H1

THINKING AHEAD

Together

AUSTRIAN POST

Half-year Financial Report 2021

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Highlights H1 2021

Revenue

- Revenue up by 28.4% to EUR 1,260.4m (+12.0% excl. Aras Kargo)
- Strong parcel revenue (+70.7%) and slight increase in letter and direct mail (+3.0%)

Earnings

- EBITDA increase of 64.3% to EUR 184.5m
- EBIT improvement of 114.5% to EUR 103.4m
  - Mail up by 12.6% to EUR 82.4m
  - Parcel & Logistics increased by EUR 41.5m to EUR 59.7m
  - Retail & Bank reported earnings of minus EUR 27.0m

Cash flow and balance sheet

- Strong operating free cash flow of EUR 139.1m and solid balance sheet structure

Outlook 2021

- Expected revenue growth of approx. 15% and earnings improvement of at least 20%

Key Figures

EUR m	H1 2020	H1 2021	Change
EARNINGS FIGURES			
Revenue	**981.9**	**1,260.4**	**28.4%**
EBITDA	**112.3**	**184.5**	**64.3%**
EBITDA margin	11.4%	14.6%	–
EBIT	**48.2**	**103.4**	**>100%**
EBIT margin	4.9%	8.2%	–
Profit for the period	39.1	84.2	>100%
Earnings per share (EUR)[1]	**0.66**	**1.18**	**79.2%**
Employees (average for the period, full-time equivalents)	20,443	27,489	34.5%
CASH FLOW AND CAPEX			
Gross cash flow	117.2	226.1	92.9%
Cash flow from operating activities	306.9	281.5	–8.3%
Cash flow from financing activities	–144.7	–144.6	0.0%
Operating free cash flow[2]	**45.3**	**139.1**	**>100%**
CAPEX	37.7	47.0	24.5%

EUR m	31 Dec. 2020	30 June 2021	Change
BALANCE SHEET FIGURES			
Total assets	2,680.2	2,786.3	4.0%
Equity	655.0	622.7	–4.9%
Equity ratio	24.4%	22.3%	–
Net debt	503.0	519.5	3.3%
Capital employed	1,110.0	1,094.7	–1.4%

[1] Undiluted earnings per share in relation to 67,552,638 shares
[2] Free cash flow before acquisitions/securities/money market investments, Growth CAPEX and core banking assets

Statement by the Management Board

Dear Shareholders,

Austrian Post continued to be adversely affected by restrictions and consequences related to the COVID-19 pandemic. However, on balance the first half of 2021 still proved to be very successful. First half-year 2021 revenue and earnings increased against the backdrop of a significant impact in the comparable prior-year period. In particular, national and international parcel volumes continued to show good growth rates. In contrast, the structural decline of mail products continued. Pandemic-related restrictions still impacted business activities of several customer segments.

Austrian Post's Group revenue rose by 28.4% in the first half of 2021 to EUR 1,260.4m. The current period clearly demonstrates the structural change with increased importance of the parcel business in a divisional comparison. In the first half-year, the Parcel & Logistics Division reported an ongoing upward trend, accounting for 49.4% of total revenue, whereas the Mail Division's share fell to 47.9%. Revenue of the Parcel & Logistics Division increased by 70.7% (of which +27.0% attributable to organic growth) to EUR 628.1m, also due to the full consolidation of the Turkish company Aras Kargo, and included positive special effects from logistics services. The Mail Division generated revenue of EUR 608.2m in the reporting period (+3.0%). The Retail & Bank Division also reported growth, producing revenue of EUR 34.0m in the first half of 2021. bank99 has been offering its own range of financial services since April 2020. In order to rapidly expand the business, an agreement to acquire ING's retail business in Austria was reached in July 2021. The closing is expected by the end of 2021.

Austrian Post also achieved a considerable year-on-year earnings improvement in the first half-year 2021. In the light of the prior-year period influenced by the COVID-19 pandemic, Group EBITDA rose by 64.3% to EUR 184.5m, whereas EBIT has more than doubled, increasing by 114.5% year-on-year to EUR 103.4m. The Mail Division generated an EBIT increase of 12.6% to EUR 82.4m, driven by higher letter mail and direct mail revenue following the prior-year period strongly burdened by the COVID-19 pandemic. Letter mail product and postal rate adjustments as well as special mailings also had a positive impact in the current reporting period. EBIT of the Parcel & Logistics Division increased by EUR 18.2m to EUR 59.7m in the first six months of 2021. The earnings improvement is also attributable to the outstanding operating development in all markets, the full consolidation of the Turkish company Aras Kargo and other special effects relating to logistics services. The Retail & Bank Division generated an EBIT of minus EUR 27.0m compared to minus EUR 28.7m in the previous year. The financial services business has a noticeable positive earnings trend. Austrian Post's profit for the period equalled EUR 84.2m in the first half of 2021 compared to EUR 39.1m in the first half of 2020. Earnings per share in the current reporting period was EUR 1.18, up from EUR 0.66 in the prior-year period.

Austrian Post revised its expectations for the full year 2021 upwards based on strong results generated in the first half-year. In spite of the ongoing uncertainty in the letter mail and direct mail business, total Group revenue (including the Turkish subsidiary Aras Kargo) is expected to increase by about 15%. Earnings should also improve from the previous year. A year-on-year increase of at least 20% is targeted (basis 2020 EBIT: EUR 161m). The current parcel volume development confirms the need for Austrian Post's planned capacity expansion programme. The sorting capacity should be expanded by a further 50% from 2020 to 2022.

Vienna, 3 August 2021

The Management Board

GEORG PÖLZL	**WALTER OBLIN**	**PETER UMUNDUM**
CEO	Deputy CEO	Member of the
Chairman of the	Mail & Finance	Management Board
Management Board		Parcel & Logistics

Group Management Report for the First Half of 2021

1. Business Development and Economic Situation

1.1 Changes to the Scope of Consolidation

No major changes in the scope of consolidation took place in the first half of 2021. A complete presentation of all changes in the scope of consolidation can be found in Note 3 of the Consolidated Financial Statements.

The comparability of the individual items in the consolidated financial statements of the first half of 2021 in relation to the first half and second quarter of 2020 is limited due to the full consolidation of Aras Kargo since 25 August 2020.

1.2 Revenue and Earnings

1.2.1 REVENUE DEVELOPMENT

In the first half of 2021, Austrian Post's Group revenue increased by 28.4% year-on-year to EUR 1,260.4m. Without accounting for Aras Kargo, revenue increased by 12.0% on a comparable basis. Growth in the parcel business led to a revenue increase of 70.7% (organic growth of 27.0%), the Mail Division generated a 3.0% revenue increase in the first six months of 2021.

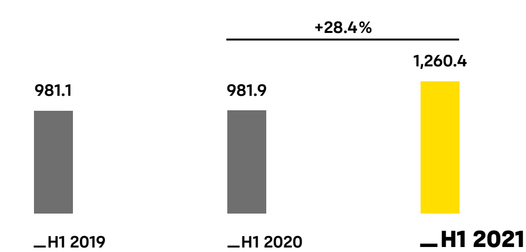
On a divisional basis, developments in the first half of 2021 reflected a major change characterised by the increased importance of the parcel business. The share of the Mail Division as a proportion of total revenue generated by the operating divisions fell to 47.9%. The division reported a slight increase in revenue of 3.0%. The prior-year period was particularly burdened by COVID-19, showing a revenue decline of 10.5%, whereas positive COVID-19 effects were recorded in 2021 due to special mailings. An accelerated decline in traditional letter mail resulting from electronic substitution and the lockdown measures continues to be felt along with a volatile advertising business as the direct effect of the COVID-19 pandemic. A slight recovery in direct mail and media post volumes is perceptible following the considerable decrease in the previous year. The product and postal rate adjustments made on 1 April 2020 have positively impacted the division's revenue development.

