On one hand, the timing of third-party product offerings could be delayed. On the other hand, the third-party product range could fall short of expectations. All of these risk aspects could lead to the earnings reported by bank99 not developing in line with Austrian Post's expectations.

4.2.10 Turkey/Aras Kargo

Since 2013, Austrian Post has been holding a 25% stake in the Turkish parcel services provider Aras Kargo a.s. Back then, it was already the basic intention, and the subject of an agreement reached between the founding and owning family Aras and Austrian Post, that Austrian Post would increase its stake in the future. The transaction to increase Austrian Post's stake to 80% was closed on 25 August 2020. Due to the current difficult political situation in Turkey, there is a risk that macro-economic parameters, in particular, could develop to Austrian Post's detriment. The exchange rate and the inflation trend are the most important macro-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.

4.2.11 Financial Risks

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

4.2.12 Technical and Cyber Risks

To a significant degree, Austrian Post Group is dependent upon the use of complex technical systems. It heavily relies on the support provided by data processing systems, modern communications media and other technical equipment. Against this backdrop, 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 case of a temporary or permanent technical system failure, or should unauthorised data access or data manipulation occur, for instance as a result of cybercrime, this could potentially lead to disruptions in Austrian Post's business operations, a loss of reputation and customer defections and cause additional expenses. Safety and security measures and guidelines aiming to reduce technical and cyber risks have been defined as a means of ensuring smooth business operations. Austrian Post Group pursues an outsourcing strategy to fulfil its computing and data processing requirements. Austrian Post ensures the availability of outsourcing resources by concluding appropriate contractual agreements and through its targeted service level management. Contractual partners are required to show proof of relevant and valid certification.

4.2.13 Regulatory and Legal Risks

In many cases, the Postal Market Act does not prescribe equal treatment of Austrian Post and its competitors but places an additional burden on Austrian Post. The universal postal service obligation requires Austrian Post to provide a minimum offering of postal services of comparable quality across the country and to ensure a nationwide distribution network of at least 1,650 postal service points. Austrian Post is allowed to close company-operated post offices manned by its own staff only following a regulatory approval process. Hence, the possibility that Austrian Post will be required to continue operating unprofitable postal branches, at least in the short term, cannot be excluded.

At present, Austrian Post does not assume that it will be obliged to grant its competitors access to a part of its services. If this were to happen, these firms could potentially provide services in segments of the postal market which are particularly lucrative and rely, at the same time, on partial services provided by Austrian Post at regulated prices in less lucrative business segments. This could also potentially have a significantly negative effect on earnings.

The public relations activities of Austrian Post Group and the dialogue with all of its stakeholders assign a high priority to the issue of equal treatment of Austrian Post vis-à-vis other market participants. The company considers itself responsible for making people aware of the unresolved issues related to compensation for universal postal services, and the problems arising as a result of an asymmetric market liberalisation.

Austrian Post is subject to legal restrictions by regulatory authorities when setting its business terms and conditions (including postal rates) in providing universal postal services. For this reason, the company has only limited flexibility to impose price adjustments for the universal postal services as a means of reacting to market changes. A difference in the definition of the limits to universal postal services between regulatory authorities and the company could be reflected in the design of the product portfolio and pricing policies.

Austrian Post Group has already been and, in some cases, remains subject to anti-trust investigations and processes evaluating the legitimacy of its agreements and business practices in the light of existing antitrust regulations. Other legal risks may arise as the consequence of unforeseeable court cases initiated by competitors, customers or suppliers as well as relating to the issue of data protection. In order to optimally avoid any potential adverse effects on earnings resulting from regulatory and legal risks as much as possible, Austrian Post Group strives to expand its value-added chain and product portfolio in its core processes, as a means of offering its customers even better services and optimising quality. Moreover, Austrian Post Group intends to generate increased revenue in areas which are not regulated. The legal framework for new, innovative products and services and the related data processing leaves leeway for interpretation of the data protection regulations applicable since May 2018. For this reason, it is currently and can continue to repeatedly be the subject of discussions and legal proceedings relating to the issue of data protection with a financial impact on the direct mail business in particular.

Pursuant to the Postal Services Structure Act of 1996 (Poststrukturgesetz), changes in civil service laws for civil servants are principally applicable to civil servants working for Austrian Post. Thus, revisions to civil service laws could have a direct effect on the cost structure of the company. In principle, further risks arising from varying interpretations of the Postal Services Structure Act also cannot be excluded. The corresponding reform of the salary system was implemented in 2015 with respect to determining the correct reference date for salary increments for civil servants. The European Court of Justice (ECJ) found this reform to be inadequate and new reforms were required. As a consequence, the federal government made a further amendment to the public sector employment law in force, according to which the issue of crediting any years of service prior to the age of 18 has to be re-evaluated, considered and assessed on an individual basis for each civil servant. There is a risk that these amendments will also be classified as discriminatory by the ECJ.

4.2.14 COVID-19 Pandemic

2020 was dominated by COVID-19 and the measures taken in response to the pandemic. The imposed temporary lockdowns have resulted in additional costs and lost revenue. There is a risk that the pandemic and its consequences will last longer than expected. This could translate into further additional costs for process-related and preventative measures and revenue losses, and could also have a sustained impact on Austrian Post's core business in some cases. As 2020 has shown, these sustained influences could manifest themselves, in particular, in a stronger trend towards digitalisation, with the risk of higher levels of e-substitution and reduced direct mail volumes due to lockdowns. The economic crisis sparked by the COVID-19 pandemic could also lead to increased insolvencies or brand consolidation, which could reduce direct mail even further. There could also be a general shift from letter mail to parcel products.

4.3 Significant Opportunities

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

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

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

In the third strategic pillar – **Development of Retail and Digital Offerings for Private Customers and SMEs** – there are for example, opportunities in the development of online and self-service offerings as well as in new business models in the area of e-commerce; in particular, Austrian Post has an opportunity to participate in the dynamic online retail trend through its subsidiary Post E-Commerce.

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

4.4 Overall Assessment of the Group's Risk and Opportunity Situation

The company continuously monitors the above described risks and opportunities. In response, appropriate measures are carried out and initiatives launched.

C Overall, the pandemic is expected to result in increased uncertainty 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 existence 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, Austrian Post Group is subject to a variety of operational risks in carrying out its business operations. The company deals with these risks proactively. Due to the focus on its core business activities along with decades of experience in the business, Austrian Post Group can identify risks at an early stage, evaluate them and quickly implement suitable precautionary measures. A standardised risk management system has been set up for the entire Austrian Post Group, encompassing all organisational units and important Group companies as well as an internal control system for all important processes. The internal control system serves as part of the risk management system and encompasses risk-oriented procedures integrated into business operations. This takes into consideration the accounting and financial reporting processes as well as the upstream business processes. Particular business units are responsible for controls.

5.1.1 Controlling Environment

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

Group companies compile comprehensive and appropriate IFRS Reporting Packages in a timely manner on the basis of the standardised accounting and valuation rules in force. The IFRS Reporting Packages serve as the starting point for further processing within the context of Group consolidation. Group Accounting is responsible for preparing the consolidated financial statements. Its duties and responsibilities mainly focus on the reported data transfer from Group companies, consolidation and elimination measures, as well as the analytical processing of the data compiled in the consolidated accounts and the corresponding preparation of financial reports. The process governing the preparation of the consolidated financial statements is based on a strictly adhered to schedule.

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 risk management system ensures a coordinated approach between both 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 to Group financial statements is carried out, taking into account bookings as well as eliminations in the Group.

Multi-tiered 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. Only after completion of quality checks at all levels authorisation is given 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 for subsequent monitoring and control. The following reports are issued in the context of preparing the consolidated financial statements: Report to the Supervisory Board, monthly report including strategy cockpit, interim reports, 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 during the year containing detailed comments on selected financial statement items, earnings reconciliations and performance indicators in addition to the reports for the Supervisory Board and the legally stipulated notes, annual report and interim financial reports. The monthly report provides an overview of key financial and performance indicators of the company. Group Controlling prepares a monthly report which contains information on the business development of Austrian Post's Group companies. In addition to the reporting on key financial indicators, the Audit Committee also receives a report every six months regarding the current status of the internal control system and the audits carried out. Communications with shareholders of Österreichische Post AG take place in accordance with the stipulations contained in the Austrian Corporate Governance Code. Communications are conveyed through the Investor Relations website (post.at/ir) as well as through direct discussions with investors. Published information is made available to all investors simultaneously. In addition to these publications, investors are also provided with extensive additional information on the Austrian Post Investor Relations website, including investor presentations, information on the Austrian Post shares, 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. 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, e.g. back-ups or emergency plans. Additional key instruments to control and counteract risks include Group-wide 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 "two-pair-of-eyes" principle to oversee all business transactions. 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 are carried out step-by-step 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 baerer 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 52.85% shareholding in Österreichische Post AG, based on the number of outstanding shares (a total of 67,552,638). Austrian Post is not aware of any other shareholders holding more than 10% of the company's shares.

To the company's best knowledge, there are no shareholders owning shares with special controlling interests. Employees who are shareholders of Österreichische Post AG exercise their voting rights on an individual basis. There are no rules with regards to the appointment or dismissal of members of the Management Board or the Supervisory Board, or with respect 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 non-cash contributions, and in some cases also by excluding shareholder subscription rights. This amendment to the Articles of Association was recorded in the commercial register on 6 August 2020.

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

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

Trading in treasury shares for the purchase of acquisition is not allowed. The authorisation can be exercised in part or in full or several tranches and for the purposes of realising one or more objectives of the company, by 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 Austrian 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 tranches 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 resolution of the Annual General Meeting, 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 approve the 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 grants the right of exchange 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 company and the members of the Management Board and Supervisory Board or with employees in case of a public takeover offer.

5.3 Non-financial Information Pursuant to the Sustainability and Diversity Improvement Act (NaDiVeG)

Austrian Post prepares a separate non-financial report which fulfils the legal requirements pursuant to Section 243b of the Austrian Commercial Code (UGB) in connection with Section 267a of the Austrian Commercial Code (UGB) and is audited by an independent third party.

5.4 Events After the Reporting Period

The agreement to acquire a further 30% stake in D2D-direct to document GmbH was signed on 15 October 2020. Once the transaction has been closed, Austrian Post will hold 100% of the shares in the company. The company expects to close the transaction and, as a result, switch from accounting according to the equity method to full consolidation in the first quarter of 2021.

6. OUTLOOK 2021

C The COVID-19 pandemic and the related restrictions had an impact on business development at Austrian Post during the year under review, and will continue to do so in 2021. Current forecasts do not suggest any immediate return to normality. Although economic recovery is expected during the year, some of Austrian Post's customer segments are still affected by restrictions. This leads to reduced visibility for our business expectations and, as a result, in a wider risk range for revenue and earnings.

Revenue Growth Expected in 2021

At large, Austrian Post expects its revenue to increase by 8 to 10% in 2021, assuming a steady improvement in the macroeconomic environment. The development in the three divisions will differ.

In the Mail Division, both stable revenue development and a slight decline are possible in 2021. In this division, restrictions and lockdown measures imposed in response to the pandemic will have just as negative an impact as potential negative economic consequences of the crisis will have on the ability of major clients to do business. In the Letter Mail segment, the basic assumption for the electronic substitution of conventional letters has so far been at around 5% p.a. The first quarters of 2021 will show whether this long-term trend will continue. A return to previous trends in direct mail and media post will only be possible if the overall conditions improve.

Revenue in the Parcel & Logistics Division should show a much better development, with an increase of around 20% being expected. While the division benefited from volume increases due to the lockdown of retail shops in 2020, further increases should nevertheless be possible in 2021. The use of e-commerce is spread across a broader retailer and consumer base. In addition, the Turkish subsidiary, which was fully consolidated in August 2020, will have a positive impact in the 2021 financial year.

The activities of bank99, which was launched on the market in April 2020, will lead to further revenue improvements in the Retail & Bank Division in the course of 2021.

Improved Group Earnings in 2021

An improvement of earnings of Austrian Post in 2021 is conditional on lockdown situations in the retail sector being avoided and efficient mail and parcel logistics being maintained. Despite various uncertain framework conditions, we are aiming to achieve an increase in earnings of at least 10% in the current year (EBIT for 2020: EUR 161m). At the same time, the forecast range particularly for the Mail Division has been widened. Depending on the course of economic recovery, a stable or slightly declining earnings situation is expected. In the Parcel & Logistics Division, on the other hand, the focus will be on improving operating results and integrating the new Turkish subsidiary. This should increase earnings by around 20%. Revenue growth in the Retail & Bank Division should also have a positive impact on the division's EBIT.

Investments/CAPEX

2020 has shown the importance of having the required capacity to be able to respond to rapid parcel growth. After bottlenecks emerged in the second quarter of 2020, Austrian Post did a good job of managing record parcel volumes following capacity expansion measures in the fourth quarter of 2020. As a result, Austrian Post will continue to push ahead with its investment programme. By the end of 2022, the aim is to have increased the company's sorting capacity by a further 30%. Austrian Post's objective is to expand its leading position in Austria in terms of quality of service provision as well as efficiency and speed. In addition to maintenance CAPEX on a current scale of around EUR 70m in Austria, more than EUR 60m in growth CAPEX is planned again for Austria. Furthermore, to support the logistic's infrastructure, expansion measures and land purchases in the amount of about EUR 20m, as well as investments in international holdings in the amount of about EUR 20m are expected.

Due to the strong cash position in the balance sheet, Austrian Post is able to self-finance the targeted growth investments in logistics infrastructure and in the new financial services. The cash flow generated from operating activities will therefore continue to be used for investments in operational areas and will help maintain an attractive dividend policy.

The Management Board will propose to the Annual General Meeting scheduled for 15 April 2021 the distribution of a dividend in the amount of EUR 1.60 per share. In doing so, the company is continuing its attractive dividend policy on the basis of a solid balance sheet structure and generated cash flow. Austrian Post continues to pursue the objective of distributing at least 75% of the Group's net profit to its shareholders.

Vienna, 23 February 2021

The Management Board

GEORG PÖLZL
CEO
Chairman of the
Management Board

WALTER OBLIN
Deputy CEO
Mail & Finance

PETER UMUNDUM
Member of the Management Board
Parcel & Logistics

CONSOLIDATED FINANCIAL STATEMENTS

#ALWAYS DELIVER A SOLUTION

EQUITY totalled EUR 655m.
This results in an equity ratio of 24.4%.
Find out more on page 205

CONSOLIDATED INCOME STATEMENT

for the 2020 financial year

EUR m	Notes	2019 adjusted[1]	2020
Revenue	(8.2)	2,021.6	2,189.2
of which result from financial services	(8.3)	0.0	19.7
Other operating income	(8.4)	131.5	64.1
TOTAL OPERATING INCOME		**2,153.0**	**2,253.3**
Raw materials, consumables and services used	(8.5)	–495.7	–596.2
Staff costs	(8.6)	–976.7	–1,041.4
Depreciation, amortisation and impairment losses	(8.7)	–118.1	–142.2
Other operating expenses	(8.8)	–361.3	–314.4
TOTAL OPERATING EXPENSES		**–1,951.8**	**–2,094.2**
Results from financial assets accounted for using the equity method	(9.5)	–0.6	1.5
EARNINGS BEFORE FINANCIAL RESULT AND INCOME TAX (EBIT)		**200.6**	**160.6**
Financial income		18.9	10.9
Financial expense		–8.2	–9.5
TOTAL FINANCIAL RESULT	(8.9)	**10.7**	**1.4**
PROFIT BEFORE TAX		**211.3**	**162.1**
Income tax	(9.15)	–66.8	–46.8
PROFIT FOR THE PERIOD		**144.5**	**115.3**
ATTRIBUTABLE TO:			
Shareholders of the parent company	(9.11)	146.4	118.3
Non-controlling interests	(9.11)	–1.9	–3.0

EARNINGS PER SHARE (EUR)

BASIC EARNINGS PER SHARE	(8.10)	**2.17**	**1.75**
DILUTED EARNINGS PER SHARE	(8.10)	**2.17**	**1.75**

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the 2020 financial year

EUR m	Notes	2019	2020
PROFIT FOR THE PERIOD		**144.5**	**115.3**
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO THE INCOME STATEMENT:			
Currency translation differences – investments in foreign businesses	(9.11)	–0.3	–3.9
TOTAL ITEMS THAT MAY BE RECLASSIFIED		**–0.3**	**–3.9**
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO THE INCOME STATEMENT:			
At fair value through other comprehensive income (FVOCI) – equity instruments	(10.1)	–2.5	–1.0
Tax effect of changes in the fair value	(9.15)	0.5	0.0
Revaluation of defined benefit obligations	(9.12)	–12.8	–2.8
Tax effect of revaluation	(9.15)	3.3	0.4
TOTAL ITEMS THAT WILL NOT BE RECLASSIFIED		**–11.4**	**–3.4**
OTHER COMPREHENSIVE INCOME		**–11.7**	**–7.2**
TOTAL COMPREHENSIVE INCOME		**132.8**	**108.1**
ATTRIBUTABLE TO:			
Shareholders of the parent company	(9.11)	134.7	111.5
Non-controlling interests	(9.11)	–1.9	–3.5

CONSOLIDATED BALANCE SHEET

as at 31 Dezember 2020

EUR m	Notes	31 Dec. 2019 adjusted[1]	31 Dec. 2020
ASSETS			
NON-CURRENT ASSETS			
Goodwill	(9.1)	61.1	61.4
Intangible assets	(9.2)	35.1	96.9
Property, plant and equipment	(9.3)	1,056.5	1,137.2
Investment property	(9.4)	73.0	74.4
Financial assets accounted for using the equity method	(9.5)	11.4	11.4
Other financial assets	(9.6)	68.1	5.4
Other receivables	(9.9)	16.9	10.6
Deferred tax assets	(9.15)	65.9	48.0
		1,387.9	**1,445.3**
FINANCIAL ASSETS FROM FINANCIAL SERVICES	(9.7)		
Cash and central bank balances		48.0	568.1
Receivables from banks		2.9	10.8
Receivables from customers		0.0	1.7
Investments		0.0	0.3
Other		0.0	8.7
		50.9	**589.5**
CURRENT ASSETS			
Other financial assets	(9.6)	230.6	110.6
Inventories	(9.8)	14.3	15.5
Contract assets	(8.2)	7.1	4.4
Trade and other receivables	(9.9)	296.9	369.1
Tax assets		2.5	37.1
Cash and cash equivalents	(9.10)	52.6	108.2
		604.0	**644.9**
ASSETS HELD FOR SALE		0.1	0.5
		2,042.9	**2,680.2**

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

CONSOLIDATED BALANCE SHEET

as at 31 Dezember 2020

EUR m	Notes	31 Dec. 2019 adjusted[1]	31 Dec. 2020
EQUITY AND LIABILITIES			
EQUITY	(9.11)		
Share capital		337.8	337.8
Capital reserves		91.0	91.0
Revenue reserves		303.3	231.4
Other reserves		–41.8	–32.8
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY		**690.3**	**627.4**
NON-CONTROLLING INTERESTS		10.4	27.6
		700.7	**655.0**
NON-CURRENT LIABILITIES			
Provisions	(9.12)	359.3	360.4
Other financial liabilities	(9.13)	270.7	274.1
Other payables	(9.14)	27.1	50.4
Contract liabilities	(8.2)	0.0	5.4
Deferred tax liabilities	(9.15)	0.8	4.1
		657.8	**694.4**
FINANCIAL LIABILITIES FROM FINANCIAL SERVICES	(9.7)		
Borrowings from banks		0.0	11.8
Liabilities to customers		0.0	519.5
Other		0.0	1.5
		0.0	**532.9**
CURRENT LIABILITIES			
Provisions	(9.12)	258.1	272.1
Tax liabilities		0.2	2.6
Other financial liabilities	(9.13)	38.8	77.6
Trade and other payables	(9.14)	357.3	416.4
Contract liabilities	(8.2)	29.9	29.2
		684.3	**797.9**
		2,042.9	**2,680.2**

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

CONSOLIDATED CASH FLOW STATEMENT

for the 2020 financial year

EUR m	Notes	2019 adjusted[1]	2020
OPERATING ACTIVITIES			
Profit before tax		211.3	162.1
Depreciation, amortisation and impairment losses	(8.7)	118.1	142.2
Results from financial assets accounted for using the equity method	(9.5)	0.6	−1.5
Provisions non-cash		3.0	24.5
Other non-cash transactions	(11.1)	0.7	0.0
GROSS CASH FLOW		**333.7**	**327.1**
Trade and other receivables		1.4	−35.8
Inventories		3.0	0.3
Contract assets		16.4	2.8
Provisions		−18.8	−33.2
Trade and other payables		71.8	11.7
Contract liabilities		−19.7	1.2
Financial assets/Financial liabilities from financial services		0.0	522.2
Taxes paid		−60.4	−63.7
CASH FLOW FROM OPERATING ACTIVITIES		**327.4**	**732.6**
INVESTING ACTIVITIES			
Acquisition of intangible assets		−13.0	−24.5
Acquisition of property, plant and equipment/investment property		−153.1	−143.3
Sale of property, plant and equipment/investment property		5.8	5.1
Acquisition of subsidiaries/non-controlling interests/business units	(4.2)	0.3	−0.3
Acquisition of financial assets accounted for using the equity method		−7.2	−0.8
Sale of financial assets accounted for using the equity method		0.1	0.0
Acquisition of other financial instruments	(9.6)	0.0	38.1
Acquisition of financial investments in securities/money market investments		−140.0	−90.0
Sale of financial investments in securities/money market investments		16.0	220.2
Loans granted	(11.1)	−0.6	0.1
Dividends received from financial assets accounted for using the equity method	(9.5)	0.1	0.3
Interest received and income from securities		0.8	2.1
CASH FLOW FROM INVESTING ACTIVITIES		**−290.7**	**7.0**
FREE CASH FLOW		**36.7**	**739.6**

