AUSTRIAN POST

Half-year Report 2020

Everywhere, naturally, reliable.

Highlights H1 2020

Revenue

- Revenue increase of +0.1 % to EUR 981.9m in H1 2020 (Q2 2020 with –2.0 % to EUR 479.1m)
- Good parcel growth (+30.0 %) offsets decline in the Letter Mail and Direct Mail business (–10.5 %)

Earnings

- EBIT of the logistics business (excl. Retail & Bank Division) of EUR 76.9m in H1 2020 (–27.4 %)
  - Mail: decline of EUR 30.3m (–29.3 %)
  - Parcel & Logistics: increase of EUR 3.3m (+22.1 %)
- Group EBIT of EUR 48.2m (–55.2 %)
  - Retail & Bank: Start-up costs of bank99 lead to a result of EUR –28.7m

Cash flow and balance sheet

- Operating free cash flow of EUR 45.3m below prior-year level
- Increased balance sheet total of EUR 2,157.2m following the launch of bank99 (+5.6 %)

Outlook 2020

- Largely stable revenue 2020; Expected increase after the full consolidation of Aras Kargo
- EBIT of the logistics business (excl. Retail & Bank Division) forecast of at least EUR 160m

Key Figures

EUR m	H1 2019	**H1 2020**	Change
INCOME STATEMENT			
REVENUE	**981.1**	**981.9**	**0.1 %**
EBITDA	162.2	112.3	–30.8 %
EBITDA margin	16.5 %	11.4 %	–
EBIT	**107.7**	**48.2**	**–55.2 %**
EBIT margin	11.0 %	4.9 %/8.1 %[1]	–
Profit for the period	79.4	39.1	–50.7 %
EARNINGS PER SHARE (EUR)[2]	**1.17**	**0.66**	**–43.9 %**
Employees (average for the period, full-time equivalents)	20,166	20,443	1.4 %
CASH FLOW			
Gross cash flow	163.5	117.2	–28.3 %
CASH FLOW FROM OPERATING ACTIVITIES	**123.6**	**306.9**	**>100 %**
Investment in property, plant and equipment (CAPEX)	–70.0	–37.7	46.1 %
Free cash flow	26.2	416.0	>100 %
OPERATING FREE CASH FLOW[3]	**99.6**	**45.3**	**–54.5 %**

EUR m	31 December 2019	**30 June 2020**	Change
BALANCE SHEET			
Total assets	2,042.9	2,157.2	5.6 %
Equity	700.7	600.6	–14.3 %
Net debt	326.5[4]	433.3	32.7 %
EQUITY RATIO	**34.3 %**	**27.8 %**	**–**
Capital employed	961.3[4]	971.3	1.0 %

[1] EBIT margin of the logistics business of 8.1 % (excl. Retail & Bank Division)
[2] Undiluted earnings per share in relation to 67,552,638 shares
[3] Free cash flow before acquisitions/securities/money market investments, Growth CAPEX and core banking assets
[4] Adjusted presentation

Statement by the Management Board

Ladies and Gentlemen! Dear Shareholders!

The first half of 2020 presented major challenges for many companies across the globe, including Austrian Post. The company's priorities were determined, on the one hand, by the COVID-19 pandemic and related safety and health protection measures, and on the other hand, by the negative economic impacts. In particular, the second quarter of 2020 brought about the most significant disruption of the last ten years due to lockdown and economic standstill in some industries.

In spite of the considerably more difficult conditions, Austrian Post succeeded in maintaining the nationwide supply of mail, parcel and branch network services thanks to the tireless commitment of all employees, although the fulfilment of delivery obligations wasn't necessarily profitable and government regulations and crisis measures produced extra costs. Austrian Post's Group revenue amounted to EUR 981.9m, even slightly higher than the prior-year level (+0.1%). The dynamically growing parcel business showed a significant increase of 30.0%, compensating for the decline in the Mail and Retail & Bank divisions.

The Mail Division suffered the expected decline, with revenue down by 10.5%. On the one hand, this is attributable to the accelerated decrease in traditional Letter Mail caused by the lockdown of many government offices and companies. On the other hand, the revenue drop is also related to the reduction in Direct Mail items as a direct consequence of government-imposed store closings in response to COVID-19. The revenue of the Parcel & Logistics Division was driven by organic growth from online orders as well as additional parcel volumes generated through the cooperation with Deutsche Post DHL Group since August of the previous year. The 34.6% revenue decrease in the newly created Retail & Bank Division in the first half of 2020 is due to the inaugural launch of bank99 on 1 April 2020, whereas the first half of the previous year still included service fees of about EUR 19m from the former banking partner.

The earnings development of the first half-year reflects the dynamics of the different business areas and the impacts of COVID-19. On balance, the negative COVID-19 effects amounted to about EUR 45m in total as a result of extraordinary health measures and logistics costs (about EUR 20m) as well as the impact on earnings related to the revenue drop (about EUR 25m). The revenue decrease in the Letter Mail and Direct Mail business areas have a strong impact on earnings due to the high level of fixed costs. In contrast, the Parcel business benefits from the massive impetus in e-commerce but is generally subject to higher variable costs. Furthermore, additional expenses arose over the past months to ensure Austrian Post's ability to handle the unexpected rise in parcel volumes of up to 50% during the lockdown weeks. EBIT of the logistics business (excl. Retail & Bank Division) was down by 27.4% in the first half-year to EUR 76.9m. The start-up of bank99 presents a significant special effect in 2020. The objective is to add new products to the financial services offering in the upcoming quarterly periods and generate positive earnings contributions by 2023.

The first virtual Annual General Meeting of Austrian Post was held on 17 June 2020 without the physical presence of the participants due to the measures enacted to contain the spread of COVID-19. The meeting resolved to distribute a stable dividend of EUR 2.08 per share which was distributed on 30 June 2020 (dividend payment day on 1 July 2020). In this way Austrian Post reaffirms its clear capital market positioning as a reliable dividend stock.

Vienna, 29 July 2020

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

Group Management Report for the First Half of 2020

1. Business Development and Economic Situation

1.1 Segment information

Austrian Post has enhanced its level of transparency due to the new organisational structure in 2020. As at 1 January 2020, the company structures its business operations in three operating divisions: Mail, Parcel & Logistics and Retail & Bank. Alongside the Corporate Division, they comprise the four reporting segments as stipulated by IFRS 8. Mail and parcel logistics in Austria were combined in the internal Logistics Network production unit, which provides services to the operating divisions on a cost basis.

1.2 Changes to the scope of consolidation

The following material change in the scope of consolidation took place in the first half of 2020: the reappointment of the Board of Directors as at 18 June 2020 and the dismissal of the court-appointed trustees enabled Austrian Post to once again exercise a controlling influence on Aras Kargo a.s. For this reason, the stake of 25% held in the company has again been accounted for using the equity method since 18 June 2020. A complete presentation of all changes related to the scope of consolidation is presented in Chapter 3 of the Notes to the Consolidated Financial Statements.

1.3 Revenue and Earnings

1.3.1 REVENUE DEVELOPMENT

In the first half-year of 2020, Group revenue of Austrian Post improved slightly to EUR 981.9m (+0.1%) compared to the prior-year period. The dynamically growing parcel business characterised by a 30.0% revenue increase managed to offset the declines in the Mail Division and Retail & Bank Division.

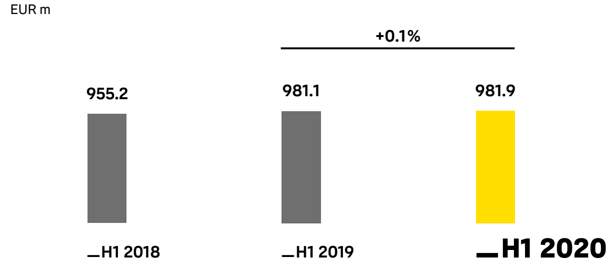
The Mail Division accounted for 59.8% of the Group revenue. In the Mail Division, the expected shortfalls resulted in a revenue decrease of 10.5%. This is, on the one hand, due to a significant decline in conventional Letter Mail volumes triggered by the closure of many governmental offices and businesses. On the other hand, Direct Mail revenue was also significantly impaired by the government-imposed store closings in response to COVID-19.

The Parcel & Logistics Division generated 37.3% of the total Group revenue in the reporting period against the backdrop of an ongoing upward trend. The 30.0% revenue increase was driven primarily by the organic volume growth from e-commerce in Austria as well as through the cooperation with Deutsche Post DHL Group since August 2019.

The Retail & Bank Division accounted for 2.9% of total Group revenue in the first half-year. The 34.6% revenue decrease in the newly created Retail & Bank Division in the first half of 2020 is due to the inaugural launch of bank99 on 1 April 2020, whereas the first half of the previous year still included service fees of EUR 18.8m from the former banking partner.

Revenue Development

EUR m



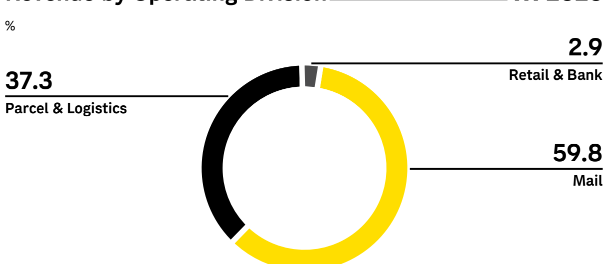
Revenue by Division

EUR m	H1 2019[1]	H1 2020	Change %	Change EUR m	Q2 2019[1]	Q2 2020
REVENUE	**981.1**	**981.9**	**0.1%**	**0.8**	**488.6**	**479.1**
Mail	660.2	590.6	–10.5%	–69.6	327.3	273.1
Parcel & Logistics	283.0	367.9	30.0%	84.9	142.0	193.4
Retail & Bank	43.8	28.6	–34.6%	–15.1	21.9	15.5
Corporate/Consolidation	–5.9	–5.3	10.6%	0.6	–2.6	–2.8
Working days in Austria	123	123	–	–	60	60

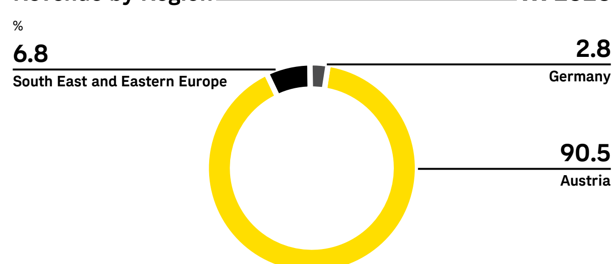
[1] Adjusted to the new segment structure since 1 January 2020

From a regional perspective, Austrian Post generated 90.5% of its Group revenue in Austria in the first half of 2020. South East and Eastern Europe accounted for 6.8% and Germany for 2.8% of the Group revenue.