As a proportion of revenue, the weight of the Parcel & Logistics Division has increased from 37.3% to 49.4% year-on-year in the current reporting period. On the one hand, revenue growth can be attributed to the full consolidation of the Turkish subsidiary Aras Kargo since 25 August 2020, contributing revenue of EUR 160.7m in the first half of 2021. On the other hand, the 70.7% revenue growth in the Parcel & Logistics Division in the first half-year 2021 was also driven by positive organic volume growth from online orders and positive special effects relating to logistics services.

The Retail & Bank Division accounted for 2.7% of divisional revenue in the first six months of 2021, generating revenue of EUR 34.0m (+18.9%). bank99 started operating in the market on 1 April 2020.

Revenue Development

EUR m



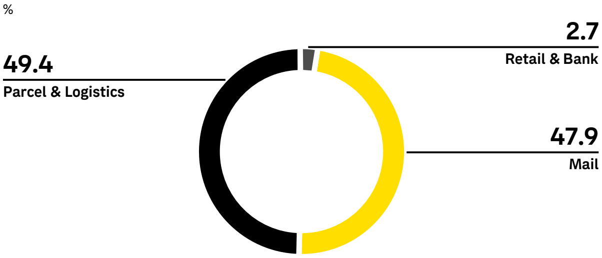
Revenue by Division

EUR m	H1 2020	H1 2021	Change %	Change EUR m	Q2 2020	Q2 2021
REVENUE	**981.9**	**1,260.4**	**28.4%**	**278.5**	**479.1**	**614.3**
Mail	590.6	608.2	3.0%	17.6	273.1	297.3
Parcel & Logistics	367.9	628.1	70.7%	260.2	193.4	304.4
Retail & Bank	28.6	34.0	18.9%	5.4	15.5	17.3
Corporate/Consolidation	-5.3	-9.9	-89.2%	-4.7	-2.8	-4.6
Working days in Austria	123	123	–	–	60	61

From a regional perspective, Austrian Post generated 78.2% of its Group revenue in Austria in the first half of 2021. Its international business accounted for 21.8% of the total Group revenue in the first half of 2021. Thereof, Turkey accounted for 12.7%, whereas the region of South East and Eastern Europe contributed 6.3% of the Group revenue. 2.7% of the revenue was generated in Germany.

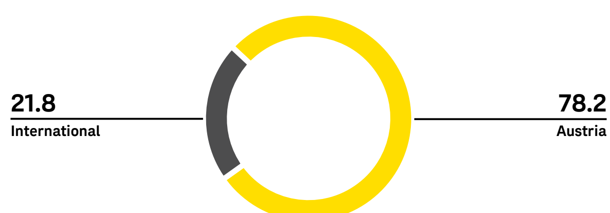
Revenue by Division H1 2021

%



Revenue by Region H1 2021

%



Revenue Development of the Mail Division

EUR m	H1 2020	H1 2021	Change %	Change EUR m	Q2 2020	Q2 2021
REVENUE	**590.6**	**608.2**	**3.0%**	**17.6**	**273.1**	**297.3**
Letter Mail & Business Solutions	381.3	391.9	2.8%	10.6	178.0	186.4
Direct Mail	152.8	157.6	3.1%	4.8	69.0	81.0
Media Post	56.5	58.7	3.9%	2.2	26.0	29.9
Revenue intra-Group	1.4	1.4	0.5%	0.0	0.7	0.6
TOTAL REVENUE	**592.0**	**609.6**	**3.0%**	**17.6**	**273.8**	**297.9**
of which revenue with third parties	587.7	603.8	2.7%	16.2	271.3	294.3

Revenue of the Mail Division totalled EUR 608.2m in the first half of 2021, of which 64.4% can be attributed to the Letter Mail & Business Solutions area. Direct Mail accounted for 25.9% of the total divisional revenue, and Media Post had a 9.7% share.

In the first half-year 2021, Letter Mail & Business Solutions revenue amounted to EUR 391.9m, implying an increase of 2.8% year-on-year. The declining volume trend resulting from the substitution of letters by electronic forms of communication continued. However, the decrease has slowed down to a low level compared to the lockdown-related weak first half of 2020. Volume development is still negatively affected by the current difficult business environment. In contrast, special mailings relating to COVID-19 measures as well as the product and postal rate adjustments made on 1 April 2020 have positively impacted the revenue. International letter mail produced growth, whereas the Business Solutions area reported a slight year-on-year decline.

Direct Mail revenue increased by 3.1% in the first six months of 2021 to EUR 157.6m compared to an 18.0% drop in the prior-year period. The government-imposed store closings in response to COVID-19 had an extremely negative effect on the advertising business. Currently volatility is high, and the direct mail business will continue to be subject to structural decline.

Revenue from Media Post, i.e. the delivery of newspapers and magazines, increased by 3.9% year-on-year to EUR 58.7m. This increase can also be primarily attributed to the weak first half of 2020.

Revenue Development of the Parcel & Logistics Division

EUR m	H1 2020	H1 2021	Change %	Change EUR m	Q2 2020	Q2 2021
REVENUE	**367.9**	**628.1**	**70.7%**	**260.2**	**193.4**	**304.4**
Premium Parcels	212.1	424.8	>100%	212.7	112.0	207.6
Standard Parcels	122.1	153.6	25.8%	31.5	65.3	73.0
Other Parcel Services	33.7	49.7	47.2%	15.9	16.1	23.8
Revenue intra-Group	0.5	0.5	–6.7%	0.0	0.2	0.2
TOTAL REVENUE	**368.4**	**628.5**	**70.6%**	**260.1**	**193.6**	**304.6**
of which revenue with third parties	364.6	621.3	70.4%	256.7	191.5	302.3

Revenue of the Parcel & Logistics Division improved by 70.7% in the first half of 2021, increasing to EUR 628.1m. Volume growth slowed down to 20% in Austria compared to the high growth of 36% in the comparable period of last year. Amongst other reasons, the excellent revenue development in the parcel business is based on the sustained trend in all markets. Austrian Post has also succeeded in participating in market growth in Austria during this reporting period despite intense competition and price pressure. The uncertainty and restrictions related to the current COVID-19 pandemic continue to provide a boost to the online business. Furthermore, positive effects in the period under review resulted from logistics services. The half-year revenue of the Turkish subsidiary Aras Kargo, recognised as a fully consolidated company in the consolidated financial statements of Austrian Post since 25 August 2020, constituted EUR 160.7m.

The development towards the faster delivery of parcels can be observed as a clear trend. In total, 67.6% of the division's revenue in the first six months of 2021 was generated by the Premium Parcels business (next working day delivery). This corresponds to an increase of about 100% to EUR 424.8m in the first half-year 2021.

The Standard Parcels business area accounted for 24.5% of the divisional revenue and produced a revenue increase of 25.8% to EUR 153.6m in the first half of 2021.

Other Parcel Services, which encompass various additional logistics services, generated 7.9% of the divisional revenue totalling EUR 49.7m in the first six months of 2021. This represents an increase of 47.2%.