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

CONSOLIDATED CASH FLOW STATEMENT

for the 2020 financial year

EUR m	Notes	2019 adjusted[1]	2020
FINANCING ACTIVITIES			
Repayment of long-term financial liabilities (incl. current maturities of long-term debt)		–32.3	–41.0
Changes of short-term financial liabilities	(11.1)	–5.4	29.2
Dividends paid		–141.0	–141.2
Interest paid		–4.7	–5.1
Payments from non-controlling interests		0.0	5.0
CASH FLOW FROM FINANCING ACTIVITIES		**–183.4**	**–153.1**
Currency translation differences in cash and cash equivalents		0.0	–2.9
CHANGE IN CASH AND CASH EQUIVALENTS		**–146.7**	**583.6**
Cash and cash equivalents at 1 January		310.2	103.5
Change to the scope of cash and cash equivalents		–60.0	0.0
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	(11.1)	**103.5**	**687.1**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 2019 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 2019	**337.8**	**91.0**	**298.5**	**−16.1**	**−12.2**	**−1.8**	**697.1**	**2.0**	**699.1**
Profit for the period	0.0	0.0	146.4	0.0	0.0	0.0	146.4	−1.9	144.5
Other comprehensive income	0.0	0.0	0.0	−9.4	−2.0	−0.3	−11.7	0.0	−11.7
TOTAL COMPREHENSIVE INCOME	**0.0**	**0.0**	**146.4**	**−9.4**	**−2.0**	**−0.3**	**134.7**	**−1.9**	**132.8**
Dividends paid	0.0	0.0	−140.5	0.0	0.0	0.0	−140.5	−0.5	−141.0
TRANSACTIONS WITH OWNERS	**0.0**	**0.0**	**−140.5**	**0.0**	**0.0**	**0.0**	**−140.5**	**−0.5**	**−141.0**
Step acquisition of a subsidiary	0.0	0.0	−1.1	0.0	0.0	0.0	−1.1	0.3	−0.8
Acquisition of a subsidiary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.5	10.5
OTHER CHANGES	**0.0**	**0.0**	**−1.1**	**0.0**	**0.0**	**0.0**	**−1.1**	**10.9**	**9.8**
BALANCE AS AT 31 DECEMBER 2019	**337.8**	**91.0**	**303.3**	**−25.6**	**−14.2**	**−2.1**	**690.3**	**10.4**	**700.7**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 2020 financial year

EUR m	Share capital	Capital reserves	Revenue reserves	Other reserves: IAS 19 reserve	Other reserves: FVOCI reserve	Other reserves: Currency translation reserve	Equity attributable to shareholders of the parent company	Non-controlling interests	Equity
BALANCE AS AT 1 JANUARY 2020	**337.8**	**91.0**	**303.3**	**–25.6**	**–14.2**	**–2.1**	**690.3**	**10.4**	**700.7**
Profit for the period	0.0	0.0	118.3	0.0	0.0	0.0	118.3	–3.0	115.3
Other comprehensive income	0.0	0.0	0.0	–2.4	–1.0	–3.3	–6.8	–0.5	–7.2
TOTAL COMPREHENSIVE INCOME	**0.0**	**0.0**	**118.3**	**–2.4**	**–1.0**	**–3.3**	**111.5**	**–3.5**	**108.1**
Dividends paid	0.0	0.0	–140.5	0.0	0.0	0.0	–140.5	–0.7	–141.2
Acquisition of non-controlling interests	0.0	0.0	0.7	0.0	0.0	0.0	0.7	–0.2	0.4
Obligation to acquire non-controlling interests	0.0	0.0	–32.6	0.0	0.0	0.0	–32.6	0.0	–32.6
Payments to subsidiaries with non-controlling interests	0.0	0.0	–2.0	0.0	0.0	0.0	–2.0	7.0	5.0
TRANSACTIONS WITH OWNERS	**0.0**	**0.0**	**–174.4**	**0.0**	**0.0**	**0.0**	**–174.4**	**6.1**	**–168.3**
Step acquisition of a subsidiary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	14.5	14.5
Disposal of financial assets	0.0	0.0	–15.9	0.0	15.9	0.0	0.0	0.0	0.0
OTHER CHANGES	**0.0**	**0.0**	**–15.9**	**0.0**	**15.9**	**0.0**	**0.0**	**14.5**	**14.5**
BALANCE AS AT 31 DECEMBER 2020	**337.8**	**91.0**	**231.4**	**–28.0**	**0.6**	**–5.4**	**627.4**	**27.6**	**655.0**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 2020 FINANCIAL YEAR

1. Reporting Entity

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

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

2. Summary of Accounting Principles

The consolidated financial statements of Austrian Post for the 2020 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 2020, as adopted by the European Union, and the additional requirements of section 245a of the Austrian Commercial Code (UGB).

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

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

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

3.1 Revisions to International Financial Reporting Standards

3.1.1 MANDATORY APPLICATION OF NEW AND REVISED IFRS

No new standards were to be applied as a mandatory requirement for the first time in the 2020 financial year. The following amended standards were made mandatory for the first time:

Mandatory Application of Revised Standards		Effective date EU[1]
IFRS 16	Covid-19-Related Rent Concessions	1 June 2020
IFRS 3	Definition of a Business	1 January 2020
IFRS 9/IAS 39/IFRS 7	Interest Rate Benchmark Reform	1 January 2020
IAS 1/IAS 8	Definition of Materiality	1 January 2020
Miscellaneous	Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020

[1] To be applied in financial years beginning on or after the indicated date.

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

3.1.2 STANDARDS PUBLISHED BUT NOT YET APPLIED

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.

New Standards not yet applied		Endorsement EU	Effective date EU[1]
IFRS 17	Insurance Contracts (incl. amendments to IFRS 17)	to be decided	1 January 2023

Revised Standards not yet applied		Endorsement EU	Effective date EU[1]
IAS 1	Classification of Liabilities as Current or Non-current	to be decided	1 January 2023
IAS 1/IFRS Practice Statement 2	Disclosure of Accounting Policies	to be decided	1 January 2023
IAS 8	Definition of Accounting Estimates	to be decided	1 January 2023
IFRS 3	Business Combinations	planned H2 2021	1 January 2022
IAS 16	Property, Plant and Equipment	planned H2 2021	1 January 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	planned H2 2021	1 January 2022
Miscellaneous	Improvements to IFRS (2018–2020)	planned H2 2021	1 January 2022
IFRS 9/IAS 39/IFRS 7/ IFRS 4/IFRS 16	Interest Rate Benchmark Reform – Phase 2	13 January 2021	1 January 2021
IFRS 4	Insurance Contracts – postponement of IFRS 9	15 December 2020	1 January 2021

[1] To be applied in financial years beginning on or after the indicated date.

The new and revised standards not yet applied are unlikely to have a material impact on the consolidated financial statements of Austrian Post.

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

3.2.1 CHANGES IN SEGMENT REPORTING

The implementation of the new organisational structure 2020 prompted Austrian Post to make changes in its segment reporting with effect from 1 January 2020. In order to ensure comparability, the segment reporting for the 2019 financial year was adjusted. For information on the changes in segment reporting, please refer to Note 8.1 Segment Reporting.

3.2.2 CHANGE IN THE PRESENTATION OF FINANCIAL SERVICES

In order to present the provision of financial services within the Austrian Post Group as transparently as possible, the presentation method was changed in the 2020 financial year and the previous year's figures were adjusted accordingly.

Financial assets and liabilities from financial services are no longer shown separately, broken down into the non-current and current categories, in the consolidated balance sheet, but rather are presented as a separate section between non-current and current assets and liabilities in decreasing order of liquidity. Similarly, cash and central bank balances are now presented as financial assets from financial services. In the consolidated cash flow statement, this item is still reported under cash and cash equivalents. Similarly, receivables from banks are now presented under cash and cash equivalents to the extent that they relate to balances held with other banks for the Bank's own payment transaction purposes. The change in other financial assets and liabilities from financial services is shown in net terms in the line item "Financial assets/liabilities from financial services".

The impact of the adjustments on the restated consolidated balance sheet as at 31 December 2019 and the consolidated cash flow statement for the 2019 financial year is as follows:

EUR m	31 Dec. 2019	Adjustment	31 Dec. 2019 adjusted
ASSETS			
FINANCIAL ASSETS FROM FINANCIAL SERVICES			
Cash and central bank balances	0.0	48.0	48.0
Receivables from banks	0.0	2.9	2.9
	0.0	**50.9**	**50.9**
CURRENT ASSETS			
Financial assets from financial services	2.9	–2.9	0.0
Cash and cash equivalents	100.6	–48.0	52.6
	103.5	**–50.9**	**52.6**

EUR m	2019	Adjustment	2019 adjusted
OPERATING ACTIVITIES			
Financial assets/liabilities from financial services	–2.1	2.1	0.0
CASH FLOW FROM OPERATING ACTIVITIES	**–2.1**	**2.1**	**0.0**
INVESTING ACTIVITIES			
Acquisition of subsidiaries and other business units	–0.5	0.8	0.3
CASH FLOW FROM INVESTING ACTIVITIES	**–0.5**	**0.8**	**0.3**
FREE CASH FLOW	**33.8**	**2.9**	**36.7**
CHANGE IN CASH AND CASH EQUIVALENTS	**–149.6**	**2.9**	**–146.7**
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**100.6**	**2.9**	**103.5**

3.2.3 CHANGE IN PRESENTATION IN THE CONSOLIDATED INCOME STATEMENT

A subtotal was included in the consolidated income statement to show earnings before financial result and income tax (EBIT) as a key control parameter within the Group.

Expenses for contract and leasing staff were mainly recorded under other operating expenses in previous years. From the 2020 financial year onwards, expenses for contract and leasing staff that are directly related to the provision of services are recognised under raw materials, consumables and services used. To ensure comparability, the previous year's figures were adjusted accordingly.

4. Scope of Consolidation

4.1 Principles of Consolidation

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

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

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

4.2 Changes to the Scope of Consolidation

In addition to Österreichische Post AG, 27 domestic (31 December 2019: 27) and 15 foreign (31 December 2019: 14) subsidiaries are included in the consolidated financial statements. In addition, two domestic (31 December 2019: three) and one foreign (31 December 2019: one) entity are consolidated according to the equity method.

The following changes were made to the scope of consolidation and transactions with non-controlling interests in the 2020 financial year:

Company name	Interest from	Interest to	Date of transaction	Comment
MAIL				
adverserve Holding GmbH, Vienna	82,00%	90,00%	19 June 2020	Acquisition
adverserve Holding GmbH, Vienna	90,00%	100,00%	17 December 2020	Acquisition
PARCEL & LOGISTICS				
Aras Kargo a.s., Turkey	25,00%	25,00%	18 June 2020	Change in method
Aras Kargo a.s., Turkey	25,00%	80,00%	25 August 2020	Step acquisition
PHS Logistiktechnik GmbH, Graz	40,00%	48,36%	6 March 2020	Capital increase
CORPORATE				
Neutorgasse 7 Projektentwicklungs AG & Co OG, Vienna (Österreichische Post AG, Vienna)[1]	100,00%	0,00%	1 August 2020	Absorption
Post IT Services GmbH, Vienna (formerly OMNITEC Informationstechnologie-Systemservice GmbH, Vienna)	50,00%	100,00%	1 January 2020	Step acquisition

[1] The subsidiary listed first was absorbed by the Group company listed in parenthesis and is therefore no longer included in the scope of consolidation.

MAIL

adverserve Holding GmbH On 19 June 2020 and 17 December 2020, Austrian Post acquired a further 8% and 10% of the shares in adverserve Holding GmbH respectively. This means that the Austrian Post Group holds 100% of the shares in the company.

The two acquisitions led to a reduction in non-controlling interests of EUR 0.2m, which was recognised in revenue reserves. The liabilities from the contractual purchase obligations for these two acquisitions had already been recognised against equity (revenue reserves) in the course of the first-time consolidation in the 2019 financial year and amounted to EUR 1.1m as at 31 December 2019. The final agreement on the amount of the purchase price liabilities resulted in a total adjustment of EUR 0.7m, EUR 0.2m of which was recognised in the income statement under other operating income and EUR 0.5m of which was recognised in revenue reserves, without effect in profit and loss.

PARCEL & LOGISTICS

Aras Kargo a.s. – Change to Accounting Using the Equity Method The company was managed by a court-appointed trustee panel from the spring of 2017 onwards. The trustee panel was only responsible to the court. Accordingly, the recognition of the shares using the equity method was terminated and the shares were recognised at fair value through other comprehensive income (FVOCI). With the new appointment of the Board of Directors as of 18 June 2020 and the dismissal of the court-appointed trustee panel, the owners have regained joint control of Aras Kargo a.s. and the use of the equity method to account for the investment has been resumed. The last adjustment of the fair value as at 18 June 2020 resulted in an adjustment of the carrying amount of minus EUR 1.1m to EUR 22.2m. The cumulative fair value adjustments, (including deferred taxes) of minus EUR 15.9m, recognised in equity in the FVOCI reserve were reclassified to revenue reserves.

Aras Kargo a.s. – Attainment of Control With the closing of the transaction for the acquisition of a further 55% of the shares on 25 August 2020, Austrian Post now holds a total of 80% of the shares, meaning that it has attained control over Aras Kargo a.s. The company has been included in the consolidated financial statements of Österreichische Post AG as a fully consolidated company since this date. By acquiring Aras Kargo a.s., Austrian Post has taken a further step in the implementation of its strategy aimed at achieving profitable growth in defined markets.

The termination of the use of the equity method resulted in a total gain of EUR 0.6m which was recognised under other operating income. This includes a gain of EUR 3.2m from the revaluation of the share previously accounted for using the equity method to fair value and a loss of EUR 2.6m resulting from the reclassification of currency translation differences to the income statement.

The total net identifiable assets acquired and liabilities assumed at the date on which control was obtained were determined as presented below.

EUR m	Fair values
NON-CURRENT ASSETS	
Intangible Assets	51.5
of which customer relationships	16.9
of which trademarks	24.5
Property, Plant and Equipment	43.1
of which property and buildings	31.3
of which right-of-use assets	19.0
Investment property	2.1
Other receivables	0.2
CURRENT ASSETS	
Inventories	1.9
Trade and other receivables	33.7
Cash and cash equivalents	35.8
NON-CURRENT LIABILITIES	
Provisions	10.7
Other financial liabilities	13.9
of which lease liabilities	13.9
Other payables	1.1
Deferred tax liabilities	5.0
CURRENT LIABILITIES	
Provisions	6.3
Other financial liabilities	6.3
of which lease liabilities	5.0
Tax liabilities	1.7
Trade and other payables	49.2
Contract liabilities	1.4
TOTAL NET IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED	**72.6**

Customer relationships in the amount of EUR 16.9m, trademarks amounting to EUR 24.5m and software in the amount of EUR 2.1m were recognised in the course of the purchase price allocation. In addition, contingent liabilities of EUR 1.8m were recognised in accordance with IFRS 3.23 by way of a best estimate. These relate to a possible claim against Aras Kargo a.s. for social security obligations of its subcontractors. No direct claim is expected to be asserted.

The acquisition resulted in total goodwill of EUR 1.7m, which is the result of the earnings expectations related to the company:

EUR m	Fair values
DETERMINATION OF GOODWILL	
Total amount of consideration transferred	35.9
of which purchase price payment	35.0
of which effective settlement of previously asserted claims	0.9
Fair value of previous shares	23.8
Non-controlling interests based on the share of the total identifiable assets and liabilities assumed	14.5
Total net identifiable assets acquired and liabilities assumed	–72.6
GOODWILL	**1.7**
ALLOCATION OF CASH OUTFLOW/INFLOW	
Total amount of consideration transferred in cash	35.0
Acquired cash	35.8
NET CASH INFLOW	**0.8**

The effective settlement of previously asserted claims relates to arbitration proceedings with the sellers terminated by mutual agreement as part of the closing of the transaction. The claims that have been waived as a result are recognised at fair value.

Since the inclusion of Aras Kargo a.s. in the consolidated financial statements of Austrian Post, revenue of EUR 101.5m and a net profit for the period of EUR 12.6m have been recognised. Furthermore, EUR 0.5m was recognised in other comprehensive income from the remeasurement of defined benefit obligations. If the company had been a subsidiary from the beginning of the year, Group revenue of EUR 2,369.9m and net profit for the period of EUR 134.7m would have been recognised. Auxiliary acquisition costs of EUR 1.6m were recognised under other operating expenses.

In addition to the acquisition of the additional 55% of the shares, reciprocal options to acquire the remaining 20% of the shares were agreed. Accordingly, Austrian Post has the obligation (put option) in 2025 or 2026, or the right (call option) in 2027, to acquire these shares. The exercise price of the options depends on the company's results achieved in the year prior to the possible exercise (EBITDA multiple). A liability of EUR 33.2m was recognised against equity (revenue reserves) for the obligation to purchase the shares. The liability was recognised on the basis of a best estimate of the future exercise price. A 10% higher (lower) future result of the company would lead to a higher (lower) liability of around EUR 3m (see also Note 10.1.3 Information on determining fair values).

CORPORATE

Post IT Services GmbH With effect from 1 January 2020, Austrian Post acquired a further 50% of the shares in OMNITEC Informationstechnologie-Systemservice GmbH from P.S.K. Beteiligungsverwaltung GmbH, increasing its stake from 50% to 100%. OMNITEC was accounted for using the equity method until 31 December 2019. Since 1 January 2020, it has been included in the consolidated financial statements by way of full consolidation.

The purchase price was EUR 1. The acquisition resulted in income totalling EUR 0.4m which was recognised under other operating income. The income is made up of the valuation of the legacy shares and the profit from the acquisition (badwill) in the amount of EUR 0.2m each.

The company was renamed Post IT Services GmbH in April 2020.

4.3 Non-controlling Interests

Subsidiaries with non-controlling interests comprise the following companies:

	Share of non-controlling interests		Interest in %	
EUR m	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020
Aras Kargo Yurtici Yurtdisi Tasimacilik a.s.	0.0	16.6	0.00	20.00
bank99 AG	8.3	9.3	20.00	20.00
ACL advanced commerce labs GmbH	1.3	1.3	30.00	30.00
sendhybrid ÖPBD GmbH	0.9	0.7	49.00	49.00
M&BM Express OOD	–0.3	–0.3	24.00	24.00
adverserve Group[1]	0.3	0.0	18.00	0.00
NON-CONTROLLING INTERESTS	**10.4**	**27.6**		

[1] For the subsidiaries of the adverserve Group, see 11.5 Group companies

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

2020 Financial Year

EUR m	Aras Kargo a.s.	bank99 AG
PERCENTAGE OF NON-CONTROLLING INTERESTS	20.0%	20.0%
Non-current assets	93.1	20.5
Financial assets from financial services	0.0	580.9
Current assets	94.4	9.5
Non-current liabilities	28.4	11.1
Financial liabilities from financial services	0.0	521.2
Current liabilities	76.2	31.9
NET ASSETS	**82.9**	**46.7**
Net assets of non-controlling interests	16.6	9.3
Revenue/result from financial services	101.5	7.1
Profit for the period	12.6	–29.9
Other comprehensive income	0.5	0.0
TOTAL COMPREHENSIVE INCOME	**13.1**	**–29.9**
Profit attributable to non-controlling interests	2.5	–6.0
Other comprehensive income attributable to non-controlling interests	0.1	0.0
Cash flow from operating activities	20.5	504.9
Cash flow from investing activities	–0.5	–11.1
Cash flow from financing activities	–2.5	34.2
Currency translation differences in cash and cash equivalents	–2.9	0.0
CHANGE IN CASH AND CASH EQUIVALENTS	**14.5**	**528.0**

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

By means of a letter of comfort, Österreichische Post AG has undertaken to provide bank99 AG with equity of up to EUR 61.3m in the period leading up to the end of 2026, subject to certain conditions.

5. Currency Translation

The reporting currency of the Austrian Post Group is the euro. The annual financial statements prepared by Group companies in foreign currencies are converted into euros in accordance with the functional currency concept pursuant to IAS 21. 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 and companies accounted for using the equity method whose functional currency is not the euro. All balance sheet items with the exception of equity are translated at the European Central Bank's reference exchange rate on the balance sheet date; equity items are translated using the historical rate on the acquisition or origination date. Income and expenses are translated at the average reference exchange rates for the financial year. The resultant currency translation differences are recognised directly in equity.

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

	Reference rate at balance sheet date		Average annual rate	
EUR 1	31 Dec. 2019	31 Dec. 2020	2019	2020
Bosnian Convertible Mark	1.9558	1.9558	1.9558	1.9558
Bulgarian Lev	1.9558	1.9558	1.9558	1.9558
Croatian Kuna	7.4395	7.5519	7.4180	7.5384
Serbian Dinar	117.5928	117.5802	117.8650	117.5797
Turkish Lira[1]	6.6843	9.1131	6.3578	9.2761
Hungarian Forint	330.5300	363.8900	325.2967	351.2494

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

6. Accounting Policies

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

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

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

The methods of accounting applied to financial assets and liabilities from financial services are presented separately below.

6.1.1 FINANCIAL ASSETS AND LIABILITIES FROM FINANCIAL SERVICES

In the consolidated balance sheet, financial assets and liabilities from financial services include, in particular, those items that result directly from the deposit 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 balances with central banks of bank99 AG are also reported in these line items. The items are presented in order of liquidity.

Assets and liabilities outside the deposit 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).