Revenue by Operating Division H1 2020



Revenue by Region H1 2020



Revenue Development of the Mail Division

EUR m	H1 2019[1]	H1 2020	Change %	Change EUR m	Q2 2019[1]	Q2 2020
REVENUE	**660.2**	**590.6**	**–10.5%**	**–69.6**	**327.3**	**273.1**
Letter Mail & Mail Solutions	408.8	381.3	–6.7%	–27.5	200.6	178.0
Direct Mail	186.3	152.8	–18.0%	–33.5	92.3	69.0
Media Post	65.1	56.5	–13.2%	–8.6	34.4	26.0
Revenue intra-Group	1.3	1.4	6.1%	0.1	0.6	0.7
TOTAL REVENUE	**661.5**	**592.0**	**–10.5%**	**–69.5**	**327.9**	**273.8**
thereof revenue with third parties	658.8	587.7	–10.8%	–71.2	326.9	271.3

[1] Adjusted to the new segment structure since 1 January 2020

Revenue of the Mail Division totalled EUR 590.6m, of which 64.6% can be attributed to the Letter Mail & Mail Solutions business. Direct Mail accounted for 25.9% of the total divisional revenue, and Media Post had a 9.6% share.

In the first half of 2020, Letter Mail & Mail Solutions revenue amounted to EUR 381.3m, down by 6.7% from the prior-year period. The declining volume trend resulting from the substitution of letters by electronic forms of communication continued. Especially in the second quarter of 2020, the lockdown measures and the economic restrictions at authorities and companies reduced the revenue. Traditional mail volumes in Austria showed a drop of about 9% in the first half of 2020. The Mail Solutions business area reported slight revenue growth from the previous year, particularly in the areas of document logistics, output management and digital services.

Direct Mail revenue fell by 18.0% to EUR 152.8m in the first half of 2020. The Direct Mail business was primarily affected by the COVID-19 pandemic and the resulting government-imposed store closings.

Revenue from Media Post, i.e. the delivery of newspapers and magazines fell by 13.2% year-on-year to EUR 56.5m. This decrease can also be attributed to the COVID-19 pandemic.

Revenue Development of the Parcel & Logistics Division

EUR m	H1 2019[1]	H1 2020	Change %	Change EUR m	Q2 2019[1]	Q2 2020
REVENUE	**283.0**	**367.9**	**30.0%**	**84.9**	**142.0**	**193.4**
Premium Parcels	146.7	212.1	44.5%	65.3	77.9	112.0
Standard Parcels	107.4	122.1	13.6%	14.6	49.4	65.3
Other Parcel Services	28.9	33.7	16.9%	4.9	14.7	16.1
Revenue intra-Group	0.4	0.5	39.4%	0.1	0.2	0.2
TOTAL REVENUE	**283.4**	**368.4**	**30.0%**	**85.0**	**142.2**	**193.6**
thereof revenue with third parties	278.4	364.6	31.0%	86.2	139.7	191.5

[1] Adjusted to the new segment structure since 1 January 2020

Revenue of the Parcel & Logistics Division improved by 30.0% in the first half of 2020 to EUR 367.9m from EUR 283.0m in the previous year. High growth in the parcel business is, on the one hand, based on the ongoing e-commerce trend in Austria. Despite the own delivery by a major customer in the eastern part of Austria, Austrian Post also succeeded in participating in market growth during this reporting period. Intense competition and high price pressure continue to prevail. The Parcel business gained from a strong momentum in e-commerce, where volumes in Austria increased by 28% in the first quarter and more than 40% in the second quarter of 2020. On the other hand, the cooperation with Deutsche Post DHL Group in Austria since August 2019 has also made a significant contribution to current growth.

The development towards faster delivery of parcels can be observed as a clear trend. In total, 57.6% of the division's revenue in the first six months of 2020 was generated by the Premium Parcels business (delivery on the first working day after posting). This corresponds to an increase of 44.5% to EUR 212.1m in the first half-year 2020.

The Standard Parcels business area accounted for 33.2% of divisional revenue and showed a revenue increase of 13.6% to EUR 122.1m in the first half of 2020.

Other Parcel Services, which includes various additional logistics services, generated 9.2% of divisional revenue totalling EUR 33.7m in the first six months of 2020. This corresponds to a rise of 16.9%.

An analysis by region shows that in the first six months of 2020, 82.0% of the revenue in the Parcel & Logistics Division was generated in Austria, with a revenue growth of 33.1% in year-on-year comparison. 18.0% of divisional revenue can be attributed to subsidiaries in South East and Eastern Europe. The revenue increase in this highly competitive region amounted to 17.4% in the first half of 2020, driven by increasing parcel quantities related to the COVID-19 pandemic.

Revenue Development of the Retail & Bank Division

EUR m	H1 2019[1]	H1 2020	Change %	Change EUR m	Q2 2019[1]	Q2 2020
REVENUE	**43.8**	**28.6**	**–34.6%**	**–15.1**	**21.9**	**15.5**
Branch Services	43.7	22.4	–48.7%	–21.3	21.9	11.2
Income from financial services	0.0	6.2	–	6.2	0.0	4.2
Revenue intra-Group	88.7	87.5	–1.3%	–1.2	44.0	43.8
TOTAL REVENUE	**132.5**	**116.2**	**–12.3%**	**–16.3**	**66.0**	**59.3**
thereof revenue with third parties	43.8	28.6	–34.6%	–15.1	21.9	15.4

[1] Adjusted to the new segment structure since 1 January 2020

Revenue of the Retail & Bank Division reached a level of EUR 28.6m in the first half of 2020, down from EUR 43.8m in the prior-year period. Branch services in the previous year included service fees from the former banking partner totalling EUR 18.8m. Branch Services revenue (retail goods and branch products) amounted to EUR 22.4m in the period under review. First half-year 2020 income from financial services of EUR 6.2m included also cash payments for third parties (e.g. pensions). bank99 had its inaugural launch on 1 April 2020 and has over 42,000 customers by now.

Financial Performance of the Group

EUR m	H1 2019	H1 2020	Change %	Change EUR m	Q2 2019[1]	Q2 2020
REVENUE	**981.1**	**981.9**	**0.1%**	**0.8**	**488.6**	**479.1**
Other operating income	42.2	28.4	–32.8%	–13.8	21.2	15.0
Raw materials, consumables and services used	–218.7	–247.5	–13.1%	–28.7	–108.5	–127.2
Staff costs	–507.3	–494.7	2.5%	12.6	–255.6	–241.2
Other operating expenses	–134.7	–156.3	–16.1%	–21.7	–68.3	–79.3
Results from financial assets accounted for using the equity method	–0.5	0.5	>100%	0.9	0.2	0.5
EBITDA[1]	**162.2**	**112.3**	**–30.8%**	**–49.9**	**77.6**	**46.9**
Depreciation, amortisation and impairment losses	–54.5	–64.0	–17.6%	–9.6	–27.3	–32.0
EBIT[2]	**107.7**	**48.2**	**–55.2%**	**–59.5**	**50.3**	**14.9**
Other financial result	0.8	5.1	>100%	4.3	–2.6	4.0
PROFIT BEFORE TAX	**108.5**	**53.3**	**–50.8%**	**–55.1**	**47.7**	**18.9**
Income tax	–29.1	–14.2	51.2%	14.9	–11.6	–5.9
PROFIT FOR THE PERIOD	**79.4**	**39.1**	**–50.7%**	**–40.2**	**36.0**	**12.9**
Earnings per share (EUR)[3]	1.17	0.66	–43.9%	–0.52	0.53	0.24

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

1.3.3 EARNINGS DEVELOPMENT

The largest expense items in relation to Austrian Post's Group revenue are staff costs (50.4%), raw materials, consumables and services used (25.2%) and other operating expenses (15.9%). 6.5% can be attributed to depreciation, amortisation and impairment losses.

Staff costs in the first half of 2020 totalled EUR 494.7m, implying a decline of 2.5% or EUR 12.6m. This improvement is attributable to operating staff costs. The Austrian Post Group employed an average of 20,443 people (full-time equivalents) in the first six months of 2020 compared to the average of 20,166 employees in the prior-year period (+1.4%).

In addition to operational staff costs, staff costs of Austrian Post also include various non-operating staff-related expenses such as severance payments and changes in provisions, which are primarily related to the specific employment situation of civil servant employees at Austrian Post. Non-operational staff costs did not include any significant changes compared to the prior-year period.

Raw materials, consumables and services used rose 13.1% to EUR 247.5m, which is mainly related to higher transport expenses as a result of increased parcel volumes.

Other operating expenses rose by 16.1% to EUR 156.3m, which is mainly related to higher costs for leased staff to handle higher parcel volumes as well as initial costs to set up the infrastructure of the new bank99.

Other operating income amounted to EUR 28.4m in the first half of 2020, compared to EUR 42.2m in the prior-year period. This change is primarily attributable to income from apartment sales from the Neutorgasse real estate project in the previous year.

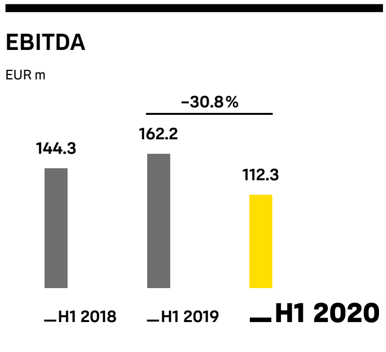
The results from financial assets accounted for using the equity method include the proportionate profits of joint ventures and associates for the period and improved from minus EUR 0.5m to plus EUR 0.5m in the first half of 2020.

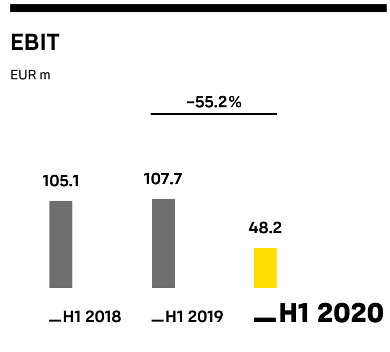
EBITDA at EUR 112.3m was EUR 49.9m below the comparable prior-year period due to negative effects relating to the COVID-19 pandemic. The EBITDA margin was 11.4%.

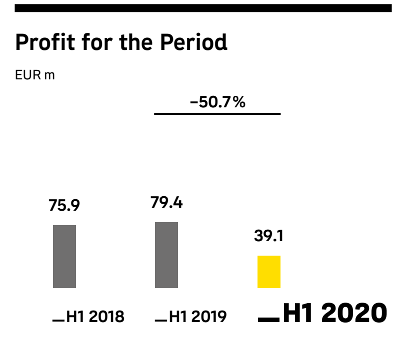
Depreciation, amortisation and impairment losses equalled EUR 64.0m, increasing by EUR 9.6m from the previous year. The increase is mainly due to the new logistics sites for the parcel logistics infrastructure.

Group-EBIT fell from EUR 107.7m to EUR 48.2m in the first half of 2020. The EBIT margin amounted to 4.9%. EBIT of the logistics business (excl. Retail & Bank Division) equalled EUR 76.9m, with an EBIT margin of 8.1%. In the first half of 2020, negative effects arising from COVID-19 totalled about EUR 45m, of which about EUR 20m are due to extraordinary health and logistics costs and about EUR 25m due to the earnings effect as a result of the decline in revenue.