Regional analysis shows that 61.7% of the first-half 2021 Parcel & Logistics Division revenue was generated in Austria. The Austrian parcel business produced a year-on-year revenue growth of 28.6%. 38.3% of divisional revenue can be attributed to the international business of subsidiaries, of which 25.6% in Turkey and 12.7% in South East and Eastern Europe were generated. The revenue increase in the highly competitive region of South East and Eastern Europe equalled 20.1% in the first half of 2021, driven by higher parcel volumes as a result of the COVID-19 pandemic.

Revenue Develoment of the Retail & Bank Division

EUR m	H1 2020	H1 2021	Change %	Change EUR m	Q2 2020	Q2 2021
REVENUE	**28.6**	**34.0**	**18.9%**	**5.4**	**15.5**	**17.3**
Branch Services	22.4	21.5	–4.4%	–1.0	11.2	10.9
Result from Financial Services	6.2	12.5	>100%	6.4	4.2	6.3
Revenue intra-Group	87.5	90.4	3.2%	2.8	43.8	44.5
TOTAL REVENUE	**116.2**	**124.4**	**7.1%**	**8.2**	**59.3**	**61.7**
of which revenue with third parties	28.6	33.9	18.3%	5.2	15.4	17.2

Revenue of the Retail & Bank Division improved by 18.9% in the first half of 2021 to EUR 34.0m compared to EUR 28.6m in the prior-year period. Branch Services revenue fell by 4.4%, from EUR 22.4m to EUR 21.5m in the current reporting period due to the discontinuation of service fees from the former banking partner, included in the previous period. Revenue from retail goods and branch products remained at the same level. The result from Financial Services of EUR 12.5m in the first half-year 2021 showed a positive development, as can also be seen from the comparative figures for the second quarter. bank99 was launched on the market on 1 April 2020.

Financial Performance of the Group

EUR m	H1 2020[1]	H1 2021	Change %	Change EUR m	Q2 2020[1]	Q2 2021
REVENUE	**981.9**	**1,260.4**	**28.4%**	**278.5**	**479.1**	**614.3**
Other operating income	28.4	43.1	51.9%	14.7	15.0	20.9
Raw materials, consumables and services used	–260.4	–355.0	–36.3%	–94.6	–133.4	–169.5
Staff costs	–494.7	–587.6	–18.8%	–92.9	–241.2	–284.1
Other operating expenses	–143.4	–176.8	–23.3%	–33.4	–73.1	–96.3
Results from financial assets accounted for using the equity method	0.5	0.4	–21.0%	–0.1	0.5	0.1
EBITDA	**112.3**	**184.5**	**64.3%**	**72.2**	**46.9**	**85.5**
Depreciation, amortisation and impairment losses	–64.0	–81.1	–26.6%	–17.0	–32.0	–41.8
EBIT	**48.2**	**103.4**	**>100%**	**55.2**	**14.9**	**43.7**
Financial result	5.1	4.7	–9.2%	–0.5	4.0	2.3
PROFIT BEFORE TAX	**53.3**	**108.1**	**>100%**	**54.7**	**18.9**	**45.9**
Income tax	–14.2	–23.9	–68.1%	–9.7	–5.9	–11.7
PROFIT FOR THE PERIOD	**39.1**	**84.2**	**>100%**	**45.0**	**12.9**	**34.3**
ATTRIBUTABLE TO:						
Shareholders of the parent company	44.5	79.7	79.2%	35.2	15.9	31.6
Non-controlling interests	–5.4	4.4	>100%	9.8	–3.0	2.6
EARNINGS PER SHARE (EUR)[2]	**0.66**	**1.18**	**79.2%**	**0.52**	**0.24**	**0.47**

[1] Adjusted presentation
[2] Undiluted earnings per share in relation to 67,552,638 shares

1.2.2 EARNINGS DEVELOPMENT

The largest expense items in relation to Austrian Post's Group revenue are staff costs (46.6%), raw materials, consumables and services used (28.2%) and other operating expenses (14.0%). 6.4% can be attributed to depreciation, amortisation and impairment losses. There is only limited comparability of the individual items in the consolidated income statement with the figures from the prior-year period due to the full consolidation of the Turkish company Aras Kargo since 25 August 2020.

Staff costs in the first half of 2021 totalled EUR 587.6m, implying an increase of 18.8% or EUR 92.9m. On a like-for-like basis excluding Aras Kargo, staff costs were up by 11.5% or EUR 56.7m from the previous year. This increase is primarily related to the higher personnel requirements in response to increasing parcel volumes.

Operational staff costs also rose year-on-year as a consequence of the full consolidation of the Turkish subsidiary Aras Kargo as well as due to increased staffing needs to deal with the higher parcel volumes. The Austrian Post Group employed an average of 27,489 people (full-time equivalents) in the first six months of 2021 compared to the average of 20,443 employees in the prior-year period (+34.5%). This increase can be mainly attributed to the full consolidation of Aras Kargo (+6,445 full-time equivalents) as well as the need for more logistics staff as a consequence of increased parcel volumes.

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-operating staff costs in the first half of 2021 increased due to the need for higher provisions compared to the previous year.

Raw materials, consumables and services used climbed by 36.3% to EUR 355.0m. On a like-for-like basis without Aras Kargo, the increase was 6.9% year-on-year. This is primarily attributable to an increase in transport expenses in response to the enormous parcel volumes.

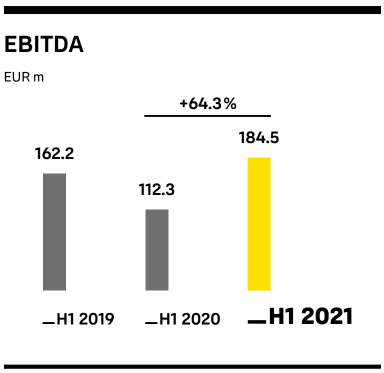
Other operating income increased by 51.9% to EUR 43.1m in the first half of 2021. On a like-for-like basis excluding Aras Kargo, other operating income was up by 28.7% from the prior-year level. Other operating expenses also rose by 23.3% to EUR 176.8m or 14.3% year-on-year on a like-for-like basis. The higher costs mainly related to IT services and maintenance.

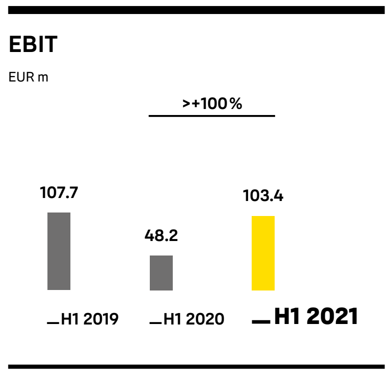
EBITDA equalled EUR 184.5m, up by 64.3% from the prior-year figure of EUR 112.3m. This implies an EBITDA margin of 14.6%. The improvement in EBITDA is attributable to the excellent parcel revenue development in all markets.

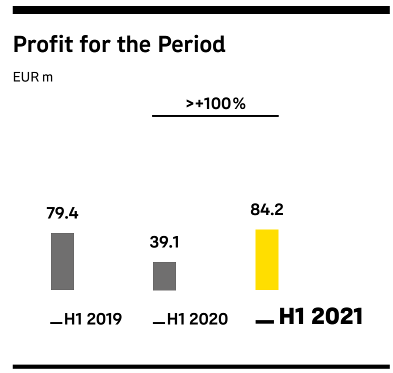
Depreciation, amortisation and impairment losses amounted to EUR 81.1m, up by 26.6% or EUR 17.0m from the previous year. The increase is mainly due to investments in the new parcel logistics infrastructure and the full consolidation of Aras Kargo since 25 August 2020.