Classification Receivables from banks and customers, as well as other receivables from financial services, are held as part of a business model that aims to collect the contractual cash flows. Accordingly, these financial assets are allocated to the "recognised at amortised cost" category. If individual assets do not meet the cash flow criterion set out in IFRS 9, they are allocated to the category "at fair value through profit or loss (FVTPL)".

Financial assets from the investment of securities are held for liquidity management as part a business model that aims both to collect the contractual cash flows and to sell the investments. Accordingly, if the cash flow criterion set out in IFRS 9 is met, these assets are allocated to the category "measured at fair value through other comprehensive income (FVOCI)". Any other securities are held as part of a business model that aims to collect the contractual cash flows. Accordingly, if the cash flow criterion set out in IFRS 9 is met, these are allocated to the category "measured at amortised cost".

Financial liabilities are allocated to the "recognised at amortised cost" category in full.

Initial Recognition and Measurement Financial assets and liabilities are recognised for the first time when the contractual claims/obligations arise. This is usually on the settlement date, i.e. the date on which the financial asset is transferred. Initial recognition is at fair value, which in most cases matches the transaction price. Financial assets measured at amortised cost and those measured at fair value through other comprehensive income are initially recognised including transaction costs.

Impairment Losses Impairment losses are recognised in the amount of the expected credit losses in accordance with IFRS 9. A distinction is made between three impairment stages to measure the amount of the impairment losses and the recognition of interest income:

- **Stage** 1 relates to financial assets 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 securities, the "low credit risk exemption" pursuant to IFRS 9 5.5.10 is applied.
- **Stage 2** Financial assets 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. Qualitative criteria (e.g. dunning levels) and quantitative criteria (deterioration in the internal rating scale) are used to verify a significant increase in the credit risk. 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 in stage 3 are considered to be in default, and interest income is recognised using the effective interest rate on the amortised cost (net carrying amount). Customer receivables are transferred to stage 3 if they are 90 or more days overdue or if there is a qualitative default trigger (e.g. insolvency, restructuring due to a crisis)

The impairment losses for receivables > EUR 0.1m are calculated on the basis of an individual estimate of the expected credit losses. For all other receivables, the impairment losses are calculated using standardised model parameters. 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. External ratings are used to determine probabilities of default for calculating the expected credit losses for receivables from banks and securities.

6.1.2 RESULT FROM FINANCIAL SERVICES

The result from financial services recognised in revenue includes net interest and net commission income from the provision of financial services. In the consolidated income statement, the result is shown separately with a "of which" note in the interests of ensuring the most transparent presentation possible.

The valuation and disposal result from investments in securities is recognised under other operating income. Impairment losses in accordance with IFRS 9 are recognised under other operating expenses.

Net Interest Income Net interest income includes all interest income and interest expenses from the deposit and investment business. Interest income and interest expenses from financial assets and liabilities measured at amortised cost and financial assets measured at fair value through other comprehensive income are 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.

Net Commission Income Net commission income includes fees and commission from the financial services offered. At present, this mainly relates to fees and commission from the current account business, payment transactions and the disbursement of what are known as P.S.K. Orders. Where fees and commission from a particular contract fall within the scope of both IFRS 15 and IFRS 9, IFRS 9 is applied to separate the contractual components. Fees and commission within the scope of application of IFRS 15 resulting from transaction-based services are recognised at a specific point in time. 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.

6.2 Revenue from Contracts with Customers

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

LETTER MAIL, DIRECT MAIL & MEDIA POST

The Austrian Post Group performs services involving the collection, sorting and delivery of various letter mail items, direct mail and print media. Under IFRS 15, such performance obligations are considered to be fulfilled over time. On balance, the existing contracts or services to be provided in this business area are characterised by a very high degree of uniformity and very short lead times in providing the services. As a universal service provider, Austrian Post 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 mail 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, Austrian Post 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 to business customers, volume discounts are often agreed upon based on the revenue of a financial year. These discounts must be classified as variable consideration within the meaning of IFRS 15. Revenue from these sales is recognised in the amount of the price stipulated in the contract less the estimated volume discount. The expected volumes are estimated based on historical values and are updated every reporting date. Necessary adjustments are made cumulatively in the period in which the estimate is revised.

BUSINESS SOLUTIONS

Services in the Business Solutions area encompass business process solutions in the area of digital services, input management, document logistics, output management and digital advertising.

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

PARCEL & LOGISTICS

The Austrian Post Group collects, accepts, sorts and delivers various parcel and express mail items. Under IFRS 15, such performance obligations are considered to be fulfilled over time. A high degree of standardisation, shipment tracking and very short throughput times characterise the services performed in this business area. As a rule, additional services (e.g. cash on delivery) are not classified as a distinct performance in the contractual context and are thus recognised together with the parcel item as a single performance obligation. Austrian Post 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 or parcel service 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, the Austrian Post Group undertakes to provide a service within a short time and is simultaneously entitled to issue an invoice and receive payment from the customer. That portion of the performance obligation which has not yet been provided is recognised as deferred income and reported as a contract liability.

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

BRANCH SERVICES

The services provided by the branch network include the sale and brokering of various retail goods as well as postal and telecommunications products, as well as services within the scope of Austrian Post's cooperation with BAWAG P.S.K. up until 2019.

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

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

The services resulting from the cooperation with BAWAG P.S.K. that were still to be provided in 2019 comprised the sale of financial products, the carrying out of counter transactions and the provision of branch office infrastructure, each of which is classified as individual performance obligations pursuant to IFRS 15. The total remuneration is allocated to the individual performance obligations over time based on the relative stand-alone selling prices. The performance obligations will be satisfied, and thus the revenue for all three types of services will be recognised for a given period of time. Determining the allocation of the compensation to the individual performance obligations requires judgements, especially with respect to the amount of the relative stand-alone selling prices and the expected scope of the services actually to be provided. Similarly, revenue recognition required discretionary judgements with respect to the nature of the service to be provided.

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

OTHER OPERATING INCOME

Revenue from contracts with customers of the Neutorgasse 7 real estate project is reported under other operating income. Upon conclusion of a purchase agreement for a specified residential unit, an alternative use is no longer possible. This results in contract-related revenue recognition over the construction period of the residential units.

The percentage of completion is used as a benchmark for determining the stage of completion on the basis of the ratio of costs incurred to date to the total expected costs (cost-to-cost method). The recognised contract assets are netted against the payments received to date.

Brokerage fees incurred in the course of initiating and concluding a contract for the sale of housing units in the Neutorgasse 7 real estate project are capitalised and depreciated over the term of the contract.

6.3 Termination of the Cooperation with BAWAG P.S.K.

In a letter dated 9 November 2017 BAWAG P.S.K. terminated the cooperation agreement for collaboration in the sale of financial products, counter transactions and the joint use of infrastructure (branches) effective 31 December 2020. The amicable and gradual dissolution of the cooperation by the end of 2020 at the latest was then contractually agreed between the parties, whereby the option of early termination existed for individual services. At the end of 2019 the parties agreed a final termination of the cooperation essentially by the end of April 2020.

6.4 Income Tax

Disclosures on Tax Groups Austrian Post 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 (stand-alone 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.

Austrian Post 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, does not affect either the accounting profit or taxable profit (tax loss) ("Initial Recognition Exemption, IRE")
- 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 temporary differences and it is probable that the reversal will not occur in the foreseeable future
- Taxable differences in connection with the initial recognition of goodwill

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

The unrecognised deferred taxes are reassessed at each balance sheet date and if applicable, recognised if there is a reasonable belief that the tax benefit can be realised.

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

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

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

Country	Tax rate
Bosnia and Herzegovina	10%
Bulgaria	10%
Germany	33%
Croatia	18%
Montenegro	9%
Serbia	15%
Slovakia	21%
Hungary	9%
Turkey	20%

6.5 Earnings per Share

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

A dilution of earnings per share is currently potentially possible due to the share-based remuneration programme of Österreichische Post AG. Since, however, there is currently no obligation to settle the amounts owed in the form of equity instruments, there are no dilutive effects from the current programmes. See Note 6.22 Share-based Payments.

6.6 Goodwill and Allocation to Cash Generating Units (CGU)

Goodwill is measured at cost less cumulative impairment losses. Goodwill from the acquisition of a foreign operation is carried in its functional currency and converted at the rate on the balance sheet date. Impairment losses are recognised in accordance with the principles described in Note 6.13 Impairment of Assets IAS 36. Reversals of impairment losses are not permitted. Goodwill is allocated to the respective cash generating units (CGU). CGU are formed by aggregating assets at the lowest level at which cash flows are generated independently of other assets.

6.7 Intangible Assets

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

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

If there are indications of impairment, intangible assets are tested for impairment in accordance with the principles described in Note 6.13 Impairment of Assets IAS 36.

6.8 Leases

LEASES AS THE LESSEE

Since 1 January 2019, 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 as assets and the present value of the payment obligations entered into are recognised as liabilities.

The **lease liabilities** include 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.

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Right-of-use assets are recognised at cost, which is comprised of the following:

- 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

Such assets are subsequently measured at amortised cost. The right-of-use assets are depreciated on a straight-line basis over the lease term. If ownership is transferred to the lessee at the end of the lease term or the cost of the right-of-use asset reflects that the lessee will probably exercise a purchase option, the asset is depreciated until the end of its useful life. If there are indications of impairment, right-of-use assets are tested for impairment in accordance with the principles described in Note 6.13 Impairment of assets IAS 36.

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

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

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

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

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

LEASES AS THE LESSOR

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

6.9 Property, Plant and Equipment

Property, plant and equipment are measured at cost less depreciation. Depreciation rates are based on expected useful lives.

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

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

If there are indications of impairment, property, plant and equipment are tested for impairment in accordance with the principles described in Note 6.13 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 up to but not exceeding the amortised cost excluding impairment.

6.10 Government Grants

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

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

6.12 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.

Properties that are developed with the goal of a subsequent sale are reclassified to inventories as of the beginning of their development (building permit date).

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 3.7% to 12.2% (2019: 4% to 14%) and the capitalisation rates/property rates used range from 3.5% to 7% (2019: 3.5% to 6.5%).

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

6.13 Impairment of Assets IAS 36

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

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

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

The carrying amounts of what are known as corporate assets according to IAS 36.100 et seq. are allocated to the CGUs to which they relate as part of the impairment tests. Within the Austrian Post Group, corporate assets primarily relate to the corporate headquarters and, following the organisational changes made in 2020, to the logistics network production unit and the branch business.

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

6.14 Financial Assets Accounted for Using the Equity Method

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

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

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

6.15 Financial Assets and Liabilities

In the Austrian Post Group, financial assets and liabilities are assigned to the following categories pursuant to IFRS 7: securities, other shares (equity instruments), derivative financial instruments, trade and other receivables, receivables from financial assets accounted for using the equity method, receivables from banks, money market investments, other financial liabilities, trade and other payables and liabilities to financial assets accounted for using the equity method.

CLASSIFICATION

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

- 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)
- Recognised at amortised cost

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.

Austrian Post's existing securities portfolio is held within the context of a business model whose objective is both the collection of contractual cash flows as well as the sale of financial assets. The transaction is classified as FVOCI (cash flow criterion fulfilled) or FVTPL (cash flow criterion not fulfilled) based on the fulfilment of the cash flow criterion in accordance with IFRS 9. The cash flow criterion is met if cash flows are generated that represent exclusively principal and interest payments on the outstanding principal amount.

Trade and other receivables, other receivables, receivables from banks and money market investments are held by Austrian Post within the context of a business model whose objective is the collection of contractual cash flows. The cash flow criterion is met for these instruments. Accordingly, these receivables are classified as measured at amortised cost.

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 (outside of hedge accounting) must be assigned to the fair value through profit or loss measurement category (FVTPL).

Financial liabilities will continue to be classified in the following measurement categories:

- At fair value through profit or loss (FVTPL)
- Recognised at amortised cost

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. Accordingly, other financial liabilities, trade payables and other liabilities as well as liabilities to financial assets accounted for using the equity method are measured at amortised cost. The contingent purchase price liabilities held by Österreichische Post AG in accordance with IFRS 3 fall under the exception stipulated in IFRS 9.4.2.1 and must be assigned to the fair value through profit or loss measurement category (FVTPL).

Liabilities resulting from purchase obligations of non-controlling interests are recognised at fair value. The result from the subsequent measurement of these liabilities is recognised directly in equity (revenue reserves).

MEASUREMENT AT INITIAL RECOGNITION

At initial recognition, 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 that is not measured at fair value through profit or loss (FVTPL), 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

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.

Financial instruments measured at amortised cost are measured at amortised cost 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.

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

Financial instruments measured at fair value through profit or loss (FVTPL) are measured at fair value through profit or loss. All changes in the book value as well as current income are recognised directly in the income statement.

The carrying amount of financial instruments assigned to the individual categories are presented under Note 10.1 Financial Instruments. Furthermore, 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 the immateriality of the related amounts for the Austrian Post Group, information on impairment losses in the reporting period is provided in the notes to the consolidated financial statements in Note 10 Financial Instruments and Related Risks.

IMPAIRMENT LOSSES

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

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

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

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

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

- Securities in the category FVOCI
- Trade receivables
- Contract assets
- Other receivables
- Receivables from banks
- Money market investments

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

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

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

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

For other receivables, Austrian Post decided to apply practical simplifications in line with IFRS 9.B5.5.35 based on the type and scope of the receivables and to methodically determine impairment losses by using an impairment matrix similar to the one used for trade receivables. The loss rates are derived partly based on historical empirical values and partly based on reasonable estimates. 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 default 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.

6.16 Derivative Financial Instruments

Derivative financial instruments are assigned to the fair value through profit and loss measurement category and measured at fair value at the time of acquisition as well as in subsequent periods. As a rule, the purchase price is recognised at cost as the best possible approximation of fair value at the time of acquisition. Unrealised valuation gains and losses from derivative financial instruments are recognised in the income statement.

The Austrian Post Group uses derivative financial instruments occasionally as a means of limiting and managing interest rate, currency and price risks. No transactions involving such derivative financial instruments were entered into in financial year 2020. Furthermore, future exercisable rights to the acquisition of additional shares (call options) are acquired and purchase obligations (put options) are incurred in connection with the acquisition of shares in a company that are to be classified as derivative financial instruments in accordance with IFRS 9.

Derivative financial instruments that are settled immediately in cash are reported under the items trade and other receivables or trade and other payables. Derivative financial instruments related to the acquisition of shares in a company are reported as other financial assets.

6.17 Inventories

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

6.18 Assets Held for Sale

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

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

6.19 Provisions for Severance Pay and Anniversary Bonuses

In the 2020 financial year, there was a change in the estimate of the provisions for severance pay and anniversary bonuses. Instead of the previous approach of applying discounts for employee turnover, probabilities of employee turnover depending on length of service are now used to take future employee turnover into account. The switch to fluctuation probabilities allows the impact of fluctuation on the amount of the provisions to be estimated more reliably. In the case of the provision for anniversary bonuses, this change in estimate led to a provision that was EUR 12.0m lower. The effects of this change were recognised in full in the income statement under staff costs in the 2020 financial year. The effects relating to the provision for severance pay were minor in terms of amount.

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 companies in Austria are entitled to severance pay when they reach the legal retirement age or 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: In some cases, Österreichische Post AG is obliged to pay anniversary bonuses to employees who have served the company for specified periods of time. 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 payments and anniversary bonuses, 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 payments		Anniversary bonuses	
	2019	2020	2019	2020
Discount rate	1.25%	1.78%	1.00%	0.75%
Salary/pension increase	3.25%	3.61%	3.00%	2.74%–3.23%
Employee turnover discount (2019)/ employee turnover rate (2020)	0.05%–0.51%	1.44%	7.07%–29.53%	2.71%–21.50%

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

Retirement age	2019	2020
Female employees	60–65	58–65
Male employees	65	60–65
Civil servants	65	65

The average weighted duration of the defined benefit obligation amounts to 14 years for severance payments (2019: 14 years) and 11 years for anniversary bonuses (2019: 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 newly published in 2018 (AVÖ 2018-P Insurance tables for calculating pensions) were used beginning with the annual statements for the year ended 31 December 2018. 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 biannual 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 actuarial gains and losses from changes in demographic assumptions include the effects of the switch from employee turnover discounts to fluctuation probabilities.

The reconciliation of the present value of the individual obligations is presented in Note 9.11.1 Provisions for Severance Pay and Anniversary Bonuses.

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

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

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

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

6.20 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 as well as 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 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 6.19 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:

Austrian Post Labour Market	2019	2020	Change EUR m
Discount rate	0.50%	0.25%	2.2
Salary increase	2.75%	2.75%	0.0
Employee turnover discount	21.00%	14.00%	13.7
Rate of underutilisation	83.50%	75.70%	–14.5

Changes in parameters led to an increase in the provision for the Internal Labour Market totalling EUR 0.2m.

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:

Other Underutilisation	2019	2020
Discount rate	0.00%–0.75%	0.00%–0.50%
Salary increase	2.75%	2.75%

6.21 Other Provisions

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

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

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

6.22 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 2020. These programmes are a share-based and performance-oriented remuneration model whose tranches extend over a three-year period (performance period) and which require a one-time personal investment as a condition of participation. The performance period extends from 1 January of the year in which the particular tranche is issued until 31 December of the third-following year.

Of the current Management Board members, Georg Pölzl, Peter Umundum and Walter Oblin are taking part in remuneration programmes 9 to 11 as at 31 December 2020. Of the former Management Board members, Walter Hitziger is taking part in remuneration programme 9.

The number of shares of Österreichische Post AG that must be purchased by current and former Management Board members at the outset of the programme is calculated as a defined percentage of their gross fixed salaries divided by the reference price of the Austrian Post share for the fourth quarter of the respective prior year. The number of Austrian Post shares to be purchased by executives is determined based on the chosen investment category according to the conditions of participation. The total sum of the requisite personal investment for participation in the existing share-based remuneration programme at 31 December 2020 amounted to 43,952 shares for Management Board members and 214,015 shares for executives. The Austrian Post shares must be held continuously until the end of the subsequent financial year following the expiration of the performance period.

Remuneration is paid out on the basis of bonus shares as a unit of measure and depends on the degree to which the goal of predefined performance indicators has been achieved (earnings per share, free cash flow and total shareholder return). Target values for the performance indicators are defined at the beginning of each individual tranche, with each goal being equally weighted. The achievement of the goals is monitored over a period of three years. The total bonus is based on the overall achievement of the goals from the aforementioned parameters, the share price trend of Österreichische Post AG and, from Tranche 10 onwards, 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 225% (for tranche 9) and 200% (for tranches 10 and 11) 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 115% and 137% in the event of maximum goal achievement, but the bonus cannot exceed the amount of the individual's annual gross salary.

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. 2019	31 Dec. 2020
Tranche 8	252,916	12,941
Tranche 9	182,979	171,929
Tranche 10	209,047	251,170
Tranche 11	0	300,047
	644,942	**736,087**

As a general rule, the bonus shares are paid out either in the form of Österreichische Post AG shares or in cash. For tranches 8 and 9, the choice of programme for the Management Board was left to the individual Management Board members. The choice of programme for the executives was taken by the company. After all of the Management Board members opted for payment in cash and payment of the bonus in cash was decided for the executives, there is currently no obligation to settle the amounts owed in the form of equity instruments. The remuneration is accordingly accounted for as a cash-settled share-based payment transaction. For tranches 10 and 11, the decision regarding the form of payment for the bonus shares is at the discretion of the Supervisory Board's Remuneration Committee for the programme for the Management Board, and at the Management Board's discretion for the programme for the executives. However, past business practice indicates that payment in cash can be assumed, which is why the remuneration is accounted for as cash-settled share-based payments.

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

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

EUR m	31 Dec. 2019	31 Dec. 2020
NET CARRYING AMOUNT OF PROVISION		
Tranche 8	11.8	0.1
Tranche 9	5.9	6.6
Tranche 10	3.4	7.1
Tranche 11	0.0	3.6
	21.1	**17.4**

In the 2020 financial year, a total of EUR 11.7m was paid out entirely in cash for tranche 8. Tranche 8 is paid out in three instalments for employees who have left the company, with the last instalment being paid in January 2021.

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

EUR m	2019	2020
TOTAL EXPENSE		
Tranche 8	4.0	0.0
Tranche 9	2.4	0.7
Tranche 10	3.4	3.7
Tranche 11	0.0	3.6
	9.9	**8.0**

7. Future-related Assumptions and Estimation Uncertainties

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

7.1 Impact of the COVID-19 Pandemic

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

The existing uncertainties and reduced expectations regarding macroeconomic development were taken into account as an indication of impairment in accordance with IAS 36, and the possible effects were reflected using simulations in the business plans for the cash generating units/investment property. All in all, this did not result in any need for impairment or any material impact on the fair value of the properties.

The expected loss rates for trade and other receivables were adjusted. The impact of these adjustments was insignificant in terms of amount, and no significant payment defaults have been observed to date.

The particular challenges associated with the distribution and delivery of mail items in the course of the COVID-19 pandemic (in particular due to additional volumes and bottlenecks in the distribution centres) led to more incidences of damage and delays affecting mail items, for which appropriate provisions were set up based on a best estimate.

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

No significant adjustments had to be made to either current or deferred taxes due to COVID-19.

As part of the COVID-19 investment premium for companies that was introduced in the 2020 financial year, the Austrian Post Group applied for investment subsidies of up to EUR 6.9m for an investment volume of approximately EUR 50.0m. The investment subsidy will only be recognised once there is reasonable assurance that the subsidy will be received and the conditions for the grant will be met. The subsidy has no impact on the consolidated financial statements as at 31 December 2020.