The Group's other financial result of EUR 5.1m was EUR 4.3m above the prior-year period. This development is primarily the consequence of the sale of the stake in flatex AG in the current reporting period. After deducting the income tax of EUR 14.2m, the profit for the period equalled EUR 39.1m (-50.7%). This corresponds to undiluted earnings per share of EUR 0.66, compared to EUR 1.17 in the first half of 2019.







EBIT by Division

EUR m	H1 2019[1]	H1 2020	Change %	Change EUR m	Margin H1 2020[2]	Q2 2019[1]	Q2 2020
EBIT	**107.7**	**48.2**	**–55.2%**	**–59.5**	**4.9%/8.1%[3]**	**50.3**	**14.9**
Mail	103.5	73.2	–29.3%	–30.3	12.4%	47.9	26.3
Parcel & Logistics	14.9	18.2	22.1%	3.3	4.9%	8.1	9.4
Retail & Bank	1.7	–28.7	<-100%	–30.4	–	–0.1	–12.3
Corporate/Consolidation	–12.3	–14.4	–17.0%	–2.1	–	–5.6	–8.6

[1] Adjusted to the new segment structure since 1 January 2020
[2] Margin of the divisions in relation to total revenue
[3] EBIT margin of the logistics business of 8.1% (excl. Retail & Bank Division)

The result for the first half of 2020 of EUR 48.2m (–55.2%) was influenced by COVID-19 and the start-up of bank99. EBIT of the logistics business (excl. Retail & Bank Division) was reduced by 27.4% compared to the previous year, to EUR 76.9m in the first six months of 2020.

From a divisional perspective, the Mail Division achieved an EBIT of EUR 73.2m in the first six months of 2020. The year-on-year decline of 29.3% can be attributed to a decline in Letter Mail and Direct Mail volumes, for the most part due to the lockdown period imposed in response to the COVID-19 pandemic. Due to the high level of fixed costs in the Mail business, the revenue declines have a strong impact on earnings in the first half of 2020.

The Parcel & Logistics Division achieved revenue growth against the backdrop of intense competition and margin pressure, generating an EBIT of EUR 18.2m in the first half of 2020. This implies an increase of 22.1% from the previous year. The increase in revenue also resulted in high logistics and COVID-19 costs. Moreover, integration costs for network optimisation were necessary.

The Retail & Bank Division showed an EBIT of minus EUR 28.7m in the first half of 2020, compared to plus EUR 1.7m in the prior-year period. The decline is due to decreased revenues of 34.6%.

While bank99 was launched on the market in April of this year, the first half of 2019 still included EUR 18.8m in service fees from the former banking partner. In addition, the result was affected by COVID-19 as well as start-up costs of bank99.

EBIT of the Corporate Division (incl. Consolidation) changed from minus EUR 12.3m to minus EUR 14.4m. The Corporate Division provides non-operating services which are essential for the purpose of the administration and financial control of a Corporate Group. In addition to the classic corporate governance tasks, these services include the management and development of commercial properties not required for company operations, the management of key financial investments, the rendering of IT services, the development of new business models and the administration of the Internal Labour Market of Austrian Post.

1.4 Financial Position and Cash Flows

Balance Sheet Structure by Item

EUR m	31 December 2019[1]	30 June 2020	Structure 30 June 2020
ASSETS			
Property, plant and equipment, intangible assets and goodwill	1,152.7	1,137.5	52.7 %
Investment property	73.0	72.3	3.4 %
Financial assets accounted for using the equity method	11.4	34.0	1.6 %
Inventories, trade and other receivables	403.6	402.9	18.7 %
Other financial assets	298.7	125.2	5.8 %
thereof financial investments in securities/money market investments	240.6	119.8	–
Financial assets from financial services	50.9	289.2	13.4 %
Cash and cash equivalents	52.6	95.9	4.4 %
Assets held for sale	0.1	0.1	0.0 %
	2,042.9	**2,157.2**	**100 %**
EQUITY AND LIABILITIES			
Equity	700.7	600.6	27.8 %
Provisions	617.4	589.6	27.3 %
Other financial liabilities	309.5	296.3	13.7 %
Trade and other payables	415.3	429.5	19.9 %
Financial liabilities from financial services	0.0	241.2	11.2 %
	2,042.9	**2,157.2**	**100 %**

[1] Adjusted presentation

1.4.1 BALANCE SHEET STRUCTURE

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

Austrian Post's total assets amounted to EUR 2,157.2m as at 30 June 2020. On the asset side, property, plant and equipment at EUR 1,032.2m represent the largest balance sheet item. Intangible assets totalled EUR 44.4m, whereas goodwill reported for acquisitions equalled EUR 60.8m at the end of the first half of 2020. Receivables totalling EUR 293.6m comprised one of the largest balance sheet items in current assets. Other financial assets amounted to EUR 109.8m as at 30 June 2020. Financial assets from financial services at EUR 289.2m were newly reported in the balance sheet. They largely relate to the deposit and investment business of bank99 as well as the handling of cash payments for third parties (e.g. pensions).

Austrian Post held securities and money market investments amounting to EUR 119.8m on 30 June 2020 that are included in Other financial assets. The securities and money market investments held by Austrian Post carry an investment grade rating or comparable credit rating. For this reason, it can be assumed that these assets can be sold in the short term. The balance sheet shows that Austrian Post had cash and cash equivalents to the amount of EUR 95.9m as at 30 June 2020. Including financial investments in securities and money market investments, the portfolio of current and non-current financial resources totalled EUR 215.7m at the end of June 2020.

On the liabilities side of the balance sheet, equity of the Austrian Post Group equalled EUR 600.6m as at 30 June 2020 and thus represented the largest balance sheet item on the liabilities side (equity ratio of 27.8 %). The year-on-year decline in the equity ratio primarily resulted from the financial service offerings of the Retail & Bank Division. Provisions totalling EUR 589.6m at the end of June 2020 comprised the second largest item on the equity and liabilities side of the balance sheet. Just under 80 % of provisions are staff-related provisions. EUR 170.7m can be attributed to provisions for employee under-utilisation. A further EUR 186.8m are related to legally and contractually stipulated provisions for social capital (severance payments and anniversary bonuses) along with EUR 88.6m for other staff-related provisions.

Other provisions amounted to EUR 143.3m and include obligations for possible compensation payments in connection with credited recovery claims from non-wage labour costs paid in previous periods as well as provisions for data protection procedures. Other financial liabilities amounted to EUR 296.3m and included non-current lease liabilities of EUR 295.4m. Trade payables and other liabilities totalling EUR 429.5m primarily related to current trade payables of EUR 195.9m. Financial liabilities from financial services of EUR 241.2m are now reported separately on the liabilities side of the balance sheet. They mainly comprise the deposit and investment business of bank99 as well as the handling of cash payments for third parties (e.g. pensions).

Cash flow

EUR m	H1 2019	**H1 2020**
Gross cash flow	163.5	117.2
CASH FLOW FROM OPERATING ACTIVITIES	**123.6**	**306.9**
thereof assets/liabilities from financial services (core banking assets)	0.0	230.9
Cash flow from investing activities	–97.4	109.1
thereof maintenance CAPEX	–21.2	–20.9
thereof growth CAPEX	–48.8	–16.8
thereof cash flow from acquisitions/divestments	–4.7	36.4
thereof acquisition/disposal of securities/money market investments	–20.0	120.2
thereof other cash flow from investing activities	–2.8	–9.8
Free cash flow	26.2	416.0
Free cash flow before acquisitions/securities/money market investments	50.8	259.4
OPERATING FREE CASH FLOW[1]	**99.6**	**45.3**
Cash flow from financing activities	–126.2	–144.7
thereof dividends	–141.0	–123.0
Change in cash and cash equivalents	–100.0	271.3

[1] Free cash flow before acquisitions/securities/money market investments, Growth CAPEX and core banking assets

1.4.2 CASH FLOW

The gross cash flow in the first half of 2020 equalled EUR 117.2m, compared to the level of EUR 163.5m in the first half of 2019. The decline was related to lower earnings before tax. The cash flow from operating activities amounted to EUR 306.9m, up from EUR 123.6m in the prior-year period. In this regard the core banking assets of bank99 comprised the biggest moving part and had a positive impact of EUR 230.9m. The core banking assets encompass those items resulting from the deposit and investment business of bank99 since April 2020 and the handling of cash payments for third parties (e.g. pensions).

The cash flow from investing activities was EUR 109.1m in the first six months of 2020, compared to minus EUR 97.4m in the previous year. The change is largely related to securities and money market investments, encompassing cash inflows of EUR 120.2m impacting the cash flow in the reporting period (in comparison to cash outflows of EUR 20.0m in the prior-year period). Furthermore, the first half of 2020 included cash inflows of EUR 38.0m from the disposal of Austrian Post's shares in flatex AG. The free cash flow before securities, money market investments and core banking assets amounted to EUR 64.9m in the first half-year 2020. After deducting the core banking assets of bank99, the operating free cash flow was EUR 45.3m in the current reporting period compared to EUR 99.6m in the first half of the previous year.

The cash flow from financing activities, which primarily consisted of the dividend payments, amounted to minus EUR 144.7m in the first six months of 2020, whereas the prior-year figure was minus EUR 126.2m.

1.4.3 CAPITAL EXPENDITURES

The Austrian Post Group's capital expenditures equalled EUR 50.5m in the first half of 2020, of which EUR 6.7m was attributable to the addition of right-of-use assets pursuant to IFRS 16 Leases. Investments included EUR 37.8m for property, plant and equipment and EUR 12.7m for intangible assets. The bulk of investments related to the capacity programme designed to expand the parcel logistics infrastructure. Investments in the bank99 infrastructure equalled EUR 7.4m in the first six months of 2020.

1.5 Employees

The average number of employees in the Austrian Post Group totalled 20,443 full-time equivalents in the first six months of 2020. This comprises an increase in the total number of employees by 277 full-time equivalents compared to the first half of 2019. Most of Austrian Post's staff is employed by the parent company Österreichische Post AG (17,132 full-time equivalents in total).

Employees by Division

Average for the period, full-time equivalents	H1 2019[1]	H1 2020	Share H1 2020
Mail	836	872	4.3%
Parcel & Logistics	2,502	2,653	13.0%
Retail & Bank	2,175	2,105	10.3%
Corporate	1,731	1,580	7.7%
OPERATING DIVISIONS	**7,244**	**7,210**	**35.3%**
Logistics Network	12,922	13,233	64.7%
GROUP	**20,166**	**20,443**	**100%**

[1] Adjusted to the new segment structure since 1 January 2020

1.6 Events After the Reporting Period

No significant events have occurred after the end of the reporting period on 30 June 2020.

1.7 Main Risks and Uncertainties

As an international postal and logistics services provider, Austrian Post Group is subject to a variety of operational risks in running its business operations. Austrian Post deals with these risks responsibly. The focus on its core business activities, as well as a long experience in the business, have enabled Austrian Post to identify these risks at an early stage, evaluate them and quickly take appropriate precautionary measures.