Group EBIT increased to EUR 103.4m in the first half of 2021 compared to EUR 48.2m in the previous year. The EBIT margin amounted to 8.2%.

The Group's financial result of EUR 4.7m was EUR 0.5m below the first half of 2020. As a consequence, the profit for the period for the first half year 2021 increase from EUR 39.1m to EUR 84.2m, after deducting the income tax of EUR 23.9m. This implies undiluted earnings per share of EUR 1.18, compared to EUR 0.66 in the prior-year period.







EBIT by Division

EUR m	H1 2020	H1 2021	Change %	Change EUR m	Margin H1 2021[1]	Q2 2020	Q2 2021
EBIT	**48.2**	**103.4**	**>100%**	**55.2**	**8.2%**	**14.9**	**43.7**
Mail	73.2	82.4	12.6%	9.2	13.5%	26.3	36.9
Parcel & Logistics	18.2	59.7	>100%	41.5	9.5%	9.4	23.8
Retail & Bank	–28.7	–27.0	6.1%	1.7	–	–12.3	–8.5
Corporate/Consolidation[2]	–14.4	–11.7	18.9%	2.7	–	–8.6	–8.6

[1] Margin of the divisions in relation to total revenue
[2] Includes the intra-Group cost allocation procedure

The EBIT of the first half of 2021 increased from EUR 48.2m to EUR 103.4m and was driven by an earnings improvement in the Parcel & Logistics Division. Both the national business with higher parcel volumes and positive special effects and the international parcel business have performed very well. The full consolidation of the Turkish company Aras Kargo since 25 August 2020 positively impacts the Group's earnings.

From a divisional perspective, the Mail Division achieved an EBIT of EUR 82.4m in the first six months of 2021. The year-on-year increase of 12.6% can be attributed to the higher letter mail and direct mail revenue following the prior-year period, which was strongly impacted by the COVID-19 pandemic. In contrast, the product and postal rate adjustments made on 1 April 2020 as well as special mailings had a positive effect in the current reporting period.

The Parcel & Logistics Division achieved revenue growth against the backdrop of intense competition and margin pressure, generating an EBIT of EUR 59.7m in the first half of 2021. This corresponds to a year-on-year increase of EUR 41.5m. The earnings improvement driven by the outstanding revenue development was evident in all markets. In particular, the full consolidation of the Turkish subsidiary Aras Kargo as well as special effects relating to logistics services made a positive contribution to the division's earnings.

The Retail & Bank Division recorded an EBIT of minus EUR 27.0m in the first half of 2021, compared to minus EUR 28.7m in the prior-year period. A positive earnings trend has been observed in the financial services business since the launch of bank99. In turn, earnings were negatively affected by staff-related provisions in the first two quarters of 2021.

The EBIT of the Corporate Division (incl. Consolidation) improved from minus EUR 14.4m to minus EUR 11.7m and included positive earnings from the sale of real estate. The Corporate Division provides non-operating services which are typically essential for the purpose of the administration and management of the company. In addition to conventional 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.

1.3 Financial Position and Cash Flows

Balance Sheet Structure by Item

EUR m	31 Dec. 2020	30 June 2021	Structure 30 June 2021
ASSETS			
Property, plant and equipment, intangible assets and goodwill	1,295.5	1,264.5	45.4 %
Investment property	74.4	75.7	2.7 %
Financial assets accounted for using the equity method	11.4	7.9	0.3 %
Inventories, trade and other receivables	484.6	507.5	18.2 %
Other financial assets	116.1	85.8	3.1 %
of which securities/money market investments	110.6	80.4	–
Financial assets from financial services	589.5	749.9	26.9 %
Cash and cash equivalents	108.2	95.0	3.4 %
Assets held for sale	0.5	0.0	0.0 %
	2,680.2	**2,786.3**	**100 %**
EQUITY AND LIABILITIES			
Equity	655.0	622.7	22.3 %
Provisions	632.5	643.3	23.1 %
Other financial liabilities	351.6	323.0	11.6 %
Trade and other payables	508.2	518.0	18.6 %
Financial liabilities from financial services	532.9	679.3	24.4 %
	2,680.2	**2,786.3**	**100 %**

1.3.1 BALANCE SHEET STRUCTURE

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

Austrian Post's total assets amounted to EUR 2,786.3m as at 30 June 2021. On the asset side, property, plant and equipment at EUR 1,109.7m constitute the largest balance sheet item and included right-of-use assets from leases of EUR 292.1m. Intangible assets totalled EUR 90.9m, whereas goodwill reported for acquisitions equalled EUR 63.9m at the end of the first half of 2021. Receivables totalled EUR 387.4m, including current trade receivables of EUR 318.5m. Other financial assets equalled EUR 85.8m as at 30 June 2021. Financial assets from financial services amounted to EUR 749.9m at the end of the first half of 2021, and result from the business activities of bank99.

Austrian Post held securities and money market investments (excl. bank99) amounting to EUR 80.4m as at 30 June 2021 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 converted into cash at short notice. The balance sheet shows that Austrian Post had cash and cash equivalents of EUR 95.0m as at 30 June 2021. Including securities and money market investments, the portfolio of current and non-current cash and cash equivalents amounted to EUR 175.4m as at 30 June 2021, excluding the financial resources of bank99 which totalled EUR 712.3m as at 30 June 2021. These funds were predominantly invested with the Austrian Central Bank. Including financial resources of bank99, the total amount was EUR 887.7m as at 30 June 2021.

On the equity and liabilities side of the balance sheet, equity of the Austrian Post Group equalled EUR 622.7m as at 30 June 2021 (implying an equity ratio of 22.3 %). Provisions totalled EUR 643.3m at the end of June 2021, almost 75 % of which involve staff-related provisions. EUR 195.9m can be attributed to provisions for employee under-utilisation. A further EUR 187.1m are related to legally and contractually stipulated provisions for social capital (severance payments and anniversary bonuses) along with EUR 91.0m for other staff-related provisions. Other provisions amounted to EUR 169.3m and included obligations for possible compensation payments in connection with credited recovery claims from non-wage labour costs paid in previous periods. Other financial liabilities amounted to EUR 323.0m and included lease liabilities of EUR 296.5m. Trade payables and other liabilities totalling EUR 518.0m included current trade payables of EUR 216.5m. Financial liabilities from financial services of EUR 679.3m result from business activities of bank99 (deposit and investment business of the customers of bank99).

Cash Flow

EUR m	H1 2020	H1 2021
Gross cash flow	117.2	226.1
CASH FLOW FROM OPERATING ACTIVITIES	**306.9**	**281.5**
of which financial assets/liabilities from financial services (core banking assets)	230.9	119.3
Cash flow from investing activities	109.1	–14.4
of which maintenance CAPEX	–20.9	–25.9
of which growth CAPEX	–16.8	–21.0
of which cash flow from acquisitions/divestments	36.4	–0.2
of which acquisition/disposal of securities/money market investments	120.2	30.0
of which other cash flow from investing activities	–9.8	2.8
Free cash flow	416.0	267.1
OPERATING FREE CASH FLOW[1]	**45.3**	**139.1**
Cash flow from financing activities	–144.7	–144.6
of which dividends	–123.0	–115.7
Change in cash and cash equivalents	271.3	120.2

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

1.3.2 CASH FLOW

The gross cash flow in the first half of 2021 equalled EUR 226.1m, compared to EUR 117.2m in the first half of 2020 (+92.9 %). The cash flow from operating activities amounted to EUR 281.5m, below the figure of EUR 306.9m in the prior-year period. In this regard, the change in financial assets and liabilities from financial services (core banking assets) of bank99 in the amount of EUR 119.3m constituted the biggest item. The core banking assets include items resulting from the deposit and investment business of bank99.