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

7.2 Provisions for Severance Pay and Anniversary Bonuses

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

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

	Discount rate		Salary increase		Employee turnover rate	
EUR m	**–1 pp**	**+1 pp**	**–1 pp**	**+1 pp**	**–1 pp**	**+1 pp**
Severance payments	16.9	–14.3	–13.7	15.8	0.2	0.0
Anniversary bonuses	4.7	–4.2	–3.5	3.8	4.8	–4.4

7.3 Provision for Underutilisation

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

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

	Rate of underutilisation		Employee turnover discount		Discount rate		Salary increase	
EUR m	–10 pp	+10 pp	–10 pp	+10 pp	–1 pp	+1 pp	–1 pp	+1 pp
Underutilisation	–22.6	22.6	19.7	–19.7	10.7	–9.8	–9.7	10.4

7.4 Crediting of Previous Periods of Service for (Former) Civil Servants

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

In a more recent preliminary ruling procedure before the European Court of Justice on the crediting of previous periods of civil service, the ECJ ruled on 8 May 2019 that the payroll reform of 2015 was insufficient. As a result, a further amendment was made to civil service law by the federal government, according to which the crediting of previous service periods before the eighteenth birthday must be individually reassessed for each (former) civil servant. The employment law proceedings that need to be conducted in this regard are costly and time-consuming. Österreichische Post AG has since started implementing the amendment and has used a best possible estimate to make a provision of EUR 16.9m at 31 December 2020 (31 December 2019: EUR 14.2m) for the subsequent payments resulting from the recalculated pay-related length of service.

7.5 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, which were recognised in the income statement. However, in exchange for the total contributions awarded to date, Österreichische Post AG has obligations for possible compensation payments, which have been set aside in the amount of EUR 99.6m as at 31 December 2020 (31 December 2019: EUR 99.6m) based on a payment request issued by the Federal Chancellery. The amount of compensation is subject to considerable uncertainties, as there are differences of opinion between the Federal Chancellery and Österreichische Post AG due to uncertainties regarding the data.

7.6 Data Protection

The Data Protection Authority brought administrative criminal proceedings against Österreichische Post AG in the 2019 and 2020 financial years on grounds of the unlawful processing of data qualifying as personal data and the violation of the rights of data subjects within the meaning of the GDPR. These proceedings had not yet reached a final conclusion at the time the consolidated financial statements were prepared.

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

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

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

7.7 Assets and Liabilities in Connection with Business Combinations

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

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

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

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

7.8 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 9.1 Goodwill.

7.9 Leases

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

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

	Lease term	
EUR m	+1 year	-1 year
Right-of-use assets/lease liabilities	42,7	–44,3

7.10 Financial Instruments

Alternative valuation methods (i.e. income approach or multiple processes) that are fraught with estimation uncertainties are applied to assess the recoverability of equity instruments for which no active market exists. The parameters factored into the valuation of these financial instruments are partially based on assumptions regarding the future, and/or the selection of a suitable peer group requires assumptions regarding the comparability of the group. The same applies to the appropriate amount of liabilities that are subject to estimation uncertainties. This relates, in particular, to contingent residual purchase price liabilities and obligations to acquire non-controlling interests, the settlement amount of which depends on the future results of the acquired companies. The approach is discussed in Note 10 Financial Instruments and Related Risks.

7.11 Income Tax

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

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

8. Notes on the Income Statement

8.1 Segment Reporting

General Information The implementation of the new organisational structure in 2020 prompted Austrian Post to make changes to its segment reporting with effect from 1 January 2020. In order to ensure comparability, the segment reporting for the 2019 financial year was adjusted. In line with the new divisional structure of the Austrian Post Group, the amended 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 still 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 was bundled in the internal logistics network production unit, which charges its services to the operating divisions based on the costs incurred.

Mail The product and service portfolio of the Mail Division includes the delivery of letters and document shipments, addressed and unaddressed direct mail, newspapers and online services such as e-letters and business operations such as input management, document logistics and output management. The latter in particular are also supported by subsidiaries. The product portfolio is also supplemented with cross-media solutions and digital advertising through a subsidiary. 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 remains responsible for the results of the entire service provision process, including logistics services purchased both within the Group and externally. In addition to conventional parcel products, express delivery and food delivery, the portfolio in Austria also includes a broad range of value-added services. Tailored fulfilment solutions such as warehousing, order picking, returns management, the transport of valuable goods and cash, web shop logistics and web shop infrastructures are offered. Internationally, the Parcel & Logistics Division is represented in CEE and Turkey through its subsidiaries. In addition, stationary logistics for pharmaceutical products is offered in Germany through the associate AEP.

Retail & Bank In addition to the branch business previously reported in the Mail Division, the new Retail & Bank Division comprises bank99 AG – Austrian Post's new bank – which has been offering financial services via Austrian Post branches and online throughout Austria since 1 April 2020. The product range initially includes current accounts, savings products, consumer loans and credit cards, as well as conventional payment transaction services. In addition to the new financial services, the branch network continues to sell postal and telecommunication products, as well as retail goods.

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

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

INFORMATION ABOUT PROFIT OR LOSS

2019 Financial Year adjusted[1]

EUR m	Mail	Parcel & Logistics	Retail & Bank	Corporate	Group Reconciliation	Group
Revenue (segments)	1,320.1	632.5	80.5	0.5	–12.0	2,021.6
Revenue intra-Group	2.9	0.7	182.3	0.4	–186.4	0.0
TOTAL REVENUE	**1,323.0**	**633.2**	**262.8**	**0.9**	**–198.4**	**2,021.6**
of which revenue with third parties	1,316.9	623.6	80.5	0.5	0.0	2,021.6
Results from financial assets accounted for using the equity method	0.4	–1.1	0.0	0.0	0.0	–0.6
Depreciation, amortisation and impairment losses	–4.2	–12.7	–4.0	–13.7	–83.4	–118.1
of which impairment losses recognised in profit or loss	–0.2	–0.8	0.0	–0.6	–0.1	–1.7
EBIT	**196.7**	**37.8**	**–4.6**	**–29.3**	**–0.1**	**200.6**
Financial result						10.7
EARNINGS BEFORE TAX						**211.3**
Segment investments	0.9	35.4	14.1	23.7	129.8	203.9

[1] Adjusted to reflect the new segment structure as of 1 January 2020 – see Note 3.2.1 Changes to Segment Reporting

2020 Financial Year

EUR m	Mail	Parcel & Logistics	Retail & Bank	Corporate	Group Reconciliation	Group
Revenue (segments)	1,222.7	913.6	64.7	2.8	–14.6	2,189.2
Revenue intra-Group	3.1	1.0	183.4	0.0	–187.5	0.0
TOTAL REVENUE	**1,225.8**	**914.5**	**248.1**	**2.8**	**–202.0**	**2,189.2**
of which revenue with third parties	1,216.7	905.3	64.6	2.7	0.0	2,189.2
of which result from financial services	0.0	0.0	19.8	0.0	–0.1	19.7
Results from financial assets accounted for using the equity method	0.1	1.4	0.0	0.0	0.0	1.5
Depreciation, amortisation and impairment losses	–4.4	–19.2	–8.4	–20.1	–90.0	–142.2
of which impairment losses recognised in profit or loss	0.0	–1.0	0.0	0.0	–1.3	–2.3
EBIT	**164.4**	**73.5**	**–43.8**	**–33.6**	**0.0**	**160.6**
Financial result						1.4
EARNINGS BEFORE TAX						**162.1**
Segment investments	2.9	21.9	22.6	24.0	128.6	200.0

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

INFORMATION ABOUT GEOGRAPHICAL AREAS

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

2019 Financial Year

EUR m	Austria	Germany	Turkey	Other countries	Group
Revenue	1,853.6	50.2	0.0	117.8	2,021.6
Non-current assets other than financial instruments and deferred tax assets	1,192.4	0.8	0.0	51.8	1,245.0

2020 Financial Year

EUR m	Austria	Germany	Turkey	Other countries	Group
Revenue	1,882.3	61.7	101.5	143.7	2,189.2
Non-current assets other than financial instruments and deferred tax assets	1,230.1	1.1	93.1	55.9	1,380.2

8.2 Revenue From Contracts with Customers

8.2.1 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

EUR m	2019	2020
Letter Mail	760.2	732.1
Business Solutions	52.8	44.3
Direct Mail	371.9	320.3
Media Post	132.1	120.0
MAIL	**1,316.9**	**1,216.7**
Premium Parcels	348.6	567.8
Standard Parcels	215.9	271.7
Other Parcel Services	59.1	65.8
PARCEL & LOGISTICS	**623.6**	**905.3**
Branch Services	80.4	44.8
Result from financial services[1]	0.0	19.7
Other	0.0	0.1
RETAIL & BANK	**80.4**	**64.6**
Revenue real estate project Neutorgasse 7	16.4	2.6
Other revenue	0.6	2.7
CORPORATE	**17.0**	**5.3**
REVENUE FROM CONTRACTS WITH CUSTOMERS	**2,038.0**	**2,191.8**
of which reported under revenue	2,021.6	2,189.2
of which reported under other operating income	16.4	2.6

[1] See in detail Note 8.3 Result from Financial Services

8.2.2 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 2019 and 31 December 2020.

EUR m	31 Dec. 2019	31 Dec. 2020
Trade receivables	260.3	314.2
Contract assets	7.1	4.4
Contract liabilities	29.9	34.7

The contractual liabilities recognised as at 31 December 2020 relate to advance payments received for services not yet provided in connection with mail 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 2020, EUR 29.8m (2019: EUR 47.4m) were recognised in revenue.

8.3 Result from Financial Services

8.3.1 RESULT FROM FINANCIAL SERVICES

The following table shows the total result from financial services:

EUR m	2020
Interest expense from cash reserves (incl. balances with central banks)	–1.0
Interest expense from liabilities to customers	–0.1
Interest expense	–1.2
NET INTEREST INCOME/EXPENSE	**–1.1**
Commission income from current account business and payment transactions	7.4
Commission income from other service business	15.0
Commission income	22.4
Commission expenses from current account business and payment transactions	–0.9
Commission expenses from other service business	–0.7
Commission expenses	–1.6
NET COMMISSION INCOME/EXPENSES	**20.8**
RESULT FROM FINANCIAL SERVICES	**19.7**

8.4 Other Operating Income

EUR m	2019	2020
Rents and leases	27.4	27.9
Work performed by the enterprise and capitalised	7.8	7.4
Unchargeable expenses	1.6	5.6
Damages	3.2	3.8
Disposal of property, plant and equipment	3.5	2.5
Revenue realisation real estate project Neutorgasse 7	16.4	2.6
Personnel leasing and administration	1.9	1.1
Reclaim of contributions	58.0	0.0
Other	11.8	13.3
	131.5	**64.1**

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

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

Please refer to Note 8.2.1 Revenue from Contracts with Customers with respect to revenue realised from the Neutorgasse 7 real estate development project.

In the previous year, the item reclaim of contributions in an amount of EUR 58.0m referred to credited repayment claims from employer contributions paid in connection with the payroll of civil servants in previous periods (see Note 7.5 Recovery of Contributions from the Payroll of Civil Servants for more information).

Other operating income includes compensation related to COVID-19 (refer to Note 7.1 Impact of COVID-19 Pandemic) and a large number of immaterial amounts.

Operating Leases The income from operating leases reported under rents and leases amounts to EUR 21.4m (2019: EUR 21.3m). The amount of non-discounted lease payments due annually is as follows at the balance sheet date:

EUR m	31 Dec. 2019	31 Dec. 2020
No later than one year	18.6	20.9
Later than one year and not later than two years	15.9	17.8
Later than two years and not later than three years	13.4	16.4
Later than three years and not later than four years	11.1	11.1
Later than four years and not later than five years	8.9	8.7
Later than five years	31.6	29.3
	99.5	**104.2**

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

The costs and carrying amounts of land and buildings reported under property, plant and equipment and for which operating leases exist amounted to EUR 84.9m (31 December 2019: EUR 81.0m) and EUR 18.7m (31 December 2019: EUR 18.6m) respectively as at 31 December 2020. Accumulated depreciation in the 2020 financial year amounted to EUR 66.2m (2019: EUR 62.5m).

8.5 Raw Materials, Consumables and Services Used

EUR m	2019	2020
MATERIAL		
Fuels	20.0	18.4
Retail goods	5.1	7.2
Supplies, clothing, stamps	20.2	22.4
Other	3.1	3.5
	48.3	**51.4**
SERVICES USED		
International postal carriers	57.6	53.5
Unaddressed mailing lists	13.9	11.6
Addressed mailing lists	10.9	6.8
Energy	13.5	14.5
Transport	234.8	316.6
Contract and leasing staff	25.6	32.3
Other	91.2	109.4
	447.4	**544.8**
	495.7	**596.2**

8.6 Staff Costs

EUR m	2019	2020
Wages and salaries	764.5	826.2
Severance payments	8.1	8.5
Pension scheme	0.2	0.2
Statutory levies and contributions	196.1	203.3
Other staff costs	7.9	3.3
	976.7	**1,041.4**

Expenses for severance payments can be broken down as follows:

EUR m	2019	2020
Management Board	0.1	0.1
Senior executives	0.3	0.4
Other employees	7.7	8.0
	8.1	**8.5**

In the 2020 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 5.9m (2019: EUR 4.9m).

The average number of employees during the financial year was:

	2019	2020
Blue-collar employees	1,847	3,555
White-collar employees	14,600	16,113
Civil servants	5,496	4,935
Trainees	116	137
TOTAL NUMBER	**22,058**	**24,739**
CORRESPONDING FULL-TIME EQUIVALENTS	**20,338**	**22,966**

8.7 Depreciation, Amortisation and Impairment Losses

EUR m	2019	2020
IMPAIRMENT LOSSES ON GOODWILL	**0.8**	**1.0**
AMORTISATION OF INTANGIBLE ASSETS		
Depreciation	5.5	10.7
Impairment losses	0.2	0.0
	5.7	**10.7**
DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT		
Depreciation	108.5	127.2
Impairment losses	0.1	1.3
	108.6	**128.5**
DEPRECIATION OF INVESTMENT PROPERTY		
Depreciation	2.4	2.0
Impairment losses	0.6	0.0
	3.0	**2.0**
	118.1	**142.2**

Please refer respectively to Note 9.1 Goodwill, Note 9.2 Intangible Assets, Note 9.3 Property, Plant and Equipment and Note 9.4 Investment Property for comments on impairment.

8.8 Other Operating Expenses

EUR m	2019	2020
IT services	54.0	67.0
Maintenance	53.4	60.4
Travel and mileage	27.6	26.2
Damages	32.4	25.8
Communications and advertising	21.0	24.4
Consultancy	32.4	19.0
Waste disposal and cleaning	13.0	16.4
Leasing and rental payments	15.6	14.1
Other taxes (excl. income taxes)	9.3	13.7
Insurance	7.2	7.3
Telephone	3.4	4.5
Contract and leasing staff	2.9	3.8
Training and professional development	3.2	2.0
Impairment losses on receivables	1.8	2.0
Losses from the disposal of property, plant and equipment	1.9	1.4
Compensation payments	59.7	0.0
Other	22.4	26.4
	361.3	**314.4**

Impairment losses on receivables in the 2020 financial year include impairment losses on receivables pursuant to IFRS 9 in the amount of EUR 0.5m (2019: EUR 0.3m) and losses from the derecognition of receivables totalling EUR 1.5m (2019: EUR 1.5m). Due to the immaterial amounts involved, they are not disclosed as separate items in the income statement in accordance with IAS 1.82.

Expenses for compensation payments in 2019 are related to the recovery of contributions from the payroll of civil servants. In the 2019 financial year, there was an additional allocation due to reimbursements received and a reassessment of the provision. See Note 7.5 Recovery of Contributions from the Payroll of Civil Servants.

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

8.9 Total Financial Result

EUR m	Note	2019	2020
FINANCIAL INCOME			
Interest income		8.4	1.5
Income from securities		0.6	0.5
Income from revaluation of financial assets		9.9	8.9
		18.9	**10.9**
FINANCIAL EXPENSES			
Interest expense (lease liabilities)		−4.5	−4.8
Interest expense (financial liabilities)		−0.2	−0.3
Interest expense (interest effects of provisions)	(9.12.1)	−3.2	−2.6
Expense from revaluation of financial assets		−0.1	−0.1
Expenses from foreign currency measurement		0.0	−1.7
Other		−0.1	0.0
		−8.2	**−9.5**
		10.7	**1.4**

Interest income in the 2019 financial year included interest in the amount of EUR 7.7m on reclaimed unjustly levied employer contributions related to the payroll of civil servants (see Note 7.5 Recovery of Contributions from the Payroll of Civil Servants).

Income from the measurement of financial assets includes increases in the value of the shares in flatex AG amounting to EUR 8.7m (2019: EUR 8.9m).

8.10 Earnings per Share

		2019	2020
Profit for the period attributable to equity holders of the parent company	(EUR m)	146.4	118.3
Adjusted profit for the period for the identification of diluted earnings per share	(EUR m)	146.4	118.3
Weighted average number of outstanding ordinary shares used in calculating basic earnings per share	(shares)	67,552,638	67,552,638
Weighted average number of outstanding ordinary shares used in calculating diluted earnings per share	(shares)	67,552,638	67,552,638
BASIC EARNINGS PER SHARE	(EUR)	**2.17**	**1.75**
DILUTED EARNINGS PER SHARE	(EUR)	**2.17**	**1.75**

9. Balance Sheet Disclosures

9.1 Goodwill

EUR m	2019	2020
HISTORICAL COSTS		
BALANCE AS AT 1 JANUARY	**70.1**	**73.3**
Additions arising from acquisitions	3.3	1.7
Currency translation differences	–0.1	–0.4
BALANCE AS AT 31 DECEMBER	**73.3**	**74.6**
IMPAIRMENT LOSSES		
BALANCE AS AT 1 JANUARY	**11.4**	**12.2**
Additions	0.8	1.0
Currency translation differences	0.0	–0.1
BALANCE AS AT 31 DECEMBER	**12.2**	**13.1**
CARRYING AMOUNT AS AT 1 JANUARY	**58.7**	**61.1**
CARRYING AMOUNT AS AT 31 DECEMBER	**61.1**	**61.4**

Additions arising from acquisitions relate to the merger with Aras Kargo a.s. Refer to Note 4.2 Changes to the Scope of Consolidation.

The implementation of the new organisational structure 2020 also resulted in changes in the composition of the cash generating units (CGU). The most significant change occurred in the Mail Division, which was classified as a single CGU from 1 January 2020.

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

EUR m	31 Dec. 2019	31 Dec. 2020
MAIL		
Mail	–	36.8
feibra Group	30.9	–
Other	5.9	–
	36.8	**36.8**
PARCEL & LOGISTICS		
Parcel & Logistics Austria	11.7	11.7
Other	12.6	12.9
	24.3	**24.6**
	61.1	**61.4**

The annual obligatory impairment test takes place at Austrian Post in accordance with the value-in-use concept. In this case, the recoverable amount of the CGU is determined on the basis of the value in use.

In order to determine the value in use in logistics (Mail, Parcel & Logistics, Corporate Divisions), the expected future cash flow is discounted to its present value with the help of the discounted cash flow method by using the weighted average cost of capital after tax. In order to determine the weighted average cost of capital after tax, groups of comparable companies (peer group) are determined for all the CGU assigned to the same segment.

The cash flow forecasts in the planning period are based on the management-approved planning for the 2021 financial year and the medium-term business planning for a period of an additional three years (2022 – 2024). 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 starting in the year 2025 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% (2019: 1.0%) is applied, while necessary retained earnings are taken into account. The main valuation assumptions underlying the determination of the recoverable amount were assumptions by the management about the expected short- and long-term revenue 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 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. The recoverable amount calculated in this manner is then compared to the net assets of the CGU. The expected future distributions were calculated on the basis of a 3-phase model. The detailed planning phase, based on the management-approved planning (2021–2030), is followed by a convergence phase (until 2040) with subsequent transition to perpetuity. 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 main valuation assumptions underlying the determination of the recoverable amount were assumptions by the management about the expected number of new customers that can be attracted, the development and placement of the product range and the company's future cost structure, as well as the discount rate applied and the expected long-term growth rate (1%).

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

	WACC after tax	
	2019	2020
MAIL		
Mail	–	6.1%
feibra Group	5.7%	–
Other	5.7%	–
PARCEL & LOGISTICS		
Parcel & Logistics Austria	7.2%	6.5%
Other	7.2%–14.4%	7.2%–24.6%

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

EUR m	2019	2020
PARCEL & LOGISTICS		
M&BM Express OOD	0.0	1.0
City Express d.o.o.	0.8	0.0
	0.8	**1.0**
	0.8	**1.0**

In the 2020 financial year, an impairment loss on goodwill was recognised for the M&BM Express OOD, Bulgaria (Parcel & Logistics segment), which is reported in each case under depreciation, amortisation and impairment losses in the income statement. The underlying reason for the impairment loss was the ongoing difficult market environment and an overall reduced prospect of profitability.