The main risks and uncertainties faced by Austrian Post, such as the structure of employment contracts, regulatory, legal risks, financial and technical risks as well as market and competitive risks along with information on the internal controlling system and risk management with regard to the accounting process are described in detail in the Annual Report 2019 of Austrian Post (see the Annual Report 2019, Group Management Report, sections 4 and 5, and the Consolidated Financial Statements, Chapter 10.2).

The first half of the current financial year developed in the first two months in a way comparable to previous periods. In March of this year, the global economy experienced an enormous setback due to the COVID-19 pandemic and the related containment measures implemented across the globe. Experience has shown that unfavourable economic conditions faced by customers of Austrian Post have negative effects on the development of Letter Mail and Direct Mail volumes. Longer-lasting periods of economic weakness could lead to massive cost cutting requirements on the part of large customer groups and thus negatively impact Austrian Post's revenue development. Furthermore, a subdued economic situation could also have an impact on the Group's competitive position and thus achievable prices for postal services.

Traditional Letter Mail items as well as Direct Mail are increasingly under pressure by electronic forms of communication. The COVID-19 pandemic will further increase this pressure. The increased use of electronic forms of communication could be sustainably accelerated due to a 'get-used-to' effect of e-substitution. The parcel market is positively impacted by the online shopping trend and restrictions imposed in response to the COVID-19 pandemic. However, at the same time, market participants are intensifying their activities in order to profit from this market growth. The resulting shifts in market share and increased price pressure could negatively impact Austrian Post's earnings situation. The uninterrupted online shopping trend can also be perceived at an international level. In this connection, Turkey is also a very attractive, dynamic and strongly growing market. Accordingly, after increasing the stake held by Austrian Post in the Turkish company Aras Karo a.s. to 80%, a positive revenue effect is expected. Turkey is in fact a growth market, but at the same time is subject to considerable currency and inflation risks.

In the Retail & Bank Division, Austrian Post is partly dependent on strategic partners and their economic success. In order to offer financial services in its branch network, Austrian Post entered into a partnership with the GRAWE Banking Group in April 2019 to establish a focused financial services business in Austria. bank99 commenced business operations in April 2020. The ramp-up for attracting customers proceeded very satisfactorily in the first months. The objective is to largely reach the break-even point in the in the medium-term of operation. There is a risk that the success in attracting new customers could flatten out and stagnate after the initial peak period. Moreover, there is also the risk of a delayed integration of providers of third-party financial products. Both factors could result in revenue and thus earnings being below expectations. This risk was increased due to the COVID-19 pandemic.

All the above-mentioned risks, especially those relating to COVID-19 measures, could lead to a significant volume decrease and, thus, to a corresponding drop in earnings, for example due to various structural measures and restructuring costs or following valuation adjustments. In addition, the performance of subsidiaries or any required impairment losses could affect the earnings of Austrian Post.

Furthermore, the business model of Austrian Post is characterised by a high staff cost structure. Deviations from planned wages and salaries can have adverse effects. Depending on the economic development of customer segments, the number of employees is also subject to fluctuations. In turn, this can negatively impact earnings.

As part of the country's critical infrastructure, Austrian Post is required to maintain postal operations. Additional expenses could arise in this regard above current expectations, impacting operating earnings even more.

1.8 Related Party Transactions

There were no major changes in related party transactions in the first half of 2020. Information on related party transactions is provided in the Annual Report 2019 of Austrian Post (see the Annual Report 2019, Consolidated Financial Statements, Chapter 11.2).

1.9 Outlook 2020

The COVID-19 pandemic has significantly disrupted the business environment for many companies around the world. This also applies to postal and parcel service providers. The development of the first two quarters of 2020 shows that the economic impact is evident both in terms of revenue and earnings. Based on current economic forecasts, it can be assumed that there will not be a quick rebound but instead a slow and continuous recovery of important customer segments of Austrian Post.

REVENUE 2020 LARGELY STABLE

Against the backdrop of current trends, and assuming an ongoing recovery of the economic situation, it is expected that revenue in 2020 will remain largely stable. After the full consolidation of the Turkish company Aras Kargo revenue growth is expected for the year as a whole.

In the Mail Division an upper single digit decline in revenue is expected during the course of the year. The basis for previous forecasts was a revenue decline in the range of about 5% p.a. as a consequence of the electronic substitution of Letter Mail. After a double-digit decrease took place in the second quarter of 2020 due to the COVID-19 lockdown, an upper single digit range during the second half of the year as a consequence of the weaker economic development can be expected. Moreover, due to the economic situation of many companies, the Direct Mail business (decrease of about 25% in the second quarter) could be affected also in future quarters by reduced advertising activities.

Revenue growth of about 20% should be possible in the Parcel & Logistics Division for the year 2020. Volumes are currently developing above initial assumptions as the positive trend form increased e-commerce is ongoing. Furthermore, the full consolidation of the Turkish company Aras Karo will contribute to growth in 2020. Aras Kargo generated revenue of TRY 1,370m (about EUR 215m) in the year 2019.

The new Retail & Bank Division will generate a lower revenue contribution in 2020 than in the previous year. 2019 still included service fees from the former banking partner amounting to EUR 29.3m. The financial service business of the new bank99, which has been in operation since April 2020, will not yet be able to achieve revenue of this magnitude.

GROUP EARNINGS 2020 BELOW PRIOR-YEAR LEVEL

A 2020 forecast of revenue and earnings for Austrian Post is uncertain as the economic situation in many customer sectors is difficult to assess. The further development of the COVID-19 pandemic, the resulting government measures as well as the manner and extent to which the economy rebounds will all have a direct impact on the company's further business development in 2020.

In terms of earnings, a forecast for 2020 assumes that EBIT of the logistics business (excl. Retail & Bank Division) can reach at least EUR 160m (benchmark EBIT H1 2020: EUR 76.9m). The Group earnings (benchmark EBIT 2019: EUR 201m) reported in the year 2020 will be impacted by two additional effects, namely the positive revenue effect from the full consolidation of the Turkish company Aras Kargo and, in turn, the negative effect related to the start-up costs of bank99. The necessary long-term investments and start-up costs should steadily decline in the coming quarterly periods.

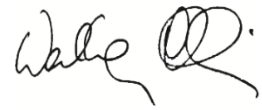
In the medium-term, the solid balance sheet of Austrian Post featuring high liquidity will strengthen the resilience of the business model. Austrian Post will continue to pursue investments and measurements that lead to an extension of capacities and to sustainable efficiency enhancement. Similar to the past two years, more than EUR 50m in growth investments are planned once again in order to be able to continue to guarantee the best quality network in Austria. This will complement the usual maintenance investments (maintenance CAPEX) of about EUR 70m. Moreover, there is the possibility of expanding or newly acquiring commercial properties for the logistics infrastructure. The challenge is to further expand Austrian Post's outstanding market position with respect to quality and quantity against the backdrop of rising parcel volumes. Targeted investments and measures should contribute to improving earnings in all divisions and thus in the Group results for 2021.

Austrian Post is committed to maintaining its positioning as a dividend stock. The Annual General Meeting of Austrian Post held on 17 June 2020 resolved to distribute a stable dividend of EUR 2.08 per share. The dividend was disbursed on 30 June 2020 (dividend payment day 1 July 2020). Austrian Post continues to pursue the goal of distributing at least 75% of the Group net profit to its shareholders.

Vienna, 29 July 2020

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 Interim Financial Statements

Consolidated Income Statement for the first half of 2020

EUR m	H1 2019	H1 2020	Q2 2019	Q2 2020
Revenue	981.1	981.9	488.6	479.1
thereof income from financial services	0.0	6.2	0.0	4.2
Other operating income	42.2	28.4	21.2	15.0
TOTAL OPERATING INCOME	**1,023.3**	**1,010.2**	**509.8**	**494.1**
Raw materials, consumables and services used	–218.7	–247.5	–108.5	–127.2
Staff costs	–507.3	–494.7	–255.6	–241.2
Depreciation, amortisation and impairment losses	–54.5	–64.0	–27.3	–32.0
Other operating expenses	–134.7	–156.3	–68.3	–79.3
TOTAL OPERATING EXPENSES	**–915.2**	**–962.5**	**–459.7**	**–479.7**
PROFIT FROM OPERATIONS	**108.2**	**47.7**	**50.1**	**14.4**
Results from financial assets accounted for using the equity method	–0.5	0.5	0.2	0.5
Financial income	4.8	10.3	–1.3	5.7
Financial expenses	–4.0	–5.1	–1.3	–1.7
Other financial result	0.8	5.1	–2.6	4.0
TOTAL FINANCIAL RESULT	**0.3**	**5.6**	**–2.5**	**4.5**
PROFIT BEFORE TAX	**108.5**	**53.3**	**47.7**	**18.9**
Income tax	–29.1	–14.2	–11.6	–5.9
PROFIT FOR THE PERIOD	**79.4**	**39.1**	**36.0**	**12.9**
ATTRIBUTABLE TO:				
Shareholders of the parent company	79.3	44.5	36.0	15.9
Non-controlling interests	0.0	–5.4	0.0	–3.0

EARNINGS PER SHARE (EUR)

BASIC EARNINGS PER SHARE	**1.17**	**0.66**	**0.53**	**0.24**
DILUTED EARNINGS PER SHARE	**1.17**	**0.66**	**0.53**	**0.24**

RECONCILIATION OF GROUP EBIT (EUR M)

Profit from operations	108.2	47.7	50.1	14.4
Results from financial assets accounted for using the equity method	–0.5	0.5	0.2	0.5
EARNINGS BEFORE OTHER FINANCIAL RESULT AND INCOME TAX (EBIT)	**107.7**	**48.2**	**50.3**	**14.9**

Consolidated Statement of Comprehensive Income for the first half of 2020

EUR m	H1 2019	H1 2020	Q2 2019	Q2 2020
PROFIT FOR THE PERIOD	**79.4**	**39.1**	**36.0**	**12.9**
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO THE INCOME STATEMENT:				
Currency translation differences – investments in foreign businesses	0.0	−0.9	0.0	0.2
TOTAL ITEMS THAT MAY BE RECLASSIFIED	**0.0**	**−0.9**	**0.0**	**0.2**
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO THE INCOME STATEMENT:				
Changes in fair value FVOCI – equity instruments	−4.1	−1.1	−4.1	−1.1
Revaluation of defined benefit obligations	−10.0	5.3	−3.5	5.3
Tax effect of revaluation	2.5	−1.3	0.9	−1.3
TOTAL ITEMS THAT WILL NOT BE RECLASSIFIED	**−11.6**	**2.9**	**−6.7**	**2.9**
OTHER COMPREHENSIVE INCOME	**−11.6**	**1.9**	**−6.7**	**3.1**
TOTAL COMPREHENSIVE INCOME	**67.8**	**41.1**	**29.4**	**16.0**
ATTRIBUTABLE TO:				
Shareholders of the parent company	67.7	46.4	29.4	19.0
Non-controlling interests	0.0	−5.4	0.0	−3.0