The cash flow from investing activities was minus 14.4m in the first six months of 2021, compared to EUR 109.1m in the previous year.

Austrian Post focuses on the key indicator of operating free cash flow to both assess the financial strength of its operating business and to cover the dividend. The operating free cash flow after deducting the change core banking assets totalled EUR 139.1m in the current reporting period compared to EUR 45.3m in the first half of the previous year.

The cash flow from financing activities amounted to minus EUR 144.6m in the first six months of 2021, whereas the prior-year figure was minus 144.7m. The cash flow from financing activities mainly consists of the dividend payment equalling EUR 108.1m.

1.3.3 CAPITAL EXPENDITURES

The Austrian Post Group's capital expenditures equalled EUR 79.0m in the first half of 2021. Investments in the period under review included EUR 72.6m for property, plant and equipment and EUR 6.4m for intangible assets, whereas EUR 16.5m was attributable to the addition of right-of-use assets pursuant to IFRS 16. The main share of investments was made as part of the capacity expansion programme designed to expand the parcel logistics infrastructure.

Employees by Division

Average for the period, full-time equivalents	H1 2020	H1 2021	Share H1 2021
Mail	872	888	3.2 %
Parcel & Logistics	2,653	9,186	33.4 %
Retail & Bank	2,105	1,980	7.2 %
Corporate	1,580	1,995	7.3 %
OPERATING DIVISIONS	**7,210**	**14,049**	**51.1 %**
Logistics Network	13,233	13,440	48.9 %
GROUP	**20,443**	**27,489**	**100 %**

1.4 Employees

The average number of employees in the Austrian Post Group totalled 27,489 full-time equivalents in the first half of 2021. This represents an increase in the total number of employees by 7,046 full-time equivalents. The expansion of the workforce is mainly attributable to the full consolidation of the Turkish subsidiary Aras Kargo (6,445 full-time equivalents). Most of Austrian Post's staff is employed by the parent company Österreichische Post AG (17,581 full-time equivalents in total).

1.5 Events After the Reporting Period

Events after the reporting period that are material for accounting and assessment on the balance sheet date as at 30 June 2021 are included in the consolidated interim financial statements.

Subject to approval by regulatory and anti-trust authorities, bank99 will acquire the retail business of ING in Austria. In particular, this relates to current accounts, consumer and mortgage loans as well as securities investments. The closing is expected by the end of 2021. This may have an effect on the capital requirement of bank99.

No other reportable events occurred after the reporting period.

1.6 Main Risks and Uncertainties

As an international postal and logistics services provider, the Austrian Post Group is subject to a variety of operational risks in running its business operations. Austrian Post deals with these risks responsibly. Austrian Post aims to identify these risks at an early stage, evaluate them and quickly take appropriate precautionary measures. The main risks faced by Austrian Post, such as environmental, social and governance (ESG) risks, e-substitution of traditional letter mail, staff costs and structure of employment contracts, implementation of pricing measures, decline in direct mail volumes, parcel market, logistics cost risk, associates in logistics, financial services/bank99, Turkey/Aras Kargo, financial risks, technical and cyber risks, regulatory and legal risks as well as information on the internal controlling system and risk management with regard to the accounting process are described in detail in the Annual Report 2020 of Austrian Post (see the Annual Report 2020, Group Management Report, Chapter 4 and 5, and the Consolidated Financial Statements, Note 10.2 and 10.3). The same sections of the report also include information on significant opportunities. These include the expansion and adaptation of the product portfolio in the mail and parcel segments in line with customer requirements, the expansion of the physical and electronic service offering, a slowing down of the inroads being made by electronic substitution, the growth of e-commerce (especially in the parcel market and equity stakes held in Post E-Commerce), competitive advantages resulting from the service quality offered by Austrian Post as well as the company's cost structure, staff cost optimisation measures, foreign subsidiaries in the parcel business (especially Aras Kargo) and the enlarged online and self-service offering.

The COVID-19 pandemic continues to pose a risk to global economic development. Unfavourable economic conditions faced by Austrian Post customers have negative effects on the development of letter mail and direct mail volumes. Longer-lasting periods of economic weakness or negative growth in individual sectors could lead to substantial savings requirements by 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, on the 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 crisis further increases this pressure. The intensified use of electronic forms of communication due to the "get-used-to" effect could sustainably accelerate the effect of e-substitution. The parcel market was also positively impacted by the online shopping trend in the first half of 2021. This positive trend is expected to continue on a sustainable basis. At the same time, market participants are strengthening their activities in order to profit from this market growth. The uninterrupted online shopping trend is evident at international level, from which multinationals also benefit.

In this connection, it is important to mention the Turkish subsidiary Aras Kargo. Turkey is an extremely attractive, dynamic and strongly growing market which offers considerable potential. This was also clearly demonstrated in the first half of 2021. This trend is expected to continue. In contrast, there is the risk that the volatile economic and political conditions in Turkey could lead to an unfavourable development of economic parameters to the detriment of Austrian Post. The exchange rate has an impact on currency translation in Austrian Post's earnings, whereas inflationary developments can influence the local business. The operations of Aras Kargo are labour-intensive. For this reason, an unfavourable development of staff costs could end up negatively affecting earnings.

In its branch network, Austrian Post has been working together with strategic partners in the telecommunications and financial segments for many years. In particular, the financial services business is subject to a structural transformation as a result of changed customer requirements. The offering of bank99 enables Austrian Post to take account of these needs. The revenue and earnings development of bank99 is dependent upon two main factors, namely the customer ramp-up and the offering of own and third-party financial products. The development of these factors is being promoted by the recently announced acquisition of the retail business of ING in Austria. In turn, this reduces the risk of a delayed customer ramp-up and product offering. The objective is to largely reach the break-even point in the next three years.

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. The number of employees is also subject to fluctuations, depending on the economic development of customer segments. 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 above current expectations could arise in this regard, burdening operating earnings even more.

All the above-mentioned risks 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. Moreover, the business development of subsidiaries or potential impairment losses could negatively affect the earnings situation of Austrian Post.

1.7 Related Party Transactions

No major changes to related party transactions took place in the first half of 2021. Information on business relationships with related companies and persons can be found in the Annual Report 2020 of Austrian Post (refer to the Annual Report 2020, Consolidated Financial Statements, Note 11.2).

1.8 Outlook 2021

The full financial year 2021 will continue to be affected by the impacts and implications related to the COVID-19 pandemic. Both government-imposed measures as well as various operating restrictions are shaping the business development of several customer groups. This means the situation is marked by increased volatility with respect to short-term revenue and earnings development.

REVENUE GROWTH OF ABOUT 15%

Austrian Post expects its revenue to increase by approx. 15%, primarily driven by the strong revenue development of the national and international parcel business.

Revenue of the Parcel & Logistics Division should increase by about 35% year-on-year based on solid organic growth and the solid development of the international subsidiaries.