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

All other things being equal, the following additional impairment losses would arise for the following cash generating units for 2020:

	Expected revenue		WACC	
	–1 pp		+1 pp	
EUR m	2019	2020	2019	2020
M&BM Express OOD	0.4	1.8	0.2	1.4

9.2 Intangible Assets

2019 Financial Year

EUR m	Note	Customer relationships	Trademarks	Other intangible assets	Total
HISTORICAL COSTS					
BALANCE AS AT 1 JANUARY 2019		**15.9**	**3.9**	**74.7**	**94.4**
Additions arising from acquisitions		1.4	0.0	0.0	1.4
Additions		0.1	0.0	16.4	16.5
Disposals		0.0	0.0	−10.5	−10.5
Transfers		0.0	0.0	0.1	0.1
BALANCE AS AT 31 DECEMBER 2019		**17.4**	**3.9**	**80.6**	**101.8**
DEPRECIATION AND IMPAIRMENT LOSSES					
BALANCE AS AT 1 JANUARY 2019		**14.6**	**3.5**	**51.8**	**69.9**
Depreciation	(8.7)	0.8	0.0	4.7	5.5
Impairment losses	(8.7)	0.1	0.0	0.1	0.2
Disposals		0.0	0.0	−8.8	−8.8
BALANCE AS AT 31 DECEMBER 2019		**15.4**	**3.5**	**47.8**	**66.7**
CARRYING AMOUNT AS AT 1 JANUARY 2019		**1.3**	**0.4**	**22.8**	**24.5**
CARRYING AMOUNT AS AT 31 DECEMBER 2019		**1.9**	**0.4**	**32.8**	**35.1**

2020 Financial Year

EUR m	Note	Customer relationships	Trademarks	Other intangible assets	Total
HISTORICAL COSTS					
BALANCE AS AT 1 JANUARY 2020		**17.4**	**3.9**	**80.6**	**101.8**
Additions arising from acquisitions		16.9	24.5	10.1	51.5
Additions		0.0	0.0	23.2	23.2
Disposals		0.0	0.0	−2.5	−2.5
Currency translation differences		−0.7	−1.0	−0.5	−2.2
BALANCE AS AT 31 DECEMBER 2020		**33.5**	**27.4**	**111.0**	**171.9**
DEPRECIATION AND IMPAIRMENT LOSSES					
BALANCE AS AT 1 JANUARY 2020		**15.4**	**3.5**	**47.8**	**66.7**
Depreciation	(8.7)	1.6	0.0	9.1	10.7
Disposals		0.0	0.0	−2.4	−2.4
Currency translation differences		0.0	0.0	0.0	0.0
BALANCE AS AT 31 DECEMBER 2020		**17.0**	**3.5**	**54.4**	**74.9**
CARRYING AMOUNT AS AT 1 JANUARY 2020		**1.9**	**0.4**	**32.8**	**35.1**
CARRYING AMOUNT AS AT 31 DECEMBER 2020		**16.5**	**23.9**	**56.6**	**96.9**

Intangible assets include trademarks with indefinite useful lives with a carrying amount of EUR 23.9m (31 December 2019: EUR 0.4m).

Additions arising from acquisitions relate to the merger with Aras Kargo a.s.

No external borrowing costs were capitalised in the current financial year as was the case in the previous year.

Additions to other intangible assets relate to internally developed software in the amount of EUR 5.9m (2019: EUR 10.7m).

9.3 Property, Plant and Equipment

2019 Financial Year

EUR m	Note	Property and buildings	Technical plant and machinery	Other equipment, furniture and fittings	Payments received in advance and assets under construction	Total
HISTORICAL COST						
BALANCE AS AT 1 JANUARY 2019		**755.7**	**161.5**	**354.0**	**46.3**	**1,317.5**
First-time application of IFRS 16		268.5	0.1	1.8	0.0	270.3
Additions arising from acquisitions		48.2	10.8	0.9	0.1	60.0
Additions		49.9	15.2	44.6	75.1	184.9
Disposals		–4.2	–1.1	–28.0	0.0	–33.3
Transfers		44.4	3.9	7.2	–55.6	–0.1
Reclassification as investment property	(9.4)	7.8	0.0	0.0	0.0	7.8
Currency translation differences		–0.2	0.0	–0.1	0.0	–0.3
BALANCE AS AT 31 DECEMBER 2019		**1,170.1**	**190.4**	**380.4**	**66.0**	**1,806.8**
DEPRECIATION AND IMPAIRMENT LOSSES						
BALANCE AS AT 1 JANUARY 2019		**381.9**	**102.8**	**180.0**	**0.0**	**664.7**
Depreciation	(8.7)	52.8	14.1	41.7	0.0	108.5
Impairment losses	(8.7)	0.0	0.0	0.1	0.0	0.1
Disposals		–0.2	–0.2	–24.5	0.0	–25.0
Reclassifications as investment property	(9.4)	2.1	0.0	0.0	0.0	2.1
Currency translation differences		0.0	0.0	0.0	0.0	–0.1
BALANCE AS AT 31 DECEMBER 2019		**436.6**	**116.6**	**197.2**	**0.0**	**750.4**
CARRYING AMOUNT AS AT 1 JANUARY 2019		**373.8**	**58.7**	**174.0**	**46.3**	**652.8**
CARRYING AMOUNT AS AT 31 DECEMBER 2019		**733.6**	**73.8**	**183.1**	**66.0**	**1,056.5**

2020 Financial Year

EUR m	Note	Property and buildings	Technical plant and machinery	Other equipment, furniture and fittings	Payments received in advance and assets under construction	Total
COST						
BALANCE AS AT 1 JANUARY 2020		**1,170.1**	**190.4**	**380.4**	**66.0**	**1,806.8**
Additions arising from acquisitions		31.3	4.7	4.1	3.1	43.1
Additions		42.6	28.2	48.5	55.7	174.9
Disposals		–3.1	–0.1	–30.3	0.0	–33.6
Transfers		38.7	17.5	13.1	–69.3	0.0
Reclassification as investment property	(9.4)	–0.4	0.0	0.0	0.0	–0.4
Reclassification to “held for sale”		–2.7	0.0	0.0	0.0	–2.7
Currency translation differences		–2.1	–0.3	–0.5	–0.1	–3.1
BALANCE AS AT 31 DECEMBER 2020		**1,274.5**	**240.2**	**415.2**	**55.3**	**1,985.2**
DEPRECIATION AND IMPAIRMENT LOSSES						
BALANCE AS AT 1 JANUARY 2020		**436.6**	**116.6**	**197.2**	**0.0**	**750.4**
Depreciation	(8.7)	62.5	17.5	47.1	0.0	127.2
Impairment losses	(8.7)	1.3	0.0	0.0	0.0	1.3
Disposals		–1.4	–0.1	–26.1	0.0	–27.6
Transfers		0.0	0.0	0.0	0.0	0.0
Reclassifications as investment property	(9.4)	–0.4	0.0	0.0	0.0	–0.4
Reclassification to “held for sale”		–2.5	0.0	0.0	0.0	–2.5
Currency translation differences		–0.2	0.0	–0.2	0.0	–0.4
BALANCE AS AT 31 DECEMBER 2020		**496.0**	**134.0**	**218.0**	**0.0**	**848.0**
CARRYING AMOUNT AS AT 1 JANUARY 2020		**733.6**	**73.8**	**183.1**	**66.0**	**1,056.5**
CARRYING AMOUNT AS AT 31 DECEMBER 2020		**778.5**	**106.2**	**197.2**	**55.3**	**1,137.2**

The impairment losses in the 2020 financial year relate to a right-of-use asset for a logistics centre that will no longer be used as of the beginning of 2021.

Additions arising from acquisitions relate to the merger with Aras Kargo a.s.

No external borrowing costs were capitalised in the current financial year as was the case in the previous year. Furthermore, no property, plant and equipment were pledged as collateral as at 31 December 2020, as was the case in the previous year.

The existing investment subsidies for property, plant and equipment as at 31 December 2020 totalling EUR 0.9m (31 December 2019: EUR 1.4m) mainly relate to federal government subsidies for electric-powered vehicles and structural investments.

LEASING

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

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

Right-of-use Assets in the 2019 Financial Year

EUR m	Property and buildings	Technical plant and machinery	Other equipment, furniture and fittings	Total
CARRYING AMOUNT AS AT 1 JANUARY 2019	**277.5**	**0.1**	**2.3**	**279.9**
Additions	23.9	0.7	4.3	29.0
Additions arising from acquisitions	46.7	0.0	0.0	46.7
Disposals	–3.9	0.0	–0.4	–4.3
Depreciation	–33.0	0.0	–1.5	–34.6
Currency translation differences	–0.2	0.0	0.0	–0.2
CARRYING AMOUNT AS AT 31 DECEMBER 2019	**311.0**	**0.8**	**4.8**	**316.5**

Right-of-use Assets in the 2020 Financial Year

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

The **lease liabilities** are reported in the consolidated balance sheet as part of other financial liabilities. For more details on the maturity analysis of the lease liabilities based on the remaining term to maturity, see Note 10.2.1 Presentation of Types of Risk.

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

EUR m	2019	2020
Expense for leases of low value	0.4	0.2
Expense for short-term leases	0.9	1.1
OTHER OPERATING EXPENSES	**1.3**	**1.3**
Amortisation of right-of-use assets	34.5	43.3
Impairments on right-of-use assets	0.0	1.3
DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES	**34.5**	**44.6**
Interest expense (lease liabilities)	4.5	4.8
FINANCIAL EXPENSES	**4.5**	**4.8**

Cash outflows for leases amounting to EUR 46.9m (31 December 2019: EUR 38.0m) in total are included in the **consolidated cash flow statement.**

9.4 Investment Property

EUR m	Note	2019	2020
COST			
BALANCE AS AT 1 JANUARY		**264.5**	**257.6**
Additions arising from acquisitions		0.0	2.1
Additions		2.6	1.9
Disposals		−1.7	−1.3
Reclassification to property, plant and equipment		−7.8	0.4
Reclassification to “held for sale”		0.0	−1.5
Currency translation differences		0.0	−0.1
BALANCE AS AT 31 DECEMBER		**257.6**	**259.0**
DEPRECIATION AND IMPAIRMENT LOSSES			
BALANCE AS AT 1 JANUARY		**186.1**	**184.6**
Depreciation	(8.7)	2.4	2.0
Impairment losses	(8.7)	0.6	0.0
Value recovery		−1.3	0.0
Disposals		−1.0	−1.2
Reclassification to property, plant and equipment		−2.1	0.4
Reclassification to “held for sale”		0.0	−1.3
Currency translation differences		0.0	0.0
BALANCE AS AT 31 DECEMBER		**184.6**	**184.6**
CARRYING AMOUNT AS AT 1 JANUARY		**78.4**	**73.0**
CARRYING AMOUNT AS AT 31 DECEMBER		**73.0**	**74.4**

EUR m	31 Dec. 2019	31 Dec. 2020
Fair value	261.4	273.9
Rental income	16.0	15.9
Expenses arising from property generating rental income	6.1	5.2
Expenses arising from property not generating rental income	1.0	0.6

The rental income and expenses arising from property generating rental income and property not generating rental income only contain income and expenses related to third parties. Intercompany expenses and income are not included in the table above.

No external borrowing costs were capitalised in the current financial year as was the case in the previous year. Additions arising from acquisitions relate to the merger with Aras Kargo a.s.

9.5 Joint Ventures and Associates

9.5.1 FINANCIAL ASSETS ACCOUNTED FOR USING THE EQUITY METHOD

Composition of Carrying Amounts

EUR m	Interest in %	2019	Interest in %	2020
ASSOCIATES				
ADELHEID GmbH, Berlin	51.5	7.0	51.5	7.1
D2D – direct to document GmbH, Vienna	70.0	3.8	70.0	3.6
PHS Logistiktechnik GmbH, Graz	40.0	0.6	48.4	0.7
		11.4		**11.4**
JOINT VENTURES				
Post IT Services GmbH (formerly OMNITEC Informationstechnologie-Systemservice GmbH), Vienna	50.0	0.0	–[1]	0.0
		0.0		**0.0**
NET CARRYING AMOUNT AS AT 31 DECEMBER		**11.4**		**11.4**

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

ADELHEID GmbH owns a 100% stake in AEP GmbH, Alzenau, Germany, which supplies pharmaceutical products to pharmacies in Germany under the name "AEP direkt". Although the shareholding in ADELHEID GmbH, Berlin, 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%.

At D2D – direct to document GmbH, Vienna, decisions must be taken unanimously for key matters, meaning that there is no controlling interest pursuant to IFRS 10.

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

Reconciliation of Carrying Amounts

EUR m	2019	2020
NET CARRYING AMOUNT AS AT 1 JANUARY	**9.2**	**11.4**
Additions arising from acquisitions	3.6	0.0
Additions arising from capital increase	3.4	0.3
Additions arising from change in method	0.0	22.2
Proportionate share of profit for the period	0.0	1.5
Dividends	–0.1	–0.8
Currency translation differences	0.0	–2.6
Remeasurement	0.0	3.2
Decrease from change in accounting method	–4.7	–23.9
NET CARRYING AMOUNT AS AT 31 DECEMBER	**11.4**	**11.4**

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

Aras Kargo a.s. The additions/disposals resulting from the change in method mainly relate to Aras Kargo a.s., where accounting for the stake using the equity method was resumed as of 18 June 2020. With the attainment of control on 25 August 2020, accounting using the equity method was terminated. The pro rata result in this period amounted to EUR 1.5m and distributions of EUR 0.5m were received. Currency translation differences resulted in a loss of EUR 2.6m. Refer to Note 4.2 Changes to the Scope of Consolidation and 9.6. Other Financial Assets.

Post IT Services GmbH Post IT Services GmbH ceased to be accounted for using the equity method with effect from 1 January 2020. The company will be included in the consolidated financial statements as a fully consolidated company as of this date. Refer to Note 4.2 Changes to the Scope of Consolidation.

9.5.2 RESULTS FROM FINANCIAL ASSETS ACCOUNTED FOR USING THE EQUITY METHOD

The following table breaks down the share of total earnings and other comprehensive income of individual, insignificant associates and joint ventures. The table also shows the reconciliation to the total result from financial investments accounted for using the equity method:

Results from Financial Assets Accounted for Using the Equity Method

EUR m	2019	2020
IMMATERIAL ASSOCIATES		
Share of profit for the period	–0.6	1.5
RESULTS FROM FINANCIAL ASSETS ACCOUNTED FOR USING THE EQUITY METHOD	**–0.6**	**1.5**
FINANCIAL ASSETS ACCOUNTED FOR USING THE EQUITY METHOD – SHARE OF OTHER COMPREHENSIVE INCOME	**0.0**	**0.0**

9.6 Other Financial Assets

EUR m	31 Dec. 2019 Due within 1 year	Due in more than 1 year	Total	31 Dec. 2020 Due within 1 year	Due in more than 1 year	Total
Securities	50.7	0.0	50.7	40.7	0.0	40.7
Money market investments	179.9	10.0	189.9	70.0	0.0	70.0
Other stakes	0.0	58.1	58.1	0.0	5.4	5.4
TOTAL	**230.6**	**68.1**	**298.7**	**110.6**	**5.4**	**116.1**

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

Money Market Investments include fixed term deposits with Austrian banks.

Other Shares The carrying amount as at 31 December 2020 mainly includes the shares held in Wiener Börse AG. The shares in flatex AG reported under this item in the previous year were sold in the 2020 financial year.

For the share in Aras Kargo a.s., with a carrying amount of EUR 23.3m as at 31 December 2019 (fair value through other comprehensive income (FVOCI) category), equity accounting was resumed in the 2020 financial year. Refer to Note 4.2 Changes to the Scope of Consolidation.

The stake in flatex AG (fair value through profit or loss (FVTPL) category) with a carrying amount of EUR 29.4m as at 31 December 2019 was sold in full in the 2020 financial year. The adjustment of the fair value until the disposal of the shares resulted in a profit of EUR 8.7m, which was recognised in the income statement under financial income.

Due to its being publicly traded on the Vienna Stock Exchange, Österreichische Post AG holds an approx. 1.7% stake in Wiener Börse AG (formerly CEESEG AG). This shareholding is assigned to the fair value through other comprehensive income (FVOCI) category. The fair value came to EUR 5.3m at the balance sheet date.

For disclosures on determining market values refer to Note 10.1 Financial Instruments and Related Risks.

9.7 Financial Assets and Liabilities from Financial Services

The following tables show the maturities of the financial assets and liabilities from financial services:

Financial Assets from Financial Services

EUR m	31 Dec. 2019 adjusted Due within 1 year	31 Dec. 2019 adjusted Total	31 Dec. 2020 Due within 1 year	31 Dec. 2020 Due in more than 1 year	31 Dec. 2020 Total
Cash and central bank balances	48.0	48.0	568.1	0.0	568.1
Cash on hand	13.9	13.9	114.7	0.0	114.7
Central banks	34.1	34.1	453.4	0.0	453.4
Receivables from banks	2.9	2.9	10.8	0.0	10.8
due daily	2.9	2.9	10.8	0.0	10.8
Receivables from customers	0.0	0.0	1.7	0.0	1.7
due daily	0.0	0.0	1.7	0.0	1.7
Investments	0.0	0.0	0.2	0.1	0.3
Securities	0.0	0.0	0.2	0.1	0.3
Other	0.0	0.0	8.7	0.0	8.7
TOTAL	**50.9**	**50.9**	**589.4**	**0.1**	**589.5**

Financial Liabilities from Financial Services

EUR m	31 Dec. 2019 adjusted Due within 1 year	31 Dec. 2019 adjusted Total	31 Dec. 2020 Due within 1 year	31 Dec. 2020 Due in more than 1 year	31 Dec. 2020 Total
Borrowings from banks	0.0	0.0	11.8	0.0	11.8
due daily	0.0	0.0	11.8	0.0	11.8
Liabilities to customers	0.0	0.0	519.5	0.0	519.5
due daily	0.0	0.0	519.5	0.0	519.5
Other	0.0	0.0	1.5	0.0	1.5
TOTAL	**0.0**	**0.0**	**532.9**	**0.0**	**532.9**

9.8 Inventories

EUR m	31 Dec. 2019	31 Dec. 2020
Materials and consumables	13.1	14.2
Less impairment losses	–2.5	–2.6
Work in progress buildings	0.9	0.0
Less impairment losses	–0.1	0.0
Retail goods	4.1	5.3
Less impairment losses	–1.2	–1.5
Prepayments inventories	0.0	0.1
	14.3	**15.5**

9.9 Trade and Other Receivables

	31 Dec. 2019			31 Dec. 2020		
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	260.3	0.0	260.3	314.2	0.0	314.2
Receivables from financial assets accounted for using the equity method	1.8	0.4	2.2	1.4	0.4	1.9
Other receivables	34.9	16.4	51.3	53.4	10.2	63.6
	296.9	**16.9**	**313.8**	**369.1**	**10.6**	**379.7**

The receivables from financial assets accounted for using the equity method are mainly subordinate shareholder loans including accrued interest from AEP GmbH, Germany, to the amount of EUR 1.7m (31 December 2019: EUR 1.7m).

With respect to the presentation of impairment losses on trade and other receivables, refer to Note 10.2 Risks and Risk Management Related to Financial Instruments – Logistics.

9.10 Cash and Cash Equivalents

EUR m	31 Dec. 2019 adjusted	31 Dec. 2020
Bank balances	47.1	104.3
Cash on hand	5.5	4.0
	52.6	**108.2**

In order to ensure the most transparent possible presentation of the provision of financial services within the Austrian Post Group, the method of presentation was changed in the 2020 financial year to the effect that cash and cash equivalents and balances with central banks held in connection with the provision of financial services are now presented under financial assets from financial services. Regarding the adjustment of the previous year's figures, please refer to Note 3.2.2 Change in the Presentation of Financial Services.

9.11 Equity

Equity Items The share capital of Österreichische Post AG amounts to EUR 337.8m, which is split into 67,552,638 non-par value bearer shares.

At the Annual General Meeting held on 17 June 2020, the Management Board of Austrian Post was authorised to issue new authorised capital, and the Articles of Association of Austrian Post were correspondingly adapted. Contingent upon the approval of the Supervisory Board, the share capital of Austrian Post can be increased by up to EUR 16,888,160.00 over a period of five years ending on 16 June 2025 by issuing up to 3,377,632 new ordinary bearer shares (non-par value shares). 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 to creditors of financial instruments.

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

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

	Shares
Balance as at 1 January 2020	67,552,638
Balance as at 31 December 2020	67,552,638
Weighted average number of shares in the 2020 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 52.85%.

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 IAS 19 reserves, reserves from the revaluation of financial instruments (FVOCI reserve) and 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 item revaluation of financial instruments encompasses fair value changes for financial assets classified as being at fair value through other comprehensive income (FVOCI). Gains and losses resulting from changes in fair value are directly recognised in the reserves without recognition in profit or loss. The amounts are shown after tax. The currency translation reserves comprise all exchange differences arising from the translation of the annual financial statements of the company's subsidiaries and financial assets accounted for using the equity method in foreign currencies.

The payments to subsidiaries with non-controlling interests relate to an asymmetrical shareholder contribution made to bank99 AG in the amount of EUR 2m.

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

The profit for the period in the 2020 financial year amounted to EUR 115.3m (2019: EUR 144.5m). The profit for the period attributable to equity holders of the parent company amounted to EUR 118.3m (2019: EUR 146.4m). 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 2020. In this respect, the profit shown in the balance totalled EUR 233.3m (2019: EUR 261.5m).

The Management Board will propose a dividend for the 2020 financial year totalling EUR 108.1m (corresponding to a basic divided of EUR 1.60 per share) (2019: EUR 140.5m, basic divided of EUR 2.08 per share).

The following tables show the composition of other comprehensive income for the 2019 and 2020 financial years:

2019 Financial Year

	Other reserves					
EUR m	IAS 19 reserves	FVOCI reserves	Currency translation reserves	Equity attributable to shareholders of the parent company	Non-controlling interests	Equity
Currency translation differences – investments in foreign businesses	0.0	0.0	–0.3	–0.3	0.0	–0.3
Changes in fair value FVOCI – equity instruments	0.0	–2.5	0.0	–2.5	0.0	–2.5
Revaluation of defined benefit obligations	–12.8	0.0	0.0	–12.8	0.0	–12.8
Tax effect	3.3	0.5	0.0	3.9	0.0	3.9
OTHER COMPREHENSIVE INCOME	**–9.4**	**–2.0**	**–0.3**	**–11.7**	**0.0**	**–11.7**

2020 Financial Year

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

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, Austrian Post intends to distribute at least 75% of the profit for the period attributable to the shareholders of the parent company (Group net profit), assuming the continuation of the company's successful business development and that no exceptional circumstances arise.