Consolidated Balance Sheet as at 30 June 2020

EUR m	31 Dec. 2019 adjusted [1]	30 June 2020
ASSETS		
NON-CURRENT ASSETS		
Goodwill	61.1	60.8
Intangible assets	35.1	44.4
Property, plant and equipment	1,056.5	1,032.2
Investment property	73.0	72.3
Financial assets accounted for using the equity method	11.4	34.0
Other financial assets	68.1	15.4
Other receivables	16.9	12.3
Deferred tax assets	65.9	62.6
	1,387.9	**1,334.0**
FINANCIAL ASSETS FROM FINANCIAL SERVICES		
Cash and central bank balances	48.0	272.6
Receivables against banks	2.9	6.3
Credits to clients	0.0	0.8
Other	0.0	9.5
	50.9	**289.2**
CURRENT ASSETS		
Other financial assets	230.6	109.8
Inventories	14.3	14.6
Contract assets	7.1	2.5
Trade and other receivables	296.9	293.6
Tax assets	2.5	17.4
Cash and cash equivalents	52.6	95.9
	604.0	**533.9**
ASSETS HELD FOR SALE	**0.1**	**0.1**
	2,042.9	**2,157.2**

[1] Adjustments see Note 2.2 changes in accounting and valuation methods and adjustment to prior-year figures

Consolidated Balance Sheet as at 30 June 2020

EUR m	31 Dec. 2019 adjusted [1]	30 June 2020
EQUITY AND LIABILITIES		
EQUITY		
Share capital	337.8	337.8
Capital reserves	91.0	91.0
Revenue reserves	303.3	189.5
Other reserves	–41.8	–24.0
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY	**690.3**	**594.3**
NON-CONTROLLING INTERESTS	**10.4**	**6.3**
	700.7	**600.6**
NON-CURRENT LIABILITIES		
Provisions	359.3	340.0
Other financial liabilities	270.7	256.8
Other payables	27.1	22.9
Contract liabilities	0.0	6.1
Deferred tax liabilities	0.8	0.9
	657.8	**626.7**
FINANCIAL LIABILITIES FROM FINANCIAL SERVICES		
Borrowings from banks	0.0	75.0
Banking clients deposits	0.0	165.5
Other	0.0	0.8
	0.0	**241.2**
CURRENT LIABILITIES		
Provisions	258.1	249.6
Tax liabilities	0.2	0.8
Other financial liabilities	38.8	39.5
Trade and other payables	357.3	370.2
Contract liabilities	29.9	28.6
	684.3	**688.7**
	2,042.9	**2,157.2**

[1] Adjustments see Note 2.2 changes in accounting and valuation methods and adjustment to prior-year figures

Consolidated Cash Flow Statement for the first half of 2020

EUR m	H1 2019	H1 2020
OPERATING ACTIVITIES		
Profit before tax	108.5	53.3
Depreciation, amortisation and impairment losses	54.5	64.0
Results from financial assets accounted for using the equity method	0.5	–0.5
Provisions non-cash	12.8	0.3
Other non-cash transactions	–12.7	0.0
GROSS CASH FLOW	**163.5**	**117.2**
Trade and other receivables	5.4	7.0
Inventories	5.2	–0.8
Contract assets	4.1	4.6
Provisions	–7.2	–27.6
Trade and other payables	–11.3	–0.5
Contract liabilities	–12.8	2.6
Financial assets/liabilities from financial services	0.0	230.9
Taxes paid	–23.4	–26.5
CASH FLOW FROM OPERATING ACTIVITIES	**123.6**	**306.9**
INVESTING ACTIVITIES		
Acquisition of intangible assets	–6.6	–12.5
Acquisition of property, plant and equipment/investment property	–70.0	–37.7
Sale of property, plant and equipment	3.5	1.8
Acquisition of subsidiaries and other business units	0.0	–0.9
Acquisition of financial assets accounted for using the equity method	–4.8	–0.8
Sale of financial assets accounted for using the equity method	0.1	0.0
Sale of other financial instruments	0.0	38.0
Acquisition of financial investments in securities/money market investments	–30.0	–50.0
Sale of financial investments in securities/money market investments	10.0	170.2
Loans granted	–0.5	0.1
Dividends received from financial assets accounted for using the equity method	0.1	0.0
Interest received	0.7	0.7
CASH FLOW FROM INVESTING ACTIVITIES	**–97.4**	**109.1**
FREE CASH FLOW	**26.2**	**416.0**

Consolidated Cash Flow Statement for the first half of 2020

EUR m	H1 2019	H1 2020
FINANCING ACTIVITIES		
Repayment of long-term financial liabilities (incl. current maturities of long-term debt)	–14.4	–19.1
Changes of short-term financial liabilities	31.5	–0.1
Dividends paid	–141.0	–123.0
Interest paid	–2.4	–2.4
CASH FLOW FROM FINANCING ACTIVITIES	**–126.2**	**–144.7**
CHANGE IN CASH AND CASH EQUIVALENTS	**–100.0**	**271.3**
Cash and cash equivalents at 1 January[1]	310.2	103.5
CASH AND CASH EQUIVALENTS AT 30 JUNE[1]	**210.2**	**374.8**

[1] The presentation of financial services was adjusted. Accordingly payment-transaction-receivables from financial institutions are included in the financial funds (in addition to cash, cash equivalents and balances at central banks).

Consolidated Statement of Changes in Equity for the first half of 2019

EUR m	Share capital	Capital reserves	Revenue reserves
BALANCE AS AT 1 JANUARY 2019	**337.8**	**91.0**	**298.5**
Profit for the period	0.0	0.0	79.3
Other comprehensive income	0.0	0.0	0.0
TOTAL COMPREHENSIVE INCOME	**0.0**	**0.0**	**79.3**
Dividends paid	0.0	0.0	–140.5
TRANSACTIONS WITH OWNERS	**0.0**	**0.0**	**–140.5**
BALANCE AS AT 30 JUNE 2019	**337.8**	**91.0**	**237.3**

Consolidated Statement of Changes in Equity for the first half of 2020

EUR m	Share capital	Capital reserves	Revenue reserves
BALANCE AS AT 1 JANUARY 2020	**337.8**	**91.0**	**303.3**
Profit for the period	0.0	0.0	44.5
Other comprehensive income	0.0	0.0	0.0
TOTAL COMPREHENSIVE INCOME	**0.0**	**0.0**	**44.5**
Dividends paid	0.0	0.0	–140.5
Acquisition of non-controlling interests	0.0	0.0	0.1
Payments to subsidiaries with non-controlling interests	0.0	0.0	–2.0
TRANSACTIONS WITH OWNERS	**0.0**	**0.0**	**–142.4**
Reposting	0.0	0.0	–15.9
OTHER CHANGES	**0.0**	**0.0**	**–15.9**
BALANCE AS AT 30 JUNE 2020	**337.8**	**91.0**	**189.5**

	Other reserves					
	IAS 19 reserve	FVOCI reserve	Currency translation reserve	**Equity attributable to shareholders of the parent company**	Non-controlling interests	**Equity**
	−16.1	**−12.2**	**−1.8**	**697.1**	**2.0**	**699.1**
	0.0	0.0	0.0	79.3	0.0	79.4
	−7.5	−4.1	0.0	−11.6	0.0	−11.6
	−7.5	**−4.1**	**0.0**	**67.7**	**0.0**	**67.8**
	0.0	0.0	0.0	−140.5	−0.5	−141.0
	0.0	**0.0**	**0.0**	**−140.5**	**−0.5**	**−141.0**
	−23.6	**−16.3**	**−1.8**	**624.3**	**1.6**	**625.9**

	Other reserves					
	IAS 19 reserve	FVOCI reserve	Currency translation reserve	**Equity attributable to shareholders of the parent company**	Non-controlling interests	**Equity**
	−25.6	**−14.2**	**−2.1**	**690.3**	**10.4**	**700.7**
	0.0	0.0	0.0	44.5	−5.4	39.1
	4.0	−1.1	−0.9	1.9	0.0	1.9
	4.0	**−1.1**	**−0.9**	**46.4**	**−5.4**	**41.1**
	0.0	0.0	0.0	−140.5	−0.7	−141.2
	0.0	0.0	0.0	0.1	−0.1	0.0
	0.0	0.0	0.0	−2.0	2.0	0.0
	0.0	**0.0**	**0.0**	**−142.4**	**1.2**	**−141.2**
	0.0	15.9	0.0	0.0	0.0	0.0
	0.0	**15.9**	**0.0**	**0.0**	**0.0**	**0.0**
	−21.6	**0.6**	**−3.0**	**594.3**	**6.3**	**600.6**

Notes to the Consolidated Interim Financial Statements for the first half of 2020

1. Summary of Accounting Principles

The consolidated financial statements of Austrian Post as at June 30, 2020 have been prepared in accordance with the International Financial Reporting Standards (IFRS) valid as at June 30, 2020, as issued by the International Accounting Standards Board (IASB) and adopted by the European Union, and the additional requirements of Section 245a of the Austrian Commercial Code (UGB).

These consolidated interim financial statements have been prepared on the basis of IAS 34 Interim Financial Reporting. The consolidated interim financial statements do not include all the notes usually contained in the financial statements for the entire financial year. Accordingly, these consolidated interim financial statements should be read in connection with the consolidated financial statements for the 2019 financial year. The accounting and valuation methods as well as the explanations and notes to the financial statements are fundamentally based on the same accounting and valuation methods underlying the consolidated financial statements for the 2019 financial year with the exception of the initial application of new and revised standards, the change in segment reporting and the change in the presentation of financial services, as explained below.

Due to the extraordinary situation prevailing during the current **COVID-19** pandemic, the potential consequences were examined separately and in greater depth within the context of preparing the consolidated interim financial statements. This particularly applied to reviewing the impairment of assets pursuant to IAS 36 and IFRS 9, the completeness of recognition, the evaluation of liabilities as well as the recognition of current and deferred taxes. The existing uncertainties and reduced expectations with respect to the overall macroeconomic development were taken into account as an indication of impairment in accordance with IAS 36 and potential effects were taken into consideration via simulations in the planning calculations for the cash generating units and investment property. On balance, neither a need for impairment nor significant impacts on the fair value of the properties were determined. The expected loss rates were adjusted with respect to trade and other receivables. The effects were negligible in terms of the amounts and no significant payment defaults have been observed up to now. The particular challenges in the distribution and delivery of mail items within the context of the COVID-19 pandemic (especially the higher volumes and bottlenecks in the distribution centres) led to more extensive damage to the items posted. An assessment of the total damage is still underway at present. On the basis of current findings, the best possible estimate was made with respect to payments for damages and corresponding provisions were allocated. No major adjustments had to be carried out due to COVID-19 with regard to current or deferred taxes. Please refer to the relevant clarifications in the Group Management Report on the economic impacts on the current profit, asset and financial position of the Group in the first half of 2020.