The Mail Division is negatively affected by the pandemic and related lockdown measures as well as the possible negative economic impacts felt by various customer groups. In the Letter Mail segment, the volume decline for conventional letters should remain at a level of about 5% in 2021. There are signs of a recovery in the Direct Mail and Media Post areas following the declines in 2020. However, it is unlikely that the pre-COVID-19 level will be reached in 2021. Overall, Austrian Post anticipates a stable or slightly declining revenue development of the Mail Division.

In contrast, the revenue development of bank99 launched in April 2020 should steadily improve in the course of 2021. A closing of the acquisition of the retail business of ING in Austria is expected by the end of 2021.

HIGHER GROUP EARNINGS IN 2021

Earnings are expected to increase by at least 20% in the 2021 financial year (basis 2020 EBIT: EUR 161m) due to the successful first half-year results. A stable or slightly declining earnings situation is anticipated in the Mail Division, whereas a 50% rise in Parcel & Logistics Division earnings is expected. Revenue growth in the Retail & Bank Division should also have a positive impact on the division's operating EBIT.

INVESTMENTS/CAPEX

Parcel growth in 2020 and also in 2021 has shown how important it is to have the required capacities available in a timely manner. Austrian Post succeeded in ensuring good quality service in handling the record parcel volumes of recent quarterly periods. This should also be the case in managing the foreseeable volume increases in the years to come. For this reason, Austrian Post will continue to press ahead with its investment programme. The aim is to increase the company's sorting capacity by a further 50% from 2020 to 2022. Austrian Post's objective is to expand its leading position in Austria in terms of the quality of its services as well as its efficiency and speed.

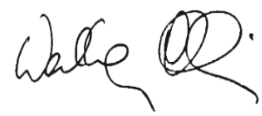
More than EUR 60m in growth CAPEX is planned again in Austria in addition to maintenance CAPEX on a current scale of about EUR 70-80m. Moreover, about EUR 20m in investments are expected for expansion measures or land purchases to support the logistics infrastructure along with approx. EUR 20-30m for investments of subsidiaries (CAPEX International).

Austrian Post continues to pursue the objective of combining growth and dividend strength. The growth opportunities that arise will be secured by corresponding structural investments. Furthermore, the cash flow generated from operating activities will continue to be used to finance the necessary basic investments and to ensure an attractive dividend policy.

Vienna, 3 August 2021

The Management Board

GEORG PÖLZL
CEO
Chairman of the
Management Board



WALTER OBLIN
Deputy CEO
Mail & Finance

PETER UMUNDUM
Member of the
Management Board
Parcel & Logistics

Consolidated Interim Financial Statements

Consolidated Income Statement for the first half of 2021

EUR m	H1 2020 adjusted[1]	H1 2021	Q2 2020 adjusted[1]	Q2 2021
Revenue	981.9	1,260.4	479.1	614.3
of which result from financial services	6.2	12.4	4.2	6.3
Other operating income	28.4	43.1	15.0	20.9
TOTAL OPERATING INCOME	**1,010.2**	**1,303.5**	**494.1**	**635.1**
Raw materials, consumables and services used	−260.4	−355.0	−133.4	−169.5
Staff costs	−494.7	−587.6	−241.2	−284.1
Depreciation, amortisation and impairment losses	−64.0	−81.1	−32.0	−41.8
Other operating expenses	−143.4	−176.8	−73.1	−96.3
TOTAL OPERATING EXPENSES	**−962.5**	**−1,200.4**	**−479.7**	**−591.6**
Results from financial assets accounted for using the equity method	0.5	0.4	0.5	0.1
EARNINGS BEFORE FINANCIAL RESULT AND INCOME TAX (EBIT)	**48.2**	**103.4**	**14.9**	**43.7**
Financial income	10.3	13.0	5.7	8.2
Financial expenses	−5.1	−8.3	−1.7	−5.9
FINANCIAL RESULT	**5.1**	**4.7**	**4.0**	**2.3**
PROFIT BEFORE TAX	**53.3**	**108.1**	**18.9**	**45.9**
Income tax	−14.2	−23.9	−5.9	−11.7
PROFIT FOR THE PERIOD	**39.1**	**84.2**	**12.9**	**34.3**
ATTRIBUTABLE TO:				
Shareholders of the parent company	44.5	79.7	15.9	31.6
Non-controlling interests	−5.4	4.4	−3.0	2.6

EARNINGS PER SHARE (EUR)				
BASIC EARNINGS PER SHARE	**0.66**	**1.18**	**0.24**	**0.47**
DILUTED EARNINGS PER SHARE	**0.66**	**1.18**	**0.24**	**0.47**

[1] Adjustments see Note 2.2.2 change in presentation in the consolidated income statement

Consolidated Statement of Comprehensive Income for the first half of 2021

EUR m	H1 2020	H1 2021	Q2 2020	Q2 2021
PROFIT FOR THE PERIOD	**39.1**	**84.2**	**12.9**	**34.3**
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO THE INCOME STATEMENT:				
Currency translation differences – investments in foreign businesses	–0.9	–9.6	0.2	–3.4
TOTAL ITEMS THAT MAY BE RECLASSIFIED	**–0.9**	**–9.6**	**0.2**	**–3.4**
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO THE INCOME STATEMENT:				
Changes in fair value FVOCI – equity instruments	–1.1	0.0	–1.1	0.0
Revaluation of defined benefit obligations	5.3	4.2	5.3	4.2
Tax effect of revaluation	–1.3	–1.1	–1.3	–1.1
TOTAL ITEMS THAT WILL NOT BE RECLASSIFIED	**2.9**	**3.1**	**2.9**	**3.1**
OTHER COMPREHENSIVE INCOME	**1.9**	**–6.5**	**3.1**	**–0.4**
TOTAL COMPREHENSIVE INCOME	**41.1**	**77.6**	**16.0**	**33.9**
ATTRIBUTABLE TO:				
Shareholders of the parent company	46.4	75.4	19.0	32.2
Non-controlling interests	–5.4	2.2	–3.0	1.6

Consolidated Balance Sheet as at 30 June 2021

EUR m	31 Dec. 2020 adjusted[1]	30 June 2021
ASSETS		
NON-CURRENT ASSETS		
Goodwill	61.4	63.9
Intangible assets	96.9	90.9
Property, plant and equipment	1,137.2	1,109.7
Investment property	74.4	75.7
Financial assets accounted for using the equity method	11.4	7.9
Other financial assets	5.4	5.4
Other receivables	10.6	14.9
Deferred tax assets	48.0	47.5
	1,445.3	**1,415.9**
FINANCIAL ASSETS FROM FINANCIAL SERVICES		
Cash, cash equivalents and central bank balances	578.9	712.3
Receivables from banks	0.0	5.2
Receivables from customers	1.7	3.5
Investments	0.3	19.9
Other	8.7	9.0
	589.5	**749.9**
CURRENT ASSETS		
Other financial assets	110.6	80.4
Inventories	15.5	16.2
Contract assets	4.4	1.3
Trade and other receivables	369.1	372.6
Tax assets	37.1	55.0
Cash and cash equivalents	108.2	95.0
	644.9	**620.5**
ASSETS HELD FOR SALE	**0.5**	**0.0**
	2,680.2	**2,786.3**