Taking the balance sheet total of EUR 2,680.2m as at 31 December 2020 as a basis (31 December 2019: EUR 2,042.9m), the equity ratio as at 31 December 2020 equalled 24.4% (31 December 2019: 34.3%).

9.12 Provisions

EUR m	31 Dec. 2019 Due within 1 year	31 Dec. 2019 Due in more than 1 year	31 Dec. 2019 Total	31 Dec. 2020 Due within 1 year	31 Dec. 2020 Due in more than 1 year	31 Dec. 2020 Total
Provisions for severance pay	3.3	110.5	113.8	3.4	122.7	126.0
Provisions for anniversary bonuses	5.2	75.1	80.3	5.3	62.5	67.8
Other employee provisions	113.2	171.6	284.8	103.8	171.7	275.5
Other provisions	136.5	2.0	138.5	159.7	3.4	163.1
	258.1	**359.3**	**617.4**	**272.1**	**360.4**	**632.5**

9.12.1 PROVISIONS FOR SEVERANCE PAY AND ANNIVERSARY BONUSES

2019 Financial Year

EUR m	Severance payments	Anniversary bonuses	Total
PRESENT VALUE OF THE OBLIGATION AS AT 1 JANUARY 2019	**101.0**	**86.8**	**187.9**
Additions arising from acquisitions	0.1	0.0	0.1
Current service cost	4.4	4.1	8.5
Interest expense	1.9	1.3	3.2
Actuarial gains (–) and losses (+) from the change in demographic assumptions	0.1	–0.2	–0.1
Actuarial gains (–) and losses (+) from the change in financial assumptions	13.5	4.5	18.0
Experience adjustments	–0.8	–10.1	–11.0
Actual payments	–6.5	–6.1	–12.6
PRESENT VALUE OF THE OBLIGATION AS AT 31 DECEMBER 2019	**113.8**	**80.3**	**194.1**

2020 Financial Year

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

Actuarial gains and losses arise from the adjustments to the parameters for the discount rate, salary increases, and employee turnover rates as described in Note 6.19 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.

9.12.2 OTHER EMPLOYEE PROVISIONS

2019 Financial Year

EUR m	Underutilisation	Other employee related provisions	Total
BALANCE AS AT 1 JANUARY 2019	**206.4**	**106.2**	**312.6**
Change in scope of consolidation	0.0	0.4	0.4
Reclassification	–2.8	0.0	–2.8
Allocation	9.0	73.9	82.9
Use	–18.3	–52.5	–70.8
Reversals	–21.7	–16.8	–38.5
Accrued interest	1.0	0.0	1.0
BALANCE AS AT 31 DECEMBER 2019	**173.6**	**111.2**	**284.8**

2020 Financial Year

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

Provisions for Underutilisation Refer to Note 6.20 Provisions for Underutilisation for details on the accounting policies underlying the provisions for underutilisation.

In the 2020 financial year, new provisions in the amount of EUR 29.2m were set up. The new provisions were set up due to new hires in the Internal Labour Market in the amount of EUR 7.1m (2019: provisions for employees leaving the Internal Labour Market in the amount of EUR 14.2m), changes in the calculation parameters in the amount of EUR 0.3m (2019: EUR 15.3m), applications submitted by civil servants to initiate retirement proceedings on grounds of invalidity in the amount of EUR 5.4m (2019: EUR 2.8m) and EUR 3.4m (2019: EUR 4.2m) due to civil servants applying to be accepted into the programme enabling a possible transfer to federal public service. In addition, as a result of the restructuring of the sales concept for financial services, provisions of EUR 10.3m had to be set up for civil servants previously working in this area as part of the provision for underutilisation.

The use of provisions related to ongoing payments to the transferred employees. 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 largely relates to the provision for civil servants who are in the process of commencing retirement on grounds of invalidity (2020: EUR 1.9m; 2019: EUR 21.0m).

Other Employee-related Provisions Other employee-related provisions mainly encompass provisions for employee profit-sharing schemes and performance-related bonuses, provisions for programmes with voluntary severance payment offers and restructuring provisions.

In addition, provisions arising from crediting previous periods of service for (former) civil servants amounting to EUR 16.9m in total were allocated in the 2020 and 2019 financial years. Refer to Note 7.4 Crediting of Previous Periods of Service for (Former) Civil Servants.

The allocation to provisions of EUR 55.0m (2019: EUR 73.9m) primarily relates to allocations for employee profit-sharing schemes and performance-related bonuses (2020: EUR 49.9m; 2019: EUR 57.4m).

The use of provisions amounting to EUR 51.4m refers to payments for employee profit-sharing schemes and performance-related bonuses (2020: EUR 46.1m; 2019: EUR 46.6m), payments for programmes with voluntary severance payment offers and restructuring provisions.

The reversals of provisions of EUR 21.4m refer to provisions which were not required for programmes involving voluntary severance payment benefit offers amounting to EUR 3.9m (2019: EUR 3.9m) and EUR 9.9m (2019: EUR 7.1m) for provisions for employee profit-sharing schemes and performance-related bonuses. Furthermore, EUR 4.8m (2019: EUR 5.6m) in provisions were reversed for restructuring provisions in the Mail Division.

9.12.3 OTHER PROVISIONS

2019 Financial Year

EUR m	
BALANCE AS AT 1 JANUARY 2019	**50.6**
Allocation	90.6
Use	–1.9
Reversals	–0.8
BALANCE AS AT 31 DECEMBER 2019	**138.5**

2020 Financial Year

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

In addition to provisions for litigation and legal expenses, auditing and consulting fees as well as provisions for damages and data protection, other provisions also include expenses for potential compensation payments to the amount of EUR 99.6m (2019: EUR 99.6m). More information can be found in Note 7.5 Recovery of Contributions from the Payroll of Civil Servants, as well as Note 7.6 Data Protection.

9.13 Other Financial Liabilities

	31 Dec. 2019			31 Dec. 2020		
EUR m	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	1.0	0.1	1.1	30.1	0.0	30.1
Lease liabilities	37.8	270.6	308.4	47.4	274.1	321.5
	38.8	**270.7**	**309.5**	**77.6**	**274.1**	**351.6**

9.14 Trade Payables and Other Liabilities

	31 Dec. 2019			31 Dec. 2020		
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 payables	220.6	0.0	220.6	249.2	0.0	249.2
Payables from financial assets accounted for using the equity method	0.0	0.0	0.0	1.0	0.0	1.0
Other liabilities	136.7	27.1	163.8	166.3	50.4	216.7
	357.3	**27.1**	**384.4**	**416.4**	**50.4**	**466.9**

Other liabilities include liabilities to tax authorities and social security carriers amounting to EUR 49.6m (31 December 2019: EUR 44.6m), liabilities for holiday entitlements not taken amounting to EUR 39.0m (31 December 2019: EUR 33.0m) and payments received in advance for services which have not yet been provided amounting to EUR 2.3m (31 December 2018: EUR 4.6m).

9.15 Income Tax

EUR m	2019	2020
Income tax expense for the current year	51.6	30.6
Tax credits/arrears from prior tax years	0.7	0.1
Deferred tax expense/income	14.5	16.1
	66.8	**46.8**

Tax Reconciliation The Group tax rate is defined as the ratio of recognised income tax to profit before tax and is 28.9% in the 2020 financial year (2019: 31.6%).

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	2019	2020
EARNINGS BEFORE TAX	**211.3**	**162.1**
EXPECTED TAXES ON INCOME	**52.8**	**40.5**
TAX DEDUCTIONS DUE TO		
Write-down of subsidiaries to lower going concern value	–1.5	0.0
Adjustments to foreign tax rates	0.0	–1.3
Gains not affecting taxes (accounted for using the equity method)	0.0	–0.4
Unrecognised deferred taxes on shares in subsidiaries	0.0	–0.2
Other tax-reducing items	–0.5	–1.2
	–2.0	**–3.2**
TAX INCREASES DUE TO		
Impairment losses on goodwill	0.2	0.3
Adjustments to foreign tax rates	0.1	0.0
Losses not affecting taxes (accounted for using the equity method)	0.1	0.0
Appreciation subsidiaries	0.0	5.4
Unrecognised deferred taxes on shares in subsidiaries	3.8	0.0
Penalties not affecting taxes	4.5	1.1
Other tax-increasing items	2.8	2.8
	11.4	**9.6**
INCOME TAX EXPENSE FOR THE PERIOD	**62.3**	**46.9**
Adjustment of actual income tax expenses/income from prior years	0.7	0.1
Adjustment of deferred tax expenses/income from prior years	2.2	–0.1
Change in unrecognised deferred tax assets	1.7	–0.2
CURRENT TAX EXPENSE	**66.8**	**46.8**

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. 2019	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020
Goodwill	0.2	0.2	-0.3	-0.3
Customer relationships	0.6	0.7	-0.3	-3.3
Trademarks	0.1	0.1	-0.1	-4.8
Other intangible assets	1.0	0.0	-2.5	-4.2
Property, Plant and Equipment	3.1	5.5	-0.5	-0.6
Rights-of-use	0.0	0.0	-74.1	-72.6
Financial assets (tax write-down to lower going concern value)	26.4	11.2	0.0	0.0
Other financial assets	0.0	0.1	-0.3	-0.3
Inventories	1.5	0.0	0.0	-0.1
Receivables	1.9	3.1	-2.3	-0.2
Contract assets	0.0	0.0	-1.8	-1.0
Provisions	36.2	36.9	0.0	0.0
Liabilities and contract liabilities	2.1	2.5	-1.0	-0.6
Financial liabilities from financial services	0.0	0.4	0.0	0.0
Lease liabilities	72.8	71.9	-0.1	-0.1
Tax loss carry forwards	2.5	0.1	0.0	0.0
	148.5	**132.7**	**-83.4**	**-88.0**
Depreciation deferred tax assets and loss carry forwards	-0.1	-0.8	0.0	0.0
Net balance	-82.5	-84.0	82.5	84.0
DEFERRED TAXES – BALANCE SHEET RECOGNITION	**65.9**	**48.0**	**-0.8**	**-4.1**

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

EUR m	2019	2020
DEFERRED TAX ASSETS (+)/TAX LIABILITIES (-) AS AT 1 JANUARY	**76.8**	**65.0**
Deferred tax expense (–)/income (+) affecting net income	-14.5	-16.1
Changes in deferred taxes recognised directly in equity		
of which in connection with fair value adjustment (FVOCI) – equity and debt instruments	0.5	0.0
of which in connection with revaluation of defined benefit obligation	3.3	0.4
of which in connection with acquisitions/divestments	-0.3	-5.0
Reversal of current seventh-part depreciation on equity instruments	-0.7	-0.7
Exchange rate effects and other changes	0.0	0.2
DEFERRED TAX ASSETS (+)/TAX LIABILITIES (–) AS AT 31 DECEMBER	**65.0**	**43.9**

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. 2019	31 Dec. 2020
UNRECOGNISED TEMPORARY DIFFERENCES FROM:		
LOSS CARRY FORWARDS	**56,9**	**56,3**
of which due within not later than 2 years	0,0	0,0
of which due within 3–4 years	3,1	3,7
of which due within 5–6 years	2,1	0,0
of which due later than 6 years	0,0	0,0
due within an indefinite period of time	51,6	52,6
OTHER TEMPORARY DIFFERENCES	**0,7**	**4,6**
	57,6	**60,9**

Temporary differences of EUR 41.8m EUR (31 December 2019: EUR 37.7m) 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.

10. Financial Instruments

10.1 Financial Instruments

10.1.1 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 2019 and 31 December 2020:

31 December 2019

EUR m	Measured at amortised cost (at 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	50.9	0.0	0.0	0.0	0.0	50.9
Cash and cash equivalents and balances with central banks	48.0	0.0	0.0	0.0	0.0	48.0
Receivables from banks	2.9	0.0	0.0	0.0	0.0	2.9
Other financial assets	189.9	10.4	28.7	69.6	108.8	298.7
Securities	0.0	10.4	0.0	40.2	50.7	50.7
Money market investments	189.9	0.0	0.0	0.0	0.0	189.9
Other stakes	0.0	0.0	28.7	29.4	58.1	58.1
Trade and other receivables	276.4	0.0	0.0	0.0	0.0	276.4
Trade receivables	260.3	0.0	0.0	0.0	0.0	260.3
Receivables from financial assets accounted for using the equity method	2.2	0.0	0.0	0.0	0.0	2.2
Other receivables[1]	14.0	0.0	0.0	0.0	0.0	14.0
Cash and cash equivalents	52.6	0.0	0.0	0.0	0.0	52.6
	569.8	**10.4**	**28.7**	**69.6**	**108.8**	**678.6**
FINANCIAL LIABILITIES						
Other financial liabilities	309.5	0.0	0.0	0.0	0.0	309.5
Borrowings from banks	1.1	0.0	0.0	0.0	0.0	1.1
Lease liabilities	308.4	0.0	0.0	0.0	0.0	308.4
Trade payables and other liabilities	296.2	0.0	0.0	2.9	2.9	299.2
Trade payables	220.6	0.0	0.0	0.0	0.0	220.6
Contingent consideration	0.0	0.0	0.0	2.9	2.9	2.9
Other liabilities[2]	75.7	0.0	0.0	0.0	0.0	75.7
	605.7	**0.0**	**0.0**	**2.9**	**2.9**	**608.7**

[1] Excl. prepayments and receivables from tax authorities and social security carriers
[2] Excl. payments received in advance and liabilities to tax authorities and social security carriers as well as not consumed vacation

31 December 2020

EUR m	Measured at amortised cost (at cost)	At fair value through other comprehen-sive income (FVOCI) with recycling	At fair value through other comprehen-sive income (FVOCI) with-out recycling	At fair value through profit or loss (FVTPL) mandatory	Total at fair value	Total
FINANCIAL ASSETS						
Financial Assets from Financial Services	589.3	0.2	0.0	0.0	0.2	589.5
Cash and cash equivalents and balances with central banks	568.1	0.0	0.0	0.0	0.0	568.1
Receivables from banks	10.8	0.0	0.0	0.0	0.0	10.8
Receivables from customers	1.7	0.0	0.0	0.0	0.0	1.7
Financial assets	0.1	0.2	0.0	0.0	0.2	0.3
Other	8.7	0.0	0.0	0.0	0.0	8.7
Other financial assets	70.0	0.4	5.4	40.3	46.1	116.1
Securities	0.0	0.4	0.0	40.3	40.7	40.7
Money market investments	70.0	0.0	0.0	0.0	0.0	70.0
Other stakes	0.0	0.0	5.4	0.0	5.4	5.4
Trade and other receivables	340.0	0.0	0.0	0.0	0.0	340.0
Trade receivables	314.2	0.0	0.0	0.0	0.0	314.2
Receivables from financial assets accounted for using the equity method	1.9	0.0	0.0	0.0	0.0	1.9
Other receivables[1]	23.9	0.0	0.0	0.0	0.0	23.9
Cash and cash equivalents	108.2	0.0	0.0	0.0	0.0	108.2
	1,107.5	**0.6**	**5.4**	**40.3**	**46.3**	**1,153.8**
FINANCIAL LIABILITIES						
Financial liabilities from financial services	532.9	0.0	0.0	0.0	0.0	532.9
Borrowings from banks	11.8	0.0	0.0	0.0	0.0	11.8
Liabilities to customers	519.5	0.0	0.0	0.0	0.0	519.5
Other	1.5	0.0	0.0	0.0	0.0	1.5
Other financial liabilities	351.6	0.0	0.0	0.0	0.0	351.6
Borrowings from banks	30.1	0.0	0.0	0.0	0.0	30.1
Lease liabilities	321.5	0.0	0.0	0.0	0.0	321.5
Trade payables and other liabilities	340.2	0.0	0.0	32.7	32.7	372.9
Trade payables	249.2	0.0	0.0	0.0	0.0	249.2
Payables from financial assets accounted for using the equity method	1.0	0.0	0.0	0.0	0.0	1.0
Contingent consideration	0.0	0.0	0.0	32.7	32.7	32.7
Other liabilities[2]	90.0	0.0	0.0	0.0	0.0	90.0
	1,224.6	**0.0**	**0.0**	**32.7**	**32.7**	**1,257.3**

[1] Excl. prepayments and receivables from tax authorities and social security carriers
[2] Excl. payments received in advance and liabilities to tax authorities and social security carriers as well as not consumed vacation

10.1.2 FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

The following tables show the financial assets and liabilities measured at fair value by fair value hierarchy level as at 31 December 2019 and 31 December 2020:

31 December 2019

EUR m	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS				
Other Financial Assets	80.0	0.0	28.7	108.8
Securities	50.7	0.0	0.0	50.7
Other stakes	29.4	0.0	28.7	58.1
	80.0	**0.0**	**28.7**	**108.8**
FINANCIAL LIABILITIES				
Trade payables and other liabilities	0.0	0.0	2.9	2.9
Contingent consideration	0.0	0.0	2.9	2.9
	0.0	**0.0**	**2.9**	**2.9**

31 December 2020

EUR m	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS				
Financial Assets from Financial Services	0.2	0.0	0.0	0.2
Financial assets	0.2	0.0	0.0	0.2
Other financial assets	40.7	0.0	5.4	46.1
Securities	40.7	0.0	0.0	40.7
Other stakes	0.0	0.0	5.4	5.4
	40.9	**0.0**	**5.4**	**46.3**
FINANCIAL LIABILITIES				
Trade payables and other liabilities	0.0	0.0	32.7	32.7
Contingent consideration	0.0	0.0	32.7	32.7
	0.0	**0.0**	**32.7**	**32.7**

10.1.3 INFORMATION ON DETERMINING FAIR VALUES

The following table shows the valuation method and the input factors used in determining level 3 fair values:

Financial Instruments	Level	Valuation method	Inputfaktoren
Securities, financial assets		Market approach	Nominal values, stock market price
Other stakes	3	Net present value approach	Business plans and related probability-weighted scenarios; risk-weighted discount rates (WACC)
Contingent consideration	3	Net present value approach	Business plans and discount rates

Material sensitivities in determining the fair values of Level 3 financial instruments can arise from changes to the underlying market data of comparable companies as well as in the input factors (especially discount rates and planning data) applied in determining the net present value. No transfers between the Levels 1, 2 and 3 took place in the reporting period from 1 January to 31 December 2020.

The fair value of the obligation to acquire non-controlling interests in Aras Kargo a.s. (see 4.2 Changes to the Scope of Consolidation) was calculated on the basis of expected future results according to the company planning and was discounted using the WACC. In relation to determining the fair value of EUR 32.6m, a variation in these input factors as well as in the exchange rate at the balance sheet date resulted in the following sensitivities:

	WACC		EBITDA		Exchange rate at balance sheet date EUR/TRY	
EUR m	–1 pp	+1 pp	–10%	+10%	–10%	+10%
Fair value of purchase price liability of Aras Kargo a.s.	1.2	–1.2	–3.0	3.0	–3.0	3.6

The following table shows the reconciliation of Level 3 measurements at fair value applying to financial assets and liabilities for the periods from 1 January to 31 December 2019 and from 1 January to 31 December 2020:

Financial Assets

EUR m	2019	2020
OPENING BALANCE AS AT 1 JANUARY	**31.4**	**28.7**
Total gains and losses through profit or loss	–0.1	0.0
Recognised in other operating expenses	–0.1	0.0
Total gains and losses through other comprehensive income	–2.5	–1.0
Recognised in the change in fair value FVOCI – equity instruments	–2.5	–1.0
Decrease from change in accounting method	0.0	–22.2
Other disposals	0.0	–0.1
CLOSING BALANCE AS AT DECEMBER 31	**28.7**	**5.4**

The disposal resulting from a change in method relates to Aras Kargo a.s. (Refer to Note 4.2 Changes to the Scope of Consolidation).

Financial Liabilities

EUR m	2019	2020
OPENING BALANCE AS AT 1 JANUARY	**2.5**	**2.9**
Total gains and losses through profit or loss	–0.4	0.0
Recognised in other operating income	–0.4	–0.2
Recognised in other operating expenses	0.0	0.2
Subsequent measurement	0.0	–1.1
Repayment	–0.9	–2.3
Acquisition of subsidiary	1.7	33.2
CLOSING BALANCE AS AT DECEMBER 31	**2.9**	**32.7**

10.1.4 FINANCIAL ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE

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.

10.1.5 OFFSETTING OF FINANCIAL INSTRUMENTS

The Austrian Post Group primarily makes use of offset invoices according to IFRS 7 with international postal providers, in which case the offset and correspondingly netted amounts are immaterial.