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

2. Changes in Accounting and Valuation Methods and Adjustments of Prior-Year Figures

2.1 Revisions to International Financial Reporting Standards

2.1.1 MANDATORY APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

There were no new standards which had to be applied on a mandatory basis for the first time during the first half of 2020. The following revised standards had to be applied for the first time:

Mandatory application of revised standards		Effective date[1]
IFRS 3	Definition of a Business	1 Jan. 2020
IFRS 9/IAS 39/IFRS 7	Interest Rate Benchmark Reform	1 Jan. 2020
IAS 1/IAS 8	Definition of Materiality	1 Jan. 2020
Miscellaneous	Amendments to References to the Conceptual Framework in IFRS Standards	1 Jan. 2020

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

2.1.2 STANDARDS WHICH ARE 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[1]
IFRS 17	Insurance Contracts (including Amendments to IFRS 17)	to be decided	1 Jan. 2023

Revised standards not yet applied		Endorsement EU	Effective date[1]
IAS 1	Classification of liabilities in short- and longterm liabilities	to be decided	1 Jan. 2023
Miscellaneous	Improvements to IFRS (2018-2022)	to be decided	1 Jan. 2022
IFRS 3	Amendments to References to the Conceptual Framework in IFRS Standards	to be decided	1 Jan. 2022
IAS 16	Property, plant and equipment	to be decided	1 Jan. 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	to be decided	1 Jan. 2022
IFRS 16	Covid 19-Related Rent Concessions	planned Q3/Q4 2020	1 Jun. 2020
IFRS 4	Insurance Contracts — deferral of IFRS 9	Q4 2020	1 Jan. 2021

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

The new and revised standards which have not yet been applied are not expected to have any material impact on the consolidated financial statements of Austrian Post.

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

2.2.1 CHANGE IN SEGMENT REPORTING

Austrian Post implemented a new organisational structure in 2020, leading to corresponding changes in segment reporting as at 1 January 2020. The segment reporting for the 2019 financial year was adjusted to ensure comparability. With respect to the changes in segment reporting, reference is made to Note 5 Segment Reporting.

2.2.2 CHANGE IN THE PRESENTATION OF FINANCIAL SERVICES

The reporting of financial services was changed in the 2020 financial year for the purpose of ensuring a transparent presentation of financial services within the Austrian Post Group.
The recognition of financial assets and liabilities from financial services in the consolidated balance sheet is no longer separately recognised as current or non-current but as a section in the balance sheet classified according to liquidity between the non-current and current assets and liabilities. Similarly, cash and central bank balances are now recognised as financial assets from financial services. The consolidated cash flow statement will continue to show this item as part of cash and cash equivalents. For more details, reference is also made to Note 10 Information on the Cash Flow Statement.

The effects on adjustments to the consolidated balance sheet are 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 against 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**

3. Consolidation Scope

In addition to the parent company Austrian Post, a total of 28 domestic subsidiaries (31 December 2019: 27) and 14 foreign subsidiaries (31 December 2019: 14) are included in the consolidated interim financial statements. Furthermore, two domestic companies (31 December 2019: three) and two foreign companies (31 December 2019: one) are accounted for using the equity method.

3.1 Changes in the Consolidation Scope

The following changes in the consolidation scope took place in the first half of 2020:

	Interest			
Company name	**from**	**to**	**Date of transaction**	**Comment**
MAIL				
adverserve Holding GmbH, Vienna	82.00 %	90.00 %	19 Jun. 2020	Acquisition
PARCEL & LOGISTICS				
PHS Logistiktechnik GmbH, Graz	40.00 %	48.36 %	6 Mar. 2020	Capital increase
Aras Kargo a.s., Istanbul	25.00 %	25.00 %	18 Jun. 2020	Change of method
CORPORATE				
Post IT Services GmbH (formerly OMNITEC Informationstechnologie-Systemservice GmbH), Vienna	50.00 %	100.00 %	1 Jan. 2020	Acquisition in stages

MAIL

adverserve Holding GmbH Austrian Post acquired an additional 8% of the shares in adverserve Holding GmbH effective 19 June 2020. Accordingly, the stake held by Austrian Post increased from 82% to 90%. The liability of EUR 0.3m resulting from the contractual purchase obligation was already offset against consolidated equity (revenue reserves) within the context of the initial consolidation in August 2019. The final amount of this purchase price liability depends on the future earnings of adverserve Holding GmbH as well as its subsidiaries.

The net assets for the additional shares acquired at the time of acquisition totalled EUR 0.1m. Accordingly, Austrian Post recognised a reduction in non-controlling interests by EUR 0.1m and an increase in revenue reserves of EUR 0.1m.

PARCEL & LOGISTICS

Aras Kargo a.s. The reappointment of the Board of Directors as at 18 June 2020 and the dismissal of the court-appointed trustees enabled Austrian Post to once again exercise a controlling influence on Aras Kargo a.s. For this reason, the stake held in the company has again been accounted for using the equity method since 18 June 2020.

The company was managed by a court-appointed trustee panel since the spring of 2017. The trustees were only responsible to the court. Accordingly, the period in which Aras Kargo a.s. was accounted using the equity method was terminated, and the shares were measured at fair value through other comprehensive income (FVOCI). The last adjustment of fair value as at 18 June 2020 resulted in an adjustment of the carrying amount by EUR minus 1.1m to EUR 22.2m. The accumulated adjustments of the fair value including deferred taxes totalling EUR minus 15.9m recognised in equity in the FVOCI reserve were reclassified to the revenue reserves.

The stake in Aras Kargo a.s. which was accounted for using the equity method amounts to EUR 22.6m as at 30 June 2020. Since 18 June 2020, pro rata earnings of EUR 0.3m have been recognised.

Furthermore, Austrian Post signed at 16 June 2020 agreements concerning the acquisition of additional 55% of the shares in Aras Kargo a.s. (Signing). The completion of the transaction depends on the approval of Turkish authorities and is expected for the third quarter 2020.

CORPORATE

Post IT Services GmbH Effective 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 total shareholding from 50% to 100%. OMNITEC was accounted for using the equity method up until 31 December 2019. Since 1 January 2020, it has been fully consolidated in the consolidated financial statements of Austrian Post.

The purchase price amounted to EUR 1.0 and is to be seen as a symbolic purchase price within the context of the unbundling agreement with BAWAG P.S.K. Income of EUR 0.4m resulted from the acquisition and are recognised as other operating income. The income is related to the valuation of the previously held shareholding as well as the profit from the acquisition ("badwill") to the amount of EUR 0,2m each.

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

4. Accounting and Valuation Methods

4.1 Presentation of Financial Services within the Consolidated Financial Statements

The specific items from the financial services business are presented in separate line items in the consolidated income statement, consolidated balance sheet and consolidated cash flow statement for the purpose of ensuring transparent reporting.

Due to the special features of the business model, separate accounting and valuation methods apply to these financial assets and liabilities which differ from the rest of the Austrian Post Group. These are shown separately as follows.

4.1.1 FINANCIAL ASSETS AND LIABILITIES FROM FINANCIAL SERVICES

In particular, those items directly resulting from the deposit and investment business of bank99 or processing so-called P.S.K. bank transfers (e.g. payment of pensions, unemployment benefits and similar services in the name of and for the account of third parties) are recognised under financial assets and liabilities from financial services in the consolidated balance sheet. Similarly, these items include cash and central bank balances of bank99. The presentation of these items takes place sequentially according to their liquidity.

Assets and liabilities not encompassed in the deposit and investment business are recognised as other non-current and current assets and liabilities (e.g. intangible assets and property, plant and equipment as well as contract assets and liabilities) according to their maturities.

Classification Receivables against banks and credits to clients and as well as other receivables from financial services are held within the context of a business model whose objective is the collection of contractual cash flows. Accordingly, these financial assets are classified in the category "At amortised cost (at cost)". Inasmuch as individual assets do not fulfil the criteria of being so-called contractual cash flows pursuant to IFRS 9, these are classified in the category "At fair value through profit or loss (FVTPL)".

In the field of liquidity management, financial assets from investments in securities are held within the context of a business model whose objective is the collection of contractual cash flows as well as in the sale of financial assets. Accordingly, they are classified in the category "At fair value through other comprehensive income (FVOCI)". Other securities are held within the context of a business model whose objective is the collection of contractual cash flows. Accordingly, they are classified in the category "At amortised cost (at cost)".

All financial liabilities are classified in the category "At amortised cost (at cost)".

Initial recognition and measurement Financial assets and liabilities are initially recognised at the time when contractual entitlements or obligations arise. As a rule, this takes place on the settlement date as the point in time in which the financial asset is transferred. Initial recognition takes place at fair value, which corresponds to the transaction price in most cases. In the case of financial assets measured at amortised cost or at fair value through other comprehensive income, initial recognition includes the transaction costs.

Impairments Impairment losses are recognised to the amount of the credit losses expected in accordance with IFRS 9. A distinction is made among three impairment stages which apply when measuring the amount of the impairment losses and recognition of interest income:

- **Stage 1** refers to financial assets for which no significant increase in the credit risk has been identified since initial recognition. The impairment loss amounts to the 12-month expected credit loss (ECL). The so-called low credit risk exemption is applied for securities pursuant to IFRS 9 5.5.10.
- **Stage 2** Financial assets in Stage 2 show a significant increase in the credit risk since initial recognition. The impairment loss is recognised to the amount of the lifetime expected credit losses. Qualitative criteria (e.g. dunning levels) and quantitative criteria (deterioration in the internal rating scale) are used to verify the significant increase in the credit risk. Moreover, all receivables of a customer are transferred to Stage 2 when these customer receivables are overdue for a period of more than 30 days.
- **Stage 3** Financial assets in Stage 3 are considered to be impaired. Interest income is recognised at amortised cost applying the effective interest method (net carrying amount). The transfer to Stage 3 takes place when a receivable of a customer is overdue for a period of 90 days or more or a qualitative default trigger exists (e.g. insolvency or crisis-related restructuring).

The probabilities of default for receivables from customers required to determine the expected credit losses are calculated on the basis of internal rating models. The necessary input parameters are largely based on historical values with comparable business models derived externally. The required default probabilities for determining the expected credit losses for receivables against banks and securities rely on external ratings.

4.1.2 INCOME FROM FINANCIAL SERVICES

The income from financial services encompassed in revenue contains the net interest income and net commission income from providing financial services. Financial services income is shown separately in the line item "thereof income from financial services" under revenue in the consolidated income statement for the purpose of ensuring the most transparent presentation possible.

Revaluation and derecognition income from investments in securities is recorded under other operating income. Impairment losses pursuant to IFRS 9 are included under other operating expenses.

Interest income Net interest income includes all interest income and 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 is an integral part of the effective interest method and thus falls within the scope of IFRS 9.

Commission income Net commission income recognises fees and commissions from the financial services offered. At present, this mainly relates to fees and commissions from the current account business, payment transactions and payment of so-called P.S.K. bank transfers. To the extent that fees and provisions from a contract fall within the scope of both IFRS 15 and IFRS 9, IFRS 9 is applied to separate the contractual components. Fees and provisions from transaction-based services which fall within the scope of IFRS 15 are realised at the respective point in time. Fees and provisions from services satisfied over time are deferred over the corresponding period of time. For example, this applies to lump-sum, one-off payments from cooperation agreements with third parties, amongst other things.