[1] Adjustments see Note 2.2.1 change in presentation of financial services

Consolidated Balance Sheet as at 30 June 2021

EUR m	31 Dec. 2020	30 June 2021
EQUITY AND LIABILITIES		
EQUITY		
Share capital	337.8	337.8
Capital reserves	91.0	91.0
Revenue reserves	231.4	202.8
Other reserves	–32.8	–36.9
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY	**627.4**	**594.7**
NON-CONTROLLING INTERESTS	**27.6**	**28.0**
	655.0	**622.7**
NON-CURRENT LIABILITIES		
Provisions	360.4	360.3
Other financial liabilities	274.1	247.2
Other payables	50.4	63.1
Contract liabilities	5.4	4.6
Deferred tax liabilities	4.1	3.5
	694.4	**678.7**
FINANCIAL LIABILITIES FROM FINANCIAL SERVICES		
Borrowings from banks	11.8	1.7
Liabilities to customers	519.5	675.1
Other	1.5	2.5
	532.9	**679.3**
CURRENT LIABILITIES		
Provisions	272.1	283.0
Tax liabilities	2.6	8.2
Other financial liabilities	77.6	75.8
Trade and other payables	416.4	406.3
Contract liabilities	29.2	32.4
	797.9	**805.7**
	2,680.2	**2,786.3**

Consolidated Cash Flow Statement for the first half of 2021

EUR m	H1 2020	H1 2021
OPERATING ACTIVITIES		
Profit before tax	53.3	108.1
Depreciation, amortisation and impairment losses	64.0	81.1
Results from financial assets accounted for using the equity method	–0.5	–0.4
Provisions non-cash	0.3	24.0
Other non-cash transactions	0.0	13.4
GROSS CASH FLOW	**117.2**	**226.1**
Trade and other receivables	7.0	–3.8
Inventories	–0.8	–0.3
Contract assets	4.6	3.1
Provisions	–27.6	–18.1
Trade and other payables	–0.5	–10.5
Contract liabilities	2.6	2.5
Financial assets/liabilities from financial services	230.9	119.3
Taxes paid	–26.5	–36.9
CASH FLOW FROM OPERATING ACTIVITIES	**306.9**	**281.5**
INVESTING ACTIVITIES		
Acquisition of intangible assets	–12.5	–8.0
Acquisition of property, plant and equipment/investment property	–37.7	–47.0
Sale of property, plant and equipment/investment property	1.8	8.7
Acquisition of subsidiaries/non-controlling interests/business units	–0.9	–1.1
Acquisition of financial assets accounted for using the equity method	–0.8	0.0
Sale of other financial instruments	38.0	0.9
Acquisition of financial investments in securities/money market investments	–50.0	–10.0
Sale of financial investments in securities/money market investments	170.2	40.0
Loans granted	0.1	0.1
Interest received and income from securities	0.7	2.1
CASH FLOW FROM INVESTING ACTIVITIES	**109.1**	**–14.4**
FREE CASH FLOW	**416.0**	**267.1**

Consolidated Cash Flow Statement for the first half of 2021

EUR m	H1 2020	H1 2021
FINANCING ACTIVITIES		
Repayment of long-term financial liabilities (incl. current maturities of long-term debt)	–19.1	–25.2
Changes of short-term financial liabilities	–0.1	–5.7
Dividends paid	–123.0	–115.7
Interest paid	–2.4	–2.7
Payments from non-controlling interests	0.0	4.5
CASH FLOW FROM FINANCING ACTIVITIES	**–144.7**	**–144.6**
Currency translation differences in cash and cash equivalents	0.0	–2.3
CHANGE IN CASH AND CASH EQUIVALENTS	**271.3**	**120.2**
Cash and cash equivalents at 1 January	103.5	687.1
CASH AND CASH EQUIVALENTS AT 30 JUNE	**374.8**	**807.3**

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

EUR m	Share capital	Capital reserves	Revenue reserves	Other reserves: IAS 19 reserve	Other reserves: FVOCI reserve	Other reserves: Currency translation reserve	Equity attributable to shareholders of the parent company	Non-controlling interests	Equity
BALANCE AS AT 1 JANUARY 2020	**337.8**	**91.0**	**303.3**	**−25.6**	**−14.2**	**−2.1**	**690.3**	**10.4**	**700.7**
Profit for the period	0.0	0.0	44.5	0.0	0.0	0.0	44.5	−5.4	39.1
Other comprehensive income	0.0	0.0	0.0	4.0	−1.1	−0.9	1.9	0.0	1.9
TOTAL COMPREHENSIVE INCOME	**0.0**	**0.0**	**44.5**	**4.0**	**−1.1**	**−0.9**	**46.4**	**−5.4**	**41.1**
Dividends paid	0.0	0.0	−140.5	0.0	0.0	0.0	−140.5	−0.7	−141.2
Acquisition of non-controlling interests	0.0	0.0	0.1	0.0	0.0	0.0	0.1	−0.1	0.0
Payments to subsidiaries with non-controlling interests	0.0	0.0	−2.0	0.0	0.0	0.0	−2.0	2.0	0.0
TRANSACTIONS WITH OWNERS	**0.0**	**0.0**	**−142.4**	**0.0**	**0.0**	**0.0**	**−142.4**	**1.2**	**−141.2**
Disposal of financial assets	0.0	0.0	−15.9	0.0	15.9	0.0	0.0	0.0	0.0
OTHER CHANGES	**0.0**	**0.0**	**−15.9**	**0.0**	**15.9**	**0.0**	**0.0**	**0.0**	**0.0**
BALANCE AS AT 30 JUNE 2020	**337.8**	**91.0**	**189.5**	**−21.6**	**0.6**	**−3.0**	**594.3**	**6.3**	**600.6**

Consolidated Statement of Changes in Equity for the first half of 2021

EUR m	Share capital	Capital reserves	Revenue reserves	Other reserves: IAS 19 reserve	Other reserves: FVOCI reserve	Other reserves: Currency translation reserve	Equity attributable to shareholders of the parent company	Non-controlling interests	Equity
BALANCE AS AT 1 JANUARY 2021	**337.8**	**91.0**	**231.4**	**−28.0**	**0.6**	**−5.4**	**627.4**	**27.6**	**655.0**
Profit for the period	0.0	0.0	79.7	0.0	0.0	0.0	79.7	4.4	84.2
Other comprehensive income	0.0	0.0	0.0	3.3	0.0	−7.6	−4.3	−2.2	−6.5
TOTAL COMPREHENSIVE INCOME	**0.0**	**0.0**	**79.7**	**3.3**	**0.0**	**−7.6**	**75.4**	**2.2**	**77.6**
Dividends paid	0.0	0.0	−108.1	0.0	0.0	0.0	−108.1	−6.3	−114.4
Payments to subsidiaries with non-controlling interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.5	4.5
TRANSACTIONS WITH OWNERS	**0.0**	**0.0**	**−108.1**	**0.0**	**0.0**	**0.0**	**−108.1**	**−1.8**	**−109.9**
Disposal of financial assets	0.0	0.0	−0.2	0.0	0.2	0.0	0.0	0.0	0.0
OTHER CHANGES	**0.0**	**0.0**	**−0.2**	**0.0**	**0.2**	**0.0**	**0.0**	**0.0**	**0.0**
BALANCE AS AT 30 JUNE 2021	**337.8**	**91.0**	**202.8**	**−24.7**	**0.8**	**−13.0**	**594.7**	**28.0**	**622.7**

Notes to the Consolidated Interim Financial Statements for the first half of 2021

1. Summary of Accounting Principles

The consolidated interim financial statements of Austrian Post as at 30 June 2021 have been prepared in accordance with the International Financial Reporting Standards (IFRS) valid as at
30 June 2021, 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 2020 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 2020 financial year with the exception of the initial application of new and revised standards as well as the change in the presentation of financial services as explained below.