10.1.6 INFORMATION ON THE STATEMENT OF COMPREHENSIVE INCOME

The following table shows the net gains and losses from financial instruments included in the statement of comprehensive income for the 2019 and 2020 financial years:

	2019			2020		
EUR m	Income statement	Other comprehensive income	Total	Income statement	Other comprehensive income	Total
AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)						
Valuation results	10.0	0.0	10.0	8.8	0.0	8.8
	10.0	**0.0**	**10.0**	**8.8**	**0.0**	**8.8**
AT FAIR VALUE THROUGH OCI (FVOCI) – EQUITY INSTRUMENTS						
Valuation results	0.0	–2.5	–2.5	0.0	–1.0	–1.0
	0.0	**–2.5**	**–2.5**	**0.0**	**–1.0**	**–1.0**
FINANCIAL ASSETS MEASURED AT AMORTISED COST						
Valuation results	–1.7	0.0	–1.7	–3.8	0.0	–3.8
	–1.7	**0.0**	**–1.7**	**–3.8**	**0.0**	**–3.8**
	8.3	**–2.5**	**5.8**	**5.0**	**–1.0**	**4.0**

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	2019	2020
INTEREST INCOME		
Cash and cash equivalents	0.3	1.1
Other financial assets	0.1	0.4
	0.4	**1.4**
INTEREST EXPENSES		
Other financial liabilities	–4.7	–5.1
	–4.7	**–5.1**

10.2 Risks and Risk Management Related to Financial Instruments – Logistics

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

10.2.1 PRESENTATION OF TYPES OF RISK

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

- Credit Risks
- Liquidity risks
- Market risks

Credit Risks

Credit risk for the Austrian Post Group involves the possibility of contractual partners being unable to fulfil their obligations from the operating business and financial transactions. The amounts reported on the asset side of the balance sheet represent the maximum creditworthiness and credit risk. Where there are recognisable credit risks in respect to the financial assets, impairments are made to account for them. Refer to Note 6.15 Financial Assets and Liabilities.

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, Level 1 refers to financial assets whose credit risk was recognised with the 12-month expected credit loss. Level 2 and Level 3 refer to financial assets for which the credit loss expected over the entire term is recognised as the credit risk. At Level 2, there is a significantly increased credit risk, but the asset is not yet impaired. Level 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 2019 as well as 31 December 2020 are as follows:

Gross Carrying Amounts as at 31 December 2019

		General approach			Simplified approach	
EUR m	Gross carrying amount total	Level 1	Level 2	Level 3	Level 2	Level 3
Trade receivables	263.4	–	–	–	259.2	4.3
Other receivables	14.8	12.9	0.5	1.5	–	–

Gross Carrying Amounts as at 31 December 2020

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

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

Trade Receivables The Austrian Post Group applies the simplified approach pursuant to IFRS 9 to determine expected credit losses. Accordingly, impairment losses are recognised for trade receivables to the amount of the expected credit losses over their term. Trade receivables are classified according to common credit risk characteristics and days overdue (matrix) in order to measure the expected credit losses.

On this basis, impairment losses on trade receivables as at 31 December 2019 and 31 December 2020 are derived as follows:

31 December 2019

EUR m	Not overdue	Overdue: 1–30 days	Overdue: 31–90 days	Overdue: >90 days	Total
Gross carrying amount	205.9	50.0	3.3	4.3	263.4
Expected loss rate in %	0.1%	0.4%	5.3%	57.4%	1.2%
IMPAIRMENT LOSSES	**0.2**	**0.2**	**0.2**	**2.4**	**3.0**

31 December 2020

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

Other Receivables The calculation of expected credit losses for other receivables takes place in accordance with the general approach pursuant to IFRS 9, in which case practical expedients are applied in line with IFRS 9.B5.5.35 due to the type and scope of the receivables. In order to measure the expected credit losses, other receivables are divided into receivables from claims for damages and sundry receivables and grouped according to days overdue (matrix). Using this as the basis, the impairment losses for other receivables amount to EUR 1.0m as at 31 December 2020 (31 December 2019: EUR 0.9m). 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 Level 1	Level 2	Level 3	Total	Trade receivables Level 2	Level 3	Total
BALANCE AS AT 1 JANUARY 2019	**0.2**	**0.0**	**0.9**	**1.2**	**0.6**	**2.4**	**3.0**
Write-off	0.0	0.0	–0.1	–0.1	0.0	–0.4	–0.4
Net revaluation	–0.1	0.0	–0.1	–0.2	0.0	0.4	0.4
BALANCE AS AT 31 DECEMBER 2019	**0.1**	**0.0**	**0.7**	**0.9**	**0.6**	**2.4**	**3.0**

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

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 expected 12-month 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 2020 involved immaterial amounts.

Money Market Investments Money Market Investments 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 2020 involved immaterial amounts.

Receivables from Banks Receivables from banks only include 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 2020 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 2019

EUR m	Carrying amount	Gross cash flow	Term to maturity: Within 1 year	1–5 years	More than 5 years
FINANCIAL LIABILITIES					
Other financial liabilities	309.5	330.0	42.3	149.4	138.3
of which lease liabilities	308.4	328.9	41.3	149.3	138.3
Trade payables	220.6	220.6	220.6	0.1	0.0
Other liabilities	78.6	78.7	59.1	19.6	0.0
	608.7	**629.3**	**322.0**	**169.0**	**138.3**

Gross Carrying Amounts as at 31 December 2020

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

Market Risks

Market risks imply the existing risks related to changes in market prices. The primary risks for 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. There were no derivative financial items held by Austrian Post at the balance sheet date. 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:

2019 Financial Year

	Market interest rate	
EUR m	+1 pp	–1 pp
Financial result	1.0	–0.2

2020 Financial Year

	Market interest rate	
EUR m	+1 pp	–1 pp
Financial result	1.2	–0.2

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

There are only limited risks on the asset side of the balance sheet arising from currency changes, as deliveries are almost entirely conducted on a euro basis and investments in securities and fixed term deposits are also almost entirely carried out on a euro basis. Currency risk exists in part from service relationships with international postal operators settled on the basis of an artificial currency (special drawing rights or "SDR"). The special drawing rights price is determined by the IMF as a weighted average of the five most important global currencies. The fluctuation in the SDR price compared to the euro over the past three years was within a range of +/– 5%. Any change in the SDR/EUR price by +/– 1% compared to the reference rate on the balance sheet as at 31 December 2020 would lead to a valuation result of +/– EUR 3.5m.

10.2.2 RISK MANAGEMENT

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

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

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

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

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

10.3 Risks and Risk Management Related to Financial Instruments – Financial Services

On 1 April 2020, the Austrian Post Group commenced operations in the financial services sector with bank99 AG, the new bank of Austrian Post. The bank's business activities primarily comprise 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. Financial services are also performed on behalf of third parties.

Based on the current business activities, the following financial risks are considered material in the area of financial services:

- Credit risks
- Liquidity risks
- Market risks

In the following tables, the previous year's figures have not been presented as they are not material.

Risk Management

bank99 has its own risk management structure which reports to bank99's Management Board and manages and monitors all risks arising from the banking business. The bank's risk management system is based on a multi-stage 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 risk management system is based on risk policy principles and the target risk structure defined in the risk strategy. This includes all requirements for identifying, quantifying, aggregating, monitoring and managing risks. The requirements are laid down in guidelines. The Management Board of bank99 is provided with ongoing information on the current risk situation by way of a standardised reporting system. With its risk strategy, bank99 aims to identify the risks arising from banking operations at an early stage and to actively manage and limit them.

Credit Risk

Credit risk refers to the risk of a partial or full default on contractually agreed payments, regardless of the counterparty concerned. Credit risks at bank99 currently consist primarily of deposits with central banks and receivables from postal partners. Credit risks from the customer business and from investments on the money and capital markets are currently of only minor importance.

As part of the overall risk management system, the Management Board adopts the guidelines for limiting credit risk (in particular limits and investment policy). The monitoring and management of credit risks from the customer business is the responsibility of operational credit risk management. Cases of default are detected and flagged accordingly in line with a uniform system for the entire bank, with bank99 applying a default management system that is consistent with the Capital Requirements Regulation and Capital Requirements Directive IV.

The credit risk-relevant portfolio includes all positions that involve a credit risk in the narrower sense of the term. The portfolio currently consists only of balance sheet positions.

Information of the Credit Risk-relevant Portfolio as at 31 December 2020

EUR m	Gross carrying amount	Net carrying amount
CREDIT-RELEVANT PORTFOLIO		
Balances with central banks	453.4	453.4
Receivables from banks	10.8	10.8
Receivables from customers	1.7	1.7
Financial assets		
Recognised at amortised cost	0.1	0.1
At fair value through other comprehensive income (FVOCI)	0.2	0.2
CREDIT-RELEVANT PORTFOLIO BANK99	**466.2**	**466.2**
OTHER	**8.6**	**8.6**
CREDIT-RELEVANT PORTFOLIO FROM FINANCIAL SERVICES	**474.9**	**474.8**

The item “Other” in the amount of EUR 8.6m relates to receivables from postal partners in connection with what are known as PSK orders. These are recognised at the level of Österreichische Post AG and are part of risk management in the logistics segment of the Group.

Due to the current business model, the largest position in the credit risk-relevant portfolio relates to deposits with central banks. These are used primarily to manage liquidity. Receivables from customers relate to utilised overdraft facilities for current accounts.

All material items have an investment grade rating. There are no material overdue items as at the reporting dates. Similarly, there are no significant amounts assigned to Levels 2 and 3 of the risk provisioning system. As at the reporting date of 31 December 2020, there is one non-performing portfolio that can be classed as minor.

Where there are recognisable credit risks in respect of the financial assets, impairment losses are made to account for them. See Note 6.1.1 Financial Assets and Liabilities.

The gross carrying amounts of the material credit risk classes of bank99 as at 31 December 2020 are as follows:

Gross Carrying Amounts by Credit Risk Class as at 31 December 2020

EUR m	Level 1	Level 2	Gross carrying amount total
CREDIT-RELEVANT PORTFOLIO			
Balances with central banks	453.4	0.0	453.4
Receivables from banks	10.8	0.0	10.8
Receivables from customers	1.6	0.1	1.7
Financial assets			
Recognised at amortised cost	0.1	0.0	0.1
At fair value through other comprehensive income (FVOCI)	0.2	0.0	0.2
TOTAL	**466.1**	**0.1**	**466.2**

As the total risk provisions are insignificant in terms of amount as at the reporting date, we have opted not to provide information on their development.

Liquidity Risk

bank99 AG defines liquidity risk as the risk that the credit institution will no longer be able to meet its current or future payment obligations in full or on time when they fall due without incurring substantial economic losses.

The bank's liquidity is supplied exclusively through refinancing instruments that are closely aligned with the business model of a retail bank. These essentially include overnight deposits (including credit balances from current accounts) and fixed term deposits.

Principles, limits and requirements for liquidity management are defined by the Strategic Risk Management department following approval by the Asset Liability Committee ("ALCO") – as the central body responsible for liquidity risk management – and compliance is monitored on an ongoing basis. Liquidity maturity statements are prepared using a liquidity monitoring system, both on a contractual basis and using model calculations, and also serve as the basis for preparing a stressed liquidity maturity statement. The limits are also calculated and monitored via the Net Stable Funding Ratio (NSFR).

bank99 has a liquidity contingency plan allowing it to identify any liquidity bottlenecks early on and provide the ALCO with alternative courses of action. Due to the investment in deposits with central banks, the bank has sufficient liquidity buffers.

The two tables below show the liquidity coverage ratio and the liquidity buffer. The liquidity coverage ratio shows the liquidity buffer in relation to the net liquidity outflow. Net liquidity outflows are the expected net outflows during a stress period of 30 calendar days. The calculation is carried out in accordance with the requirements of the Delegated Regulation (EU) No 2015/60.

Liquidity Coverage Ratio

EUR m	2020
Liquidity buffer	563.6
Net liquidity outflow	41.7
LIQUIDITY COVERAGE RATIO	**1,351%**

Composition of the Liquidity Buffer

EUR m	2020
Balances with central banks less minimum reserve	448.9
Cash and cash equivalents	114.7
Eligible financial assets	0.1
LIQUIDITY BUFFER	**563.6**

The following table shows the maturities of the financial liabilities from financial services.

Maturity Analysis Based on the Remaining Term to Maturity as at 31 December 2020

EUR m	Carrying amount	Gross cash flow	Term to maturity: Due daily	Term to maturity: Up to 1 year
FINANCIAL LIABILITIES FROM FINANCIAL SERVICES				
Borrowings from banks	0.2	0.2	0.2	0.0
Liabilities to customers	519.5	519.5	519.5	0.0
Other	1.5	1.5	1.5	0.0
FINANCIAL LIABILITIES FROM FINANCIAL SERVICES BANK99	**521.2**	**521.2**	**521.2**	**0.0**
BORROWINGS FROM BANKS	**11.7**	**11.7**	**0.0**	**11.7**
FINANCIAL LIABILITIES FROM FINANCIAL SERVICES	**532.9**	**532.9**	**521.2**	**11.7**

Market Risk

Market risk is the risk of loss that may occur due to adverse changes in market prices and parameters derived from them. These changes in market value can appear in the income statement, in other comprehensive income or in hidden reserves. At bank99 AG, market risk is split into interest rate risk and credit spread risk. bank99 AG does not have any foreign currency risks or a market risk from trading positions due to its business model.

The present value interest rate risk is largely managed at the overall bank level in accordance with the risk strategy using corresponding investments with matching maturities in the Treasury portfolio. As a result, the risk of losses from changes in present value due to changes in the yield curve is considered to be low.

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. Based on the investments that the bank has as at the reporting date, the credit spread risk is estimated to be insignificant in terms of amount.

11. Other Disclosures

11.1 Consolidated Cash Flow Disclosures

In accordance with IAS 7, **cash and cash equivalents** encompass cash in hand, demand deposits and current, liquid financial investments, which can be converted into specified cash amounts at any time and are only subject to immaterial movements in value. As a rule, financial investments with a remaining time to maturity as calculated from the acquisition date of not more than three months are classified as cash equivalents.

Currency Translation Differences Within the context of putting together the consolidated cash flow statement, the cash flows of subsidiaries whose functional currency is not the euro are directly converted into euros for reasons of simplification. Currency effects relating to the cash flows of the Turkish subsidiary Aras Kargo a.s., whose functional currency is the Turkish lira, however, are calculated separately and adjusted at the individual item level. The effects on the company's cash and cash equivalents are shown in the consolidated cash flow statement in the item "Currency translation differences in cash and cash equivalents". Potential 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	2019 adjusted[1]	2020
ACQUISITIONS OF SUBSIDIARIES		
Cash outflow for acquisitions		
Acquisition date in the current financial year (purchase price)	–52.9	–35.3
Outstanding purchase price liabilities	0.0	0.2
Acquisition date previous years (residual purchase price liabilities)	0.0	–1.6
Cash and cash equivalents acquired	53.2	36.4
	0.3	**–0.3**

[1] See Note 3.2.2 Change in the Presentation of Financial Services

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

EUR m	2019	2020
Results from the disposal of property, plant and equipment	0.8	–1.0
Measurement of securities and stakes at fair value through profit and loss	–9.7	–8.9
Net interest income/expense	–4.0	3.2
Valuation of receivables	1.8	2.0
Without effect in profit and loss (IAS 19)	–12.8	–2.8
Currency differences recognised in profit or loss	0.0	1.7
Reclamation of employer contributions related to the payroll accounting	1.7	0.0
Other	22.9	5.7
	0.7	**0.0**

Loans Granted In the 2020 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).

The 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:

2019 Financial Year

EUR m	Borrowings from banks	Lease liabilities	Total other financial liabilities
BALANCE AS AT 1 JANUARY 2019	**6.6**	**272.7**	**279.3**
Cash flow from financing activities	–5.5	–32.2	–37.7
Acquisition of subsidiaries	0.0	46.7	46.7
Other non-cash additions and disposals	0.0	21.2	21.2
BALANCE AS AT 31 DECEMBER 2019	**1.1**	**308.4**	**309.5**

2020 Financial Year

EUR m	Borrowings from banks	Lease liabilities	Total other financial liabilities
BALANCE AS AT 1 JANUARY 2020	**1.1**	**308.4**	**309.5**
Cash flow from financing activities	29.0	–40.8	–11.8
Acquisition of subsidiaries	0.0	19.0	19.0
Other non-cash additions and disposals	0.0	35.0	35.0
BALANCE AS AT 31 DECEMBER 2020	**30.1**	**321.5**	**351.6**

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. 2019	31 Dec. 2020
CASH AND CASH EQUIVALENTS	**103.5**	**687.1**
Financial assets from financial services	50.9	578.9
Cash and cash equivalents and balances with central banks	48.0	568.1
Receivables from banks – of which payment transactions	2.9	10.8
CASH AND CASH EQUIVALENTS	**52.6**	**108.2**

11.2 Related Party Transactions

The Republic of Austria holds a 52.85% 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:

2019 Financial Year

EUR m	Associates	Joint ventures	Other related companies	Related persons	Total
Total operating income	1.8	0.7	195.0	0.0	197.5
Total operating expenses	8.2	1.3	35.0	0.0	44.5
Outstanding receivables	2.2	0.0	24.6	0.0	26.8
Outstanding payables	0.8	0.0	3.0	0.0	3.9

2020 Financial Year

EUR m	Associates	Joint ventures	Other related companies	Related persons	Total
Total operating income	1.8	0.0	193.1	0.0	194.8
Total operating expenses	8.5	0.0	31.4	0.0	39.9
Outstanding receivables	1.9	0.0	31.6	0.0	33.4
Outstanding payables	1.7	0.0	2.8	0.0	4.5

The operating income in 2019 and 2020 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 2020 financial year, delivery services valued at EUR 129.8m (2019: EUR 141.1m) 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 11.7m (2019: EUR 10.0m) and energy purchases from the OMV Group of EUR 2.3m (2019: EUR 3.6m).

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

2019 Financial Year

EUR m	Supervisory Board	Management Board	Total
Short-term employment benefits	0.4	3.4	3.7
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	3.1	3.1
	0.4	**6.7**	**7.1**

2020 Financial Year

EUR m	Supervisory Board	Management Board	Total
Short-term employment benefits	0.4	4.3	4.7
Post-employment benefits	0.0	0.3	0.3
Other long-term employment benefits	0.0	0.0	0.0
Termination benefits	0.0	0.0	0.0
Allocation to share-based remuneration programme	0.0	2.2	2.2
	0.4	**6.8**	**7.2**

11.3 Audit Fees

The fees for the auditor KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft in the 2019 and 2020 financial years can be broken down as follows:

Audit Fees

EUR thousand	2019	2020
Group and annual financial statements audits at 31 December	283.8	301.3
Other audit related services	30.6	24.8
Other services	120.1	128.0
	434.4	**454.1**

11.4 Events After the Reporting Period

Events after the reporting period that are material for assessment on the balance sheet date as at 31 December 2020, have been included in the consolidated financial statements.

The agreement on the acquisition of a further 30% stake in D2D-direct to document GmbH was signed on 15 October 2020. Once the transaction has been closed, Austrian Post will hold 100% of the shares in the company. The company expects to close the transaction and, as a result, switch from accounting according to the equity method to full consolidation in the first quarter of 2021.

No other reportable events occurred after the reporting period.

11.5 Group Companies

Company and location	31 Dec. 2019 Interest in %	31 Dec. 2019 Method of consolidation[1]	31 Dec. 2020 Interest in %	31 Dec. 2020 Method of consolidation[1]
ACL advanced commerce labs GmbH, Graz	70.00	FC	70.00	FC
adverserve				
adverserve Holding GmbH, Vienna	82.00	FC	100.00	FC
adverserve digital advertising Services Gesellschaft m.b.H., Vienna	82.00	FC	100.00	FC
adverserve digital advertising Services d.o.o., Zagreb	69.75	FC	75.00	FC
adverserve digital advertising Services Schweiz GmbH, Zurich	82.00	FC	100.00	FC
adverserve digital advertising Services Deutschland GmbH, Hamburg	82.00	FC	100.00	FC
Aras Kargo Yurtici Yurtdisi Tasimacilik a.s., Istanbul	25.00	NC	80.00	FC
Austrian Post International Deutschland GmbH, Bonn	100.00	FC	100.00	FC
bank99 AG, Vienna	80.00	FC	80.00	FC
City Express d.o.o., Belgrade	100.00	FC	100.00	FC
City Express Montenegro d.o.o, Podgorica	100.00	FC	100.00	FC
EMD – Elektronische- u. Mikrofilm-Dokumentationssysteme Ges.m.b.H., Haid bei Ansfelden	100.00	FC	100.00	FC
Express One d.o.o., Sarajevo	100.00	FC	100.00	FC
feibra GmbH, Vienna	100.00	FC	100.00	FC
IN TIME s.r.o., Ivanka pri Dunaji	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
Neutorgasse 7 Projektentwicklungs AG & Co OG, Vienna (merged)	100.00	FC	0.00	n.a.
Overseas Trade Co Ltd d.o.o., Hrvatski Leskovac	100.00	FC	100.00	FC
Post 001 Finanzierungs GmbH, Vienna	100.00	FC	100.00	FC
Post 002 Finanzierungs GmbH, Vienna	100.00	FC	100.00	FC
Post 102 Beteiligungs GmbH, Vienna	100.00	FC	100.00	FC
Post 104 Beteiligungs GmbH, Vienna	100.00	FC	100.00	FC
Post 106 Beteiligungs GmbH, Vienna	100.00	FC	100.00	FC
Post 107 Beteiligungs GmbH, Vienna	100.00	FC	100.00	FC
Post 108 Beteiligungs- und Dienstleistungs GmbH, Vienna	100.00	FC	100.00	FC
Post 202 Beteiligungs GmbH, Vienna	100.00	FC	100.00	FC
Post 206 Beteiligungs GmbH, Vienna	100.00	FC	100.00	FC
Post 207 Beteiligungs GmbH, Vienna	100.00	FC	100.00	FC
Post 301 Beteiligungs GmbH, Vienna	100.00	FC	100.00	FC
Post E-Commerce GmbH, Vienna	100.00	FC	100.00	FC
Post Immobilien GmbH, Vienna	100.00	FC	100.00	FC
Post IT Services GmbH (formerly OMNITEC Informationstechnologie-Systemservice GmbH), Vienna	50.00	EM	100.00	FC
Post & Co Vermietungs OG, Vienna	100.00	FC	100.00	FC
Post Wertlogistik GmbH, Vienna	100.00	FC	100.00	FC
PROWERB Gesellschaft für produktive Werbung GmbH, Vienna	100.00	FC	100.00	FC
Scanpoint GmbH, Vienna	100.00	FC	100.00	FC

Company and location	31 Dec. 2019		31 Dec. 2020	
	Interest in %	Method of consolidation[1]	Interest in %	Method of consolidation[1]
Scanpoint Slovakia s.r.o., Nitra	100.00	FC	100.00	FC
sendhybrid ÖPBD GmbH, Graz	51.00	FC	51.00	FC
Slovak Parcel Service s.r.o., Ivanka pri Dunaji	100.00	FC	100.00	FC
Post Systemlogistik GmbH, Vienna	100.00	FC	100.00	FC
trans-o-flex Group				
trans-o-flex Logistics Group GmbH, Weinheim	100.00	NC	100.00	NC
LogIn Service d.o.o., Ilidza	100.00	NC	0.00	n.a.
Distributions GmbH Duisburg, Duisburg	100.00	NC	0.00	n.a.
Express One Hungary Kft., Budapest	100.00	FC	100.00	FC
Weber Escal d.o.o., Hrvatski Leskovac	100.00	FC	100.00	FC
ADELHEID/AEP				
ADELHEID GmbH, Berlin[2, 3]	51.52	EM	51.52	EM
AEP GmbH, Alzenau[2, 3]	51.52	EM	51.52	EM
D2D – direct to document GmbH, Vienna	70.00	EM	70.00	EM
PHS Logistiktechnik GmbH, Graz	40.00	EM	48.36	EM

1 FC – Full consolidation, NC – Subsidiary not consolidated due to immateriality, EM – Equity method
2 The profit for the period of assets accounted for using the equity method corresponds to the proportionate profit for the period of the respective group.
3 No controlling influence due to a contractual agreement or legal circumstances

OTHER INVESTMENTS

Company and location	Interest in %	Equity EUR m	Profit for the period EUR m
EURODIS GmbH, Weinheim	37,60	0,5	0,2

The Management Board of Austrian Post approved the audited consolidated financial statements for the financial year ending on 31 December 2020, for transmission to the Supervisory Board on 23 February 2021. The Supervisory Board is responsible for reviewing and approving the audited consolidated financial statements.