5. Segment reporting

General Information Segment reporting was changed as at 1 January 2020 due to the implementation of the new organisational structure in 2020. Accordingly, segment reporting for the 2019 financial year was adjusted to ensure comparability. The changed segment reporting reflects the new divisional structure of the Austrian Post Group with the reporting segments Mail, Parcel & Logistics, Retail & Bank and Corporate. In turn, this corresponds to the reporting to the Management Board (acting as the company's chief operating decision maker pursuant to IAS 8). The identification of the reportable segments continues to be based on the differences between products and services. No operating segments are bundled within the context of identifying the reporting segments. Mail and parcel logistics in Austria were bundled in the internal "Logistics Networks" production unit which provides services to the operating divisions on a cost basis.

Mail The core business of the Mail Division is comprised of the collection, sorting and delivery of letters, postcards, addressed, partly addressed and unaddressed direct mail items, newspapers and packets. Austrian Post also offers its customers various online services such as the e-letter and cross-media solutions. The service offering is complemented by physical and digital value-added services for measurable success in customer communication and optimising document processing. The Mail Division also bears the additional economic costs arising from the particular legal obligations imposed upon Austrian Post (e.g. universal postal services, the specific employment situation of employees with the status of civil servants).

Parcel & Logistics The Parcel & Logistics Division offers parcel shipping solutions from one source covering the entire value chain. Its core business consists of the transport of parcels as well as Express Parcel (formerly Express Mail Service - EMS) items. In addition to conventional 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, commissioning, returns management, the transport of valuable goods and cash, webshop logistics and webshop infrastructure.

Retail & Bank In addition to the branch network division which previously reported to the Mail Division, the new Retail & Bank Division encompasses bank99 AG, the new bank of Austrian Post, which has been offering financial services throughout Austria since 1 April 2020. The branch network continues to sell postal and telecommunications products in addition to the new financial services.

Corporate The Corporate Division is primarily responsible for services in the area of Group administration, the development of new business models 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.

Consolidation The elimination of transactions between segments is shown in the consolidation column. Furthermore, the consolidation column serves the reconciliation from segment figures to Group figures.

Inter-segment transactions are carried out using market-based transfer prices. Compensation for additional expenses arising from the particular legal obligations imposed upon Austrian Post takes place in a cost-oriented manner. The accounting treatment of transactions among the segments is not completely in line with the accounting principles applied in the Austrian Post Group. In particulars, the principles underlying revenue recognition pursuant to IFRS 15 are applied in a simplified manner, and leasing within the Group is not completely depicted in accordance with IFRS 16.

The following tables show segment disclosures for reporting segments in the first half of 2019 and first half of 2020:

H1 2019 adjusted[1]

EUR m	Mail	Parcel & Logistics	Retail & Bank	Corporate	Consolidation	Group
Revenue (segments)	660,2	283,0	43,8	0,2	–6,1	981,1
Revenue intra-Group	1,3	0,4	88,7	0,3	–90,7	0,0
TOTAL REVENUE	**661,5**	**283,4**	**132,5**	**0,5**	**–96,7**	**981,1**
thereof revenue with third parties	658,8	278,4	43,8	0,2	0,0	981,1
EBIT	**103,5**	**14,9**	**1,7**	**–12,3**	**0,0**	**107,7**
Other financial result						0,8
PROFIT BEFORE TAX						**108,5**

[1] Adjusted to the new segment structure as from 1 Jan. 2020 - see Note 2.2 changes in accounting and valuation methods and adjustment to prior-year figures.

H1 2020

EUR m	Mail	Parcel & Logistics	Retail & Bank	Corporate	Consolidation	Group
Revenue (segments)	590,6	367,9	28,6	1,1	–6,3	981,9
Revenue intra-Group	1,4	0,5	87,5	0,0	–89,4	0,0
TOTAL REVENUE	**592,0**	**368,4**	**116,2**	**1,1**	**–95,7**	**981,9**
thereof revenue with third parties	587,7	364,6	28,6	1,0	0,0	981,9
thereof income from financial services	0,0	0,0	6,2	0,0	0,0	6,2
EBIT	**73,2**	**18,2**	**–28,7**	**–14,2**	**–0,3**	**48,2**
Other financial result						5,1
PROFIT BEFORE TAX						**53,3**

6. Revenue from Contracts With Customers

6.1 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	H1 2019	H1 2020
Letter Mail	383.3	355.4
Mail Solutions	24.2	23.4
Direct Mail	186.3	152.4
Media Post	65.1	56.5
MAIL	**658.8**	**587.7**
Premium Parcels	144.1	212.0
Standard Parcels	106.8	121.1
Other Parcel Services	27.5	31.5
PARCEL & LOGISTICS	**278.4**	**364.6**
Branch Services	43.7	22.4
Income from financial services[1]	0.0	6.9
RETAIL & BANK	**43.7**	**29.3**
Revenue Neutorgasse 7 real estate development project	14.1	2.6
Other revenue	0.2	1.0
CORPORATE	**14.3**	**3.6**
REVENUE FROM CONTRACTS WITH CUSTOMERS	**995.2**	**985.2**
thereof recognized in revenue	981.1	982.6
thereof recognized in other operating income	14.1	2.6

[1] For a reconciliation with the "income from financial services" item in the income statement see 7.1.

6.2 Assets and Liabilities from Contracts with Customers

The following table shows the status of trade receivables as well as assets and liabilities from contracts with customers in accordance with IFRS 15 as at 31 December 2019 and 30 June 2020.

EUR m	31 Dec. 2019	30 June 2020
Trade receivables	260.3	256.7
Contract assets	7.1	2.5
Contract liabilities	29.9	34.8

The contract assets of the Austrian Post Group result primarily from the claim to receive consideration in exchange for the part of the performance obligation already fulfilled for the Neutorgasse 7 property project. Contract assets are reclassified as trade receivables as soon as there is an unconditional claim to consideration at the completion and handover of the housing unit.

The contractual liabilities recognised as at 30 June 2020 relate to advance payments received for services not yet provided in connection with letter and parcel delivery, for postage stamps and franking machines used by senders as well as for the financial services business.

The contractual liabilities of EUR 14.6m recognised as at 1 January 2020 were recognised in revenue.

7. Financial Services

7.1 Income from Financial Services

The following table shows the total income from financial services including revaluation and derecognition income as well as impairment losses:

EUR m	H1 2020
Interest income	0.0
Interest expense from cash (incl. central bank balances)	–0.2
Interest expense	–0.2
NET INTEREST INCOME/EXPENSE	**–0.2**
Commission income deposits and money transfers	1.4
Commission income other services	5.5
Commission income	6.9
Commission expense deposits and money transfers	–0.3
Commission expense other services	–0.3
Commission expense	–0.5
NET COMMISSION INCOME/EXPENSES	**6.3**
INCOME FROM FINANCIAL SERVICES	**6.2**
Impairment losses	0.0
INCOME FROM FINANCIAL SERVICES INCL. REVALUATION AND DERECOGNITION INCOME AND IMPAIRMENT LOSSES	**6.1**

The income from financial services is recognised in the consolidated income statement under the following items:

EUR m	H1 2020
Revenue	6.2
Other operating expenses	0.0
INCOME FROM FINANCIAL SERVICES INCL. REVALUATION AND DERECOGNITION INCOME AND IMPAIRMENT LOSSES	**6.1**

7.2 Financial Assets and Liabilities from Financial Services

The following tables show the maturities of financial assets and liabilities from financial services:

Financial assets from financial services

EUR m	31 Dec. 2019 Due within 1 year	31 Dec. 2019 Total	30 June 2020 Due within 1 year	30 June 2020 Total
Cash and central bank balances	48.0	48.0	272.6	272.6
Cash on hand	13.9	13.9	141.8	141.8
Central banks	34.1	34.1	130.8	130.8
Receivables against banks	2.9	2.9	6.3	6.3
due daily	2.9	2.9	6.3	6.3
Credits to clients	0.0	0.0	0.8	0.8
due daily	0.0	0.0	0.8	0.8
Other	0.0	0.0	9.5	9.5
TOTAL	**50.9**	**50.9**	**289.2**	**289.2**

Financial liabilities from financial services

EUR m	31 Dec. 2019 Due within 1 year	31 Dec. 2019 Total	30 June 2020 Due within 1 year	30 June 2020 Total
Borrowings from banks	0.0	0.0	75.0	75.0
due daily	0.0	0.0	75.0	75.0
Banking clients deposits	0.0	0.0	165.5	165.5
due daily	0.0	0.0	165.5	165.5
Other	0.0	0.0	0.8	0.8
TOTAL	**0.0**	**0.0**	**241.2**	**241.2**

8. Provisions

Austrian Post has changed the parameter for interest-bearing provisions against the backdrop of the development of interest rates. The discount rate for provisions for severance payments now equals 1.50% (31 December 2019: 1.25%), whereas the discount rate for anniversary bonuses remains constant at 1.00% (31 December 2019: 1.00%). The parameter adjustments, including the effects from empirical adjustments, led to an actuarial gain of EUR 7.6m in the first half of 2020, of which EUR 5.3m is recognised under other comprehensive income.

The range of the discount rates for provisions for under-utilisation remained unchanged compared to 31 December 2019 at 0.00% - 0.75% but did change with respect to individual provisions. The parameter adjustments led to a positive effect of EUR 2.4m in the first half of 2020, which is recognised under staff costs.

9. Financial Instruments

This note contains an update of the assessments and estimates used in determining the fair value of financial instruments since the last consolidated annual financial statements. The Austrian Post Group assigns its financial instruments to the three levels prescribed within the context of its accounting principles in order to ensure the reliability of the input factors used in determining fair value.