The consolidated interim financial statements are presented in Euros. All amounts are listed in millions of euros (EUR m) unless stated otherwise. 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 Adjustment of Prior-Year Figures

2.1 Revisions to International Financial Reporting Standards

2.1.1 MANDATORY AND EARLY APPLICATION OF NEW AND REVISED IFRS

There were no new standards which had to be applied on a mandatory basis for the first time during the first half of 2021. The following revised standards had to be applied for the first time:

Mandatory application of revised standards		Effective date EU[1]
IFRS 9/IAS 39/IFRS 7/ IFRS 4/IFRS 16	Interest Rate Benchmark Reform - Phase 2	1 Jan. 2021
IFRS 4	Insurance Contracts - Deferral of IFRS 9	1 Jan. 2021

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

The following revised standards were voluntarily applied early in the first half of 2021:

Early application of revised standards		Endorsement EU	Effective date EU[1]
IFRS 16	COVID-19 Related Rent Concessions beyond June 30 2021	to be decided	to be decided
IAS 12	Deferred Tax related to Assets and Liabilities Arising from a Single Transaction	to be decided	planned 1 Jan. 2023

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

Application of the revised standards did not have any material impact on the Austrian Post Group.

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 EU[1]
IFRS 17	Insurance Contracts (including Amendments to IFRS 17)	planned Q4 2021	planned 1 Jan. 2023

Revised standards not yet applied		Endorsement EU	Effective date EU[1]
IAS 1	Classification of Liabilities as Current or Non-Current	to be decided	planned 1 Jan. 2023
IAS 1/IFRS-Guideline document 2	Disclosure of Accounting Policies	to be decided	planned 1 Jan. 2023
IAS 8	Definition of Accounting Estimates	to be decided	planned 1 Jan. 2023
IFRS 3	Business Combinations	28 June 2021	1 Jan. 2022
IAS 16	Property, Plant and Equipment	28 June 2021	1 Jan. 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	28 June 2021	1 Jan. 2022
Miscellaneous	Improvements to IFRS (2018-2020)	28 June 2021	1 Jan. 2022

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

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

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

2.2.1 CHANGE IN THE PRESENTATION OF FINANCIAL SERVICES

In order to present the rendering of financial services as transparently as possible, receivables from banks from financial services which relate to payment transactions and have an original term to maturity of up to three months, are now assigned to cash, cash equivalents and central bank balances from financial services:

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

2.2.2 CHANGE IN PRESENTATION IN THE CONSOLIDATED INCOME STATEMENT

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

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

3. Scope of Consolidation

In addition to Österreichische Post AG, a total of 28 domestic subsidiaries (31 December 2020: 27) and 15 foreign subsidiaries (31 December 2020: 15) are included in the consolidated interim financial statements. Furthermore, one domestic (31 December 2020: two) and one foreign company (31 December 2020: one) are accounted for using the equity method.

3.1 Changes in Scope of Consolidation

The following changes in scope of consolidation and transactions with non-controlling interests took place in the first half of 2021:

	Interest			
Company name	from	to	Date of transaction	Comment
MAIL				
D2D – direct to document GmbH, Vienna	70.00%	100.00%	26 Feb. 2021	Step acquisition

MAIL

D2D – direct to document GmbH

With the formal closing of the transaction on 26 February 2021 to acquire the remaining 30% of the shares, Austrian Post now holds a 100% stake and thus obtained control over D2D – direct to document GmbH. Since this date, the company has been fully consolidated in the consolidated financial statements of Austrian Post. Previously, the company was classified as an associate in line with IAS 28 and accounted for using the equity method. This is due to the fact that Austrian Post did not have control but only significant influence due to the existing corporate governance in the company. D2D – direct to document GmbH is a digital and transaction printing company in Austria. The acquisition opens up numerous opportunities for the

Austrian Post Group to continue positioning itself as a full-service provider in printing outsourcing and to offer the entire process, from data transfer and print formatting to enveloping and mailing.

The main identifiable assets acquired at the date in which control was obtained were property, plant and equipment (excluding right-of-use assets according to IFRS 16) amounting to EUR 2.9m as well as current trade and other receivables equalling EUR 2.5m. Furthermore, customer relationships totalling EUR 0.9m were recognised in the course of the purchase price allocation. The primary liabilities assumed were current other financial liabilities (excluding lease liabilities according to IFRS 16) in the amount of EUR 2.0m and current trade and other payables of EUR 1.6m. Current trade and other receivables as well as current trade and other payables include receivables from and payables to Group companies. Right-of-use assets and lease liabilities from lease agreements outside of the Group were recognised in the amount of EUR 2.1m. The total net identifiable assets acquired and liabilities assumed totalled EUR 2.6m at the time control was obtained.

The purchase price for the acquisition of the remaining 30 % of the shares equalled EUR 1.1m. The fair value of the entire stake previously held by Austrian Post was determined within the context of the step acquisition. This largely corresponded to the value of the previously held shares accounted for using the equity method. The acquisition led to a goodwill of EUR 2.3m resulting from the earnings expectations associated with the company in connection with the letter mail and direct mail business of Austrian Post.

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

Revenue of EUR 1.5m generated by D2D – direct to document GmbH has been recognised since the company was included in the consolidated financial statements of Austrian Post. If the company had already been a subsidiary from the beginning of the year, Group revenue would have amounted to EUR 1,261.5m. The company's profit was of immaterial significance in the first half of 2021.

4. Accounting and Valuation Methods

4.1 Financial Assets and Liabilities

Financial liabilities continue to be classified in the following valuation categories:

- At fair value through profit or loss (FVTPL)
- Recognised at amortised cost

Pursuant to IFRS 9, financial liabilities are to be recognised at amortised cost unless they fall under the exceptions stipulated in IFRS 9.4.2.1. Accordingly, other financial liabilities, trade and other payables as well as liabilities against financial assets accounted for using the equity method are to be recognised at amortised cost. Liabilities from obligation to acquire non-controlling interests held by Austrian Post do not fall within the scope of the exceptions contained in IFRS 9.4.2.1. As a consequence, they are reported in the category "recognised at amortised cost." Results from the subsequent measurements of these liabilities are recorded in the consolidated income statement.

4.2 Income Tax

A temporary increase in the corporate income tax rates for the years 2021 and 2022 (25% in 2021, 23% in 2022) was enacted in Turkey in April 2021. Deferred tax balances were correspondingly revaluated. The effects on deferred taxes were insignificant in financial terms.

5. Future-related Assumptions and Estimation Uncertainties

5.1 Impacts of the COVID-19 Pandemic

Due to the ongoing COVID-19 pandemic, the possible effects were investigated within the context of preparing the consolidated interim financial statements.

With respect to trade and other receivables, potential sector-specific defaults were taken into account in connection with the COVID-19 pandemic by means of a surcharge factor to the expected loss rates. The resulting amounts were insignificant in financial terms and no major payment defaults have been observed up until now.

6. Segment Reporting

The following tables present segment disclosures for the reportable segments for the first half of 2020 and the first half of 2021:

H1 2020

EUR m	Mail	Parcel & Logistics	Retail & Bank	Corporate	Group Reconciliation	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**
of which revenue with third parties	587.7	364.6	28.6	1.0	0.0	981.9
of which result 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**
Financial result						5.1
PROFIT BEFORE TAX						**53.3**

H1 2021

EUR m	Mail	Parcel & Logistics	Retail & Bank