Vienna, 23 February 2021

The Management Board

GEORG PÖLZL
CEO
Chairman of the
Management Board

WALTER OBLIN
Deputy CEO
Mail & Finance

PETER UMUNDUM
Member of the
Management Board
Parcel & Logistics

AUDIT OPINION

Report on the Consolidated Financial Statements

Audit Opinion

We have audited the consolidated financial statements of

Österreichische Post Aktiengesellschaft,
Vienna,

and its subsidiaries ("the Austrian Post Group"), hereafter referred to as the "Group", consisting of the consolidated balance sheet as at 31 December 2020, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the financial year ending on this date as well as 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 2020 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 this 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.

VALUATION OF THE PROVISIONS FOR UNDER-UTILISATION

Refer to Note 6.20 Provisions for Under-utilisation, Note 7.3 Provisions for Under-utilisation as well as Note 9.12.2 Other Employee Provisions of the Notes to the Consolidated Financial Statements.

The Financial Statement Risk

The provisions for under-utilisation recognised in the consolidated balance sheet as at 31 December 2020 amount to EUR 182.2m. The valuation of these provisions requires forward-looking estimates and assumptions about future salary increases, employee turnover, the level of under-utilisation for the respective employees and the applied discount interest rate. Changes in these parameters have substantial effects on the amount of these provisions and the net income for the year.

The financial statement risk is that the provisions are either over-valued or under-valued, and that for this reason the result for the period is not accurately determined.

Our Audit Approach

We assessed the valuation of the provisions for under-utilisation as follows:

- We reviewed the existing documentation for processes relating to the valuation of provisions for under-utilisation and critically examined whether these processes are suitable to appropriately measure the provisions for under-utilisation. Moreover, we identified the relevant internal controls and evaluated the key controls with respect to their organisation and implementation.
- We judged the appropriateness of calculations with respect to salary increases and employee turnover based on the company's past experience.
- For a statistically selected number of employees, we examined whether the level of under-utilisation underlying the valuation reflects the actual situation.
- We reviewed the appropriateness of the assumptions used in determining the discount interest rate by comparing them with publicly available information.
- Finally, we assessed whether the information disclosed in the Notes to the Consolidated Financial Statements and on the related accounting and valuation methods is applicable and appropriate with respect to forward-looking assumptions and estimates.

PURCHASE PRICE ALLOCATION ARAS KARGO A.S.

Refer to Note 4.1 Consolidation Principles, Note 4.2 Changes to the Scope of Consolidation and Note 7.7 Assets and Liabilities in Connection with Business Combinations

The Financial Statement Risk

With the closing of the transaction on 25 August 2020, the Company acquired 55% of the shares in Aras Kargo a.s., meaning that it now holds a total of 80% of the shares. The total amount of consideration transferred for 55% of the shares was EUR 35.9m. Together with the fair value of the previously held interest of EUR 23.8m and taking into account the remaining non-controlling interest of 20%, 100% of the acquiree has a total value of EUR 72.6m. This amount was allocated to the identifiable assets acquired and liabilities assumed, as well as to the remaining goodwill, as part of the purchase price allocation.

The recognition of this acquisition in the accounts requires the application of complex accounting rules. Pursuant to IFRS 3, the identifiable assets acquired and liabilities assumed must be measured at acquisition-date fair value as part of the purchase price allocation. The measurement of the identifiable assets acquired and liabilities assumed requires significant estimates and assumptions. The management team engaged an independent expert to assist in determining the fair values of the identifiable assets acquired and liabilities assumed.

There is a risk that the accounting methods applied do not comply with the provisions of IFRS 3. In addition, the measurement models used for measurement and the assumptions made may not be appropriate, and the resulting fair values of the identifiable assets acquired and liabilities assumed, and thus of the remaining goodwill as well, may be calculated incorrectly. There is also a risk that the required disclosures in the Notes to the Consolidated Financial Statements are not complete and appropriate.

Our Audit Approach

We assessed the purchase price allocation for Aras Kargo a.s. involving our measurement specialists as follows:

- We read the relevant contracts and documentation to gain an understanding of the key terms and conditions and assessed whether the accounting policies applied are in accordance with IFRS 3.
- We assessed whether the intangible assets recognised that were previously not recognised at the level of the acquiree have been identified appropriately.
- We assessed the measurement models used and the significant assumptions made in determining the fair values and verified the arithmetical accuracy of the measurements performed.
- Finally, we assessed whether the information disclosed in the Notes to the Consolidated Financial Statements and on the related accounting and valuation methods is applicable and appropriate with respect to forward-looking assumptions and estimates.

Other Disclosures

The Management Board is responsible for the other disclosures containing all information in the Annual Report with the exception of the consolidated financial statements, the Group Management Report and the audit opinion.

We obtained the Corporate Governance Report, the non-financial report and the Statement of Legal Representatives before the date of the audit opinion. The other parts of the Annual Report are expected to be made available to us after this date.

Our audit opinion on the consolidated financial statements does not extend to these other disclosures, and we will not provide any kind of assurances on this information.

In connection with our audit of the consolidated financial statements, it is our responsibility to read these other disclosures and to assess whether they are materially inconsistent with the consolidated financial statements or the knowledge obtained in the course of our audit, or whether they otherwise seem to represent a material misrepresentation.

If, based on the work we have performed on the other information 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 this other information, we are required to report the fact. We have nothing to report in this regard.

Responsibilities of the Management Board and the Audit Committee of the Supervisory Board for the Consolidated Financial Statements

The Management Board of Austrian Post is responsible for the preparation of the consolidated financial statements which comply with IFRS as adopted by the EU and the supplementary requirements of Section 245a of the Austrian Commercial Code and give a true and fair view of the net assets, financial position and financial performance of the Group in accordance with these requirements. Furthermore, the Management Board is responsible for such internal control as the Management Board determines is 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 Management Board is 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

Management Board either intends to liquidate the Group or to cease operations, or has 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 Management Board's 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

Opinion on the Group Managment 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 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, we did not detect any material misstatements in the consolidated financial statements.

ADDITIONAL DISCLOSURES PURSUANT TO ARTICLE 10 (EU) NO 537/2014

We were appointed by the Annual General Meeting on 16 June 2020 to serve as auditors and commissioned by the Supervisory Board on 23 July 2020 to audit the consolidated financial statements for the company for the financial year ending on 31 December 2020.

We have been the auditors for the company without interruption since the consolidated financial statements as at 31 December 2015.

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 Wolf.

Vienna, 1 March 2021

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Gerhard Wolf 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 2020, 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 2020 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, 23 February 2021

The Management Board

GEORG PÖLZL
CEO
Chairman of the
Management Board

WALTER OBLIN
Deputy CEO
Mail & Finance

PETER UMUNDUM
Member of the
Management Board
Parcel & Logistics

INFORMATION

EUR 1.60

is the dividend for
the 2020 financial year

OVERVIEW OF KEY INDICATORS 2011–2020

Earnings Situation

		2011	2012	2013	2014[1]	2015	2016[2]	2017	2018	2019	2020
REVENUE EXCL. TRANS-O-FLEX	EUR m	**1,791.3**	**1,839.2**	**1,862.0**	**1,863.5**	**1,903.9**	**1,895.6**	**1,938.9**	**1,958.5**	**2,021.6**	**2,189.2**
REVENUE	EUR m	**2,348.7**	**2,366.1**	**2,366.8**	**2,363.5**	**2,401.9**	**2,030.5**	**1,938.9**	**1,958.5**	**2,021.6**	**2,189.2**
Other operating income	EUR m	74.6	72.0	69.7	134.4	99.2	70.1	112.7	96.2	131.5	64.1
Raw materials, consumables and services used	EUR m	–759.8	–766.9	–753.3	–737.5	–749.6	–495.2	–409.9	–441.2	–495.7	–596.2
Staff costs	EUR m	–1,050.8	–1,091.4	–1,073.5	–1,109.5	–1,106.0	–1,035.2	–1,020.1	–1,008.7	–976.7	–1,041.4
Other operating expenses	EUR m	–320.0	–294.8	–298.6	–317.0	–344.0	–294.1	–325.0	–295.7	–361.3	–314.4
Results from financial assets accounted for using the equity method	EUR m	–10.8	–13.9	–6.6	–0.1	1.1	0.9	–1.9	–3.6	–0.6	1.5
EBITDA	EUR m	**281.9**	**271.2**	**304.5**	**333.8**	**302.7**	**277.1**	**294.6**	**305.4**	**318.7**	**302.8**
Depreciation, amortisation and impairment losses	EUR m	–114.4	–88.8	–118.5	–136.9	–213.7	–74.8	–86.8	–94.5	–118.1	–142.2
EBIT	EUR m	**167.5**	**182.4**	**186.0**	**196.9**	**89.0**	**202.3**	**207.8**	**210.9**	**200.6**	**160.6**
Financial result	EUR m	–5.2	–30.8	–14.8	–2.8	2.0	–0.7	12.8	–13.1	10.7	1.4
EARNINGS BEFORE TAX	EUR m	**162.3**	**151.6**	**171.2**	**194.0**	**91.0**	**201.5**	**220.6**	**197.8**	**211.3**	**162.1**
Income tax	EUR m	–39.1	–28.4	–47.2	–47.2	–19.5	–48.8	–55.6	–53.6	–66.8	–46.8
PROFIT FOR THE PERIOD	EUR m	**123.2**	**123.2**	**124.0**	**146.8**	**71.6**	**152.7**	**165.0**	**144.2**	**144.5**	**115.3**
Earnings per share	EUR	1.82	1.82	1.82	2.17	1.06	2.26	2.45	2.13	2.17	1.75
Employees (average for period)	FTE	23,369	23,181	24,211	23,912	23,476	21,695	20,524	20,545	20,338	22,966

[1] The presentation of revenue, raw materials, consumables and services used for the Parcel & Logistics Division was adjusted. Exported services were recognised according to the net method (previously reported as revenue and expenses for services used).
[2] Change in reporting of gains and losses from the disposal of financial assets accounted for using the equity method, now recognised as other operating income or other operating expenses.

Cash Flow

		2011	2012[1]	2013[2]	2014	2015	2016	2017[3]	2018	2019	2020
Gross cash flow	EUR m	248.6	276.6	304.8	283.3	265.0	274.7	316.6	352.9	333.7	327.1
Cash flow from operating activities	EUR m	228.2	246.7	250.4	232.2	216.2	223.6	255.7	295.9	327.4	732.6
Cash flow from investing activities	EUR m	–65.8	–115.4	–189.9	–69.4	–49.0	–105.1	–109.1	–137.5	–290.7	7.0
Free cash flow	EUR m	162.5	131.3	60.5	162.8	167.2	118.5	146.6	158.4	36.7	739.6
OPERATING FREE CASH FLOW[4]	EUR m	**151.4**	**172.1**	**153.9**	**158.5**	**160.5**	**156.8**	**171.4**	**161.9**	**150.5**	**125.7**
Dividend payout[5]	EUR m	114.8	121.6	128.4	131.7	131.7	135.1	138.5	140.5	140.5	108.1

[1] Reporting adapted for 2012: in connection with the offsetting of the reclassification of non-current provisions to current provisions and liabilities, the use of non-current provisions was also recognised in the cash flow from changes in net working capital from the 2013 financial year. As a result, the cash flow statement for the 2012 financial year was correspondingly adapted.
[2] Reporting adapted for 2013: non-cash changes in provisions which are considered as non-current as well as restructuring provisions are adjusted in the gross cash flow starting in the 2014 financial year. The cash flow statement for the 2013 financial year was correspondingly adapted.
[3] Reclassification of taxes paid – reported separately in the cash flow from operating activities
[4] Free cash flow before acquisitions/securities/money market investments and growth CAPEX and core banking assets; 2019: excl. EUR 32.8m payments from the real estate project Neutorgasse and credited repayment claims for social security contributions on pay for previous periods of service amounting to EUR 65.7m; 2018: excl. special effect of EUR 70.0m (special payment BAWAG P.S.K. of EUR 107.0m minus financial services provided amounting to EUR 37.0m); 2017: CAPEX new corporate headquarters and excl. temporary not yet transferred customer cash of EUR 6.9m
[5] Payment of the dividend in the following year, 2019: Proposal to the Annual General Meeting on 15 April 2021

Balance Sheet

		2011	2012[1]	2013[1]	2014	2015	2016	2017	2018	2019[2]	2020
TOTAL ASSETS	EUR m	**1,668.3**	**1,694.6**	**1,640.2**	**1,671.0**	**1,613.0**	**1,541.8**	**1,674.2**	**1,681.2**	**2,042.9**	**2,680.2**
Non-current assets	EUR m	1,005.1	1,047.6	1,066.4	1,025.4	909.6	921.0	973.1	978.2	1,387.9	1,445.3
Financial assets from financial services	EUR m	–	–	–	–	–	–	–	–	50.9	589.5
Current assets	EUR m	660.4	647.0	571.9	645.0	639.6	618.4	701.1	702.8	604.0	644.9
Assets held for sale	EUR m	2.8	0.0	1.9	0.6	63.8	2.4	0.0	0.3	0.1	0.5
EQUITY	EUR m	**702.0**	**708.6**	**699.4**	**702.7**	**641.7**	**670.0**	**698.8**	**699.1**	**700.7**	**655.0**
Non-current liabilities	EUR m	452.9	445.2	423.4	431.4	384.9	395.2	428.9	421.7	657.8	694.4
Financial liabilities from financial services	EUR m	–	–	–	–	–	–	–	–	0.0	532.9
Current liabilities	EUR m	502.8	540.9	517.5	536.9	516.3	475.6	546.5	560.4	684.3	797.9
Liabilities classified as held for sale	EUR m	10.6	0.0	0.0	0.6	70.0	0.9	0.0	0.0	0.0	0.0
Net cash (–)/Net debt (+)	EUR m	61.5	68.5	112.4	99.7	28.1	–25.7	–10.2	–13.7	326.5	503.0

[1] Balance sheet structure following the adjusted presentation of current tax assets and tax liabilities and the recognition of payments received in advance
[2] Change in the presentation of financial services

Financial Performance Indicators

		2011	2012	2013	2014	2015	2016	2017	2018	2019[1]	2020
Net debt/EBITDA[2]		0.22	0.25	0.37	0.30	0.09	–	–	–	1.02	1.66
Gearing ratio[2]	%	8.8	9.7	16.1	14.2	4.4	–	–	–	46.6	76.8
EQUITY RATIO	%	**42.1**	**41.8**	**42.6**	**42.1**	**39.8**	**43.5**	**41.7**	**41.6**	**34.3**	**24.4**
Return on equity (ROE)	%	21.1	21.0	21.2	25.8	12.5	30.0	30.9	25.8	25.9	20.6
Capital employed	EUR m	708.9	713.2	753.4	733.8	577.0	567.9	616.4	607.9	961.3	1,110.0
Return on capital employed (ROCE)	%	22.7	25.6	25.4	26.5	13.6	35.3	35.1	34.4	25.6	15.5

[1] Change in the presentation of financial services
[2] Net cash has been reported in 2016, 2017 and 2018. For this reason, this chart does not include the indicators net debt/EBITDA and gearing ratio due to their limited relevance.

Shares Indicators

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Share price as at 31 December	EUR	23.30	31.20	34.78	40.38	33.63	31.89	37.42	30.02	34.00	28.70
DIVIDENDS PER SHARE	EUR	**1.70**	**1.80**	**1.90**	**1.95**	**1.95**	**2.00**	**2.05**	**2.08**	**2.08**	**1.60**[1]
Total shareholder return (annual performance incl. dividends)	%	0.7	41.2	17.2	21.6	–11.9	0.6	23.6	–14.3	20.2	-9.5
TOTAL SHAREHOLDER RETURN SINCE THE IPO	%	**70.0**	**120.5**	**148.8**	**188.3**	**163.1**	**164.2**	**203.8**	**175.6**	**207.5**	**190.6**
Market capitalisation as at 31 December	EUR m	1,574.0	2,107.6	2,349.5	2,727.8	2,271.8	2,154.2	2,527.8	2,027.9	2,296.8	1,938.8

[1] Proposal to the Annual General Meeting on 15 April 2021

GROUP COMPANIES

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GLOSSARY TERMS

All-time high/low
The highest/lowest value of a share over a specific period of time on the stock market.

Capital Employed
Non interest-bearing assets less non interest-bearing debt.

Capital expenditure (CAPEX)
Investment expenditure for long-term fixed assets, i.e. investments in property, plant and equipment and investment property.

Dividend yield
Percentage share of dividends paid out on the share price.

Earnings before interest and taxes (EBIT)
Earnings before interest and taxes: corresponds to the profit from operations plus the share of financial assets accounted for using the equity method.

Earnings before interest, taxes, depreciation and amortisation (EBITDA)
Earnings before interest, taxes, depreciation and amortisation: corresponding to EBIT plus amortisation and depreciation.

Earnings per share
Net profit or loss for the period divided by the average number of shares.

EBITDA margin
Ratio of EBITDA to total revenue.

EBIT margin
Ratio of EBIT to total revenue.

Equity
Funds raised by the owners of a company to finance it or retained by the company as generated profit (share capital and reserves and net profit or loss).

Equity ratio
Ratio of equity to total capital (balance sheet total).

Free cash flow
Cash flow from commercial activities plus cash flow from investment activities. The free cash flow indicates the extent to which liquid funds are available to service the interest-bearing debt.

Free float
Proportion of shares that are in circulation and distributed among a large number of investors.

Gearing ratio
Indicates the ratio of equity to debt and, in doing so, provides information about the funding structure of a company.

IAS
International Accounting Standards.

IFRS
International Financial Reporting Standards.

Market capitalisation
Describes the trading value of a company. This is calculated by multiplying the number of the company's shares traded on the stock market by its current share price.

Net Cash/Net Debt
Interest-bearing debt less interest-bearing assets.

Net debt/EBITDA
Ratio of net debt to EBITDA.

Price/earnings ratio (PE)
Indicates how often the earnings per share are included in the share price or how often these earnings per share need to be paid out in order to refinance the current purchase price.

Return on capital employed (ROCE)
Ratio of EBIT to average capital employed.

Return on equity (ROE)
The return on equity indicates the ratio of net income to equity as at 1 January, minus any appropriated dividend; expresses the company's profitability.

Share price performance
Percentage performance of a share over a specific period of time on the stock market.

Total shareholder return (TSR)
Performance of a share over a specific period of time, taking into account price changes and dividends.

FINANCIAL CALENDAR 2021

15 April 2021	2021 Annual General Meeting
27 April 2021	Ex-date (dividend)
28 April 2021	Record date (dermination of entitled stocks in connection with dividend payments)
29 April 2021	Dividend payment day
12 May 2021	Interim report for the first quarter of 2021
12 August 2021	Half-year report 2021
11 November 2021	Interim report first three quarters 2021

Basic Information Post Share

ISIN	AT0000APOST4
Trading symbol (Vienna Stock Exchange)	POST
Reuters code	POST.VI
Bloomberg code	POST AV
Total outstanding shares as at 31 December 2020	67,552,638 shares
Listing	Vienna Stock Exchange
Issue price	EUR 19.00
First day of trading	31 May 2006
Minimum trading unit (smallest tradable number of shares)	1
Type of share	Non-par value shares
Stock split	None

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