9.1 Financial Assets and Liabilities

The following tables show the carrying amounts of financial assets and liabilities as at 31 December 2019 and 30 June 2020 in accordance with the classification categories of IFRS 9:

31 December 2019

EUR m	Recognised at amortised cost	At fair value through OCI (FVOCI) - recycling	At fair value through OCI (FVOCI) - no 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 central bank balances	48.0	0.0	0.0	0.0	0.0	48.0
Receivables against 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 receivables 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
TOTAL	**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 and other payables	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
TOTAL	**605.7**	**0.0**	**0.0**	**2.9**	**2.9**	**608.7**

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

30 June 2020

EUR m	Recognised at amortised cost	At fair value through OCI (FVOCI) - recycling	At fair value through OCI (FVOCI) - no recycling	At fair value through profit or loss (FVTPL) mandatory	Total at fair value	Total
FINANCIAL ASSETS						
Financial assets from financial services	289.2	0.0	0.0	0.0	0.0	289.2
Cash and central bank balances	272.6	0.0	0.0	0.0	0.0	272.6
Receivables against banks	6.3	0.0	0.0	0.0	0.0	6.3
Credits to clients	0.8	0.0	0.0	0.0	0.0	0.8
Other	9.5	0.0	0.0	0.0	0.0	9.5
Other financial assets	79.9	0.4	5.4	39.5	45.3	125.2
Securities	0.0	0.4	0.0	39.5	39.9	39.9
Money market investments	79.9	0.0	0.0	0.0	0.0	79.9
Other stakes	0.0	0.0	5.4	0.0	5.4	5.4
Trade receivables and other receivables	276.5	0.0	0.0	0.0	0.0	276.5
Trade receivables	256.7	0.0	0.0	0.0	0.0	256.7
Receivables from financial assets accounted for using the equity method	2.1	0.0	0.0	0.0	0.0	2.1
Other receivables[1]	17.7	0.0	0.0	0.0	0.0	17.7
Cash and cash equivalents	95.9	0.0	0.0	0.0	0.0	95.9
TOTAL	**741.5**	**0.4**	**5.4**	**39.5**	**45.3**	**786.9**
FINANCIAL LIABILITIES						
Financial liabilites from financial services	241.2	0.0	0.0	0.0	0.0	241.2
Borrowings from banks	75.0	0.0	0.0	0.0	0.0	75.0
Banking clients deposits	165.5	0.0	0.0	0.0	0.0	165.5
Other	0.8	0.0	0.0	0.0	0.0	0.8
Other financial liabilities	296.3	0.0	0.0	0.0	0.0	296.3
Borrowings from banks	0.9	0.0	0.0	0.0	0.0	0.9
Lease liabilities	295.4	0.0	0.0	0.0	0.0	295.4
Trade and other payables	288.6	0.0	0.0	1.1	1.1	289.7
Trade payables	195.9	0.0	0.0	0.0	0.0	195.9
Payables from financial assets accounted for using the equity method	0.6	0.0	0.0	0.0	0.0	0.6
Contingent consideration	0.0	0.0	0.0	1.1	1.1	1.1
Other liabilities[2]	92.1	0.0	0.0	0.0	0.0	92.1
TOTAL	**826.1**	**0.0**	**0.0**	**1.1**	**1.1**	**827.2**

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

9.2 Financial assets and liabilities measured at fair value

The following tables show the financial assets and liabilities measured at fair value as at 31 December 2019 and 30 June 2020 according to the levels of the fair value hierarchy:

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
TOTAL	**80.0**	**0.0**	**28.7**	**108.8**
FINANCIAL LIABILITIES				
Trade and other payables	0.0	0.0	2.9	2.9
Contingent consideration	0.0	0.0	2.9	2.9
TOTAL	**0.0**	**0.0**	**2.9**	**2.9**

30 June 2020

EUR m	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS				
Other financial assets	39.9	0.0	5.4	45.3
Securities	39.9	0.0	0.0	39.9
Other stakes	0.0	0.0	5.4	5.4
TOTAL	**39.9**	**0.0**	**5.4**	**45.3**
FINANCIAL LIABILITIES				
Trade and other payables	0.0	0.0	1.1	1.1
Contingent consideration	0.0	0.0	1.1	1.1
TOTAL	**0.0**	**0.0**	**1.1**	**1.1**

The following table shows the valuation methods and input factors used in determining the fair values for Level 3:

Financial Instruments	Level	Measurement method	Input factors
Other stakes	3	Market approach or net present value approach	Multiples of comparable companies; business plans and related probability-weighted scenarios; risk-weighted discount rates (WACC)
Contingent consideration	3	Net present value approach	Business plans and related probability-weighted scenarios; discount rates

The primary sensitivities in determining the fair value of Level 3 financial instruments recognised at fair value 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 took place between Levels 1, 2 and 3 in the reporting period from 1 January to 30 June 2020.

The following tables show the reconciliation of Level 3 valuations at fair value of financial assets and liabilities applying to the periods between 1 January to 30 June 2019 as well as from 1 January to 30 June 2020.

Financial Assets

EUR m	H1 2019	H1 2020
OPENING BALANCE AS AT 1 JANUARY	**31.4**	**28.7**
Total gains or losses in P&L	0.1	0.0
Recognised as other operating income	0.1	0.0
Total gains or losses in other compehensive income	–4.1	–1.1
Recognised in other comprehensive income - equity instruments	–4.1	–1.1
Decrease from change in accounting method	0.0	–22.2
CLOSING BALANCE AS AT 30 JUNE	**27.3**	**5.4**

The outflow resulting from the change in methodology refers to Aras Kargo a.s. (refer to Note 3.1 Changes in the Consolidation Scope).

Financial Liabilities

EUR m	H1 2019	H1 2020
OPENING BALANCE AS AT 1 JANUARY	**2.5**	**2.9**
Total gains or losses in P&L	0.0	0.2
Recognised as other operating expenses	0.0	0.2
Settlements	–0.9	–2.0
Business Acquisitions	0.6	0.0
CLOSING BALANCE AS AT 30 JUNE	**2.2**	**1.1**

9.3 Financial Assets and Liabilities Not Measured at Fair Value

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

10. Information on the Cash Flow Statement

The reconciliation of the cash and cash equivalents reported in the consolidated cash flow statement to the cash and cash equivalents as shown in the consolidated balance sheet can be carried out as follows:

EUR m	31 Dec. 2019	30 June 2020
CASH AND CASH EQUIVALENTS	**103.5**	**374.8**
Financial assets from financial services	50.9	278.9
Cash and central bank balances	48.0	272.6
Receivables against banks - thereof payment transactions	2.9	6.3
CASH AND CASH EQUIVALENTS	**52.6**	**95.9**

11. Other Disclosures

The Annual General Meeting held on 17 June 2020 resolved to distribute a dividend of EUR 2.08 per share (EUR 140.5m) The dividend payment to shareholders amounting to EUR 122.3m took place on 30 June 2020. The withheld capital gains tax of EUR 18.2m was remitted in July 2020.

12. Events After the Reporting Period

Events after the reporting period that are material for assessment on the balance sheet date as at 30 June 2020, such as pending court cases or claims for damages and other obligations or impending losses, which have to be recognised in accordance with IAS 10, are included in the consolidated financial statements.

13. Negative Note

The consolidated interim financial statements of Austrian Post, Vienna, as at June 30, 2020 were neither subject to a complete audit nor subject to an auditor's review.

Vienna, 29 July 2020

The Management Board

DI DR. GEORG PÖLZL
CEO
Chairman of the
Management Board

DI WALTER OBLIN
Deputy CEO
Mail & Finance

DI PETER UMUNDUM
Member of the Management Board
Parcel & Logistics

Statement of Legal Representatives Pursuant to Section 125 Para. 1 (3) Austrian Stock Exchange Act

As the legal representatives of Österreichische Post AG, we declare, to the best of our knowledge, that the consolidated interim financial statements as at June 30, 2020, which were prepared in accordance with the applicable financial reporting standards, present a fair and accurate picture, in all material respects, of the profit, asset and financial position of the Group, that the Half-Year Group Management Report presents the business development, earnings and overall situation of the Group in such a manner as to provide a fair and accurate picture of the profit, asset and financial position of the Group with respect to the most important events occurring during the first six months of the financial year and its impacts on the consolidated interim financial statements as at June 30, 2020 and also describes the fundamental risks and uncertainties to which the Group is exposed for the remaining six months of the financial year and of the major related party transactions to be disclosed.

Vienna, 29 July 2020

The Management Board

DI DR. GEORG PÖLZL
CEO
Chairman of the
Management Board

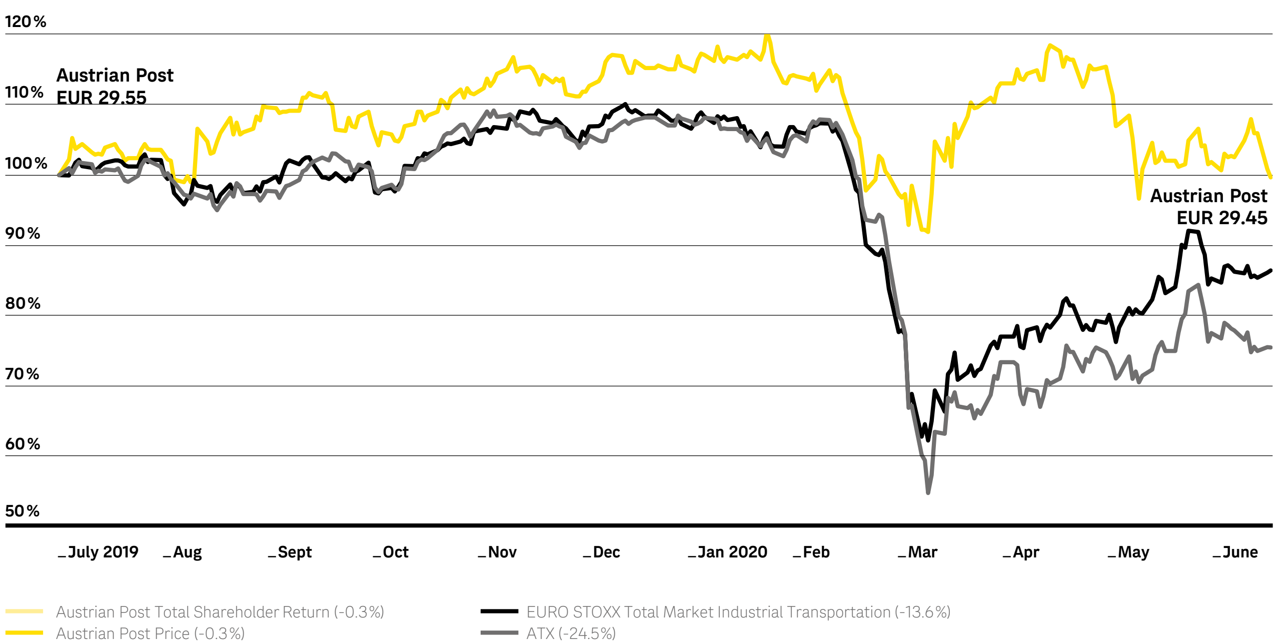
DI WALTER OBLIN
Deputy CEO
Mail & Finance

DI PETER UMUNDUM
Member of the Management Board
Parcel & Logistics

Financial Calendar 2020/2021

13 November 2020	Interim report for the first three quarters 2020, publication: 07.30-07.40 a.m. CET
12 March 2021	Annual Report 2020, publication: 07.30–07.40 a.m. CET
15 April 2021	Annual General Meeting 2021, Vienna
27 April 2021	Ex-date (dividend)
28 April 2021	Record date (determination of entitled stocks in connection with dividend payments)
29 April 2021	Dividend payment day
12 May 2021	Interim report for the first quarter 2021, publication: 07.30-07.40 a.m. CET
12 August 2021	Half-year Report 2021, publication: 07.30-07.40 a.m. CET
11 November 2021	Interim report for the first three quarters 2021, publication: 07.30-07.40 a.m. CET

Development of the Post Share — **12 Month Comparison**



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We have prepared this report and checked the figures with the greatest possible care. Nevertheless, rounding, typographical and printing errors cannot be excluded. The aggregation of rounded amounts and percentages may result in rounding differences due to the use of automated computational aids.

This Financial Report also contains forward-looking statements based on the information currently available to us. These are usually indicated by expressions such as "expect", "anticipate", "estimate", "plan" or "calculate". We wish to note that a wide variety of factors could cause actual circumstances – and thus actual results – to deviate from the forecasts contained in this report. Statements referring to people are valid for both men and women.

This Financial Report is also available in German. In case of doubt, the German version takes precedence.

Editorial deadline: 6 August 2020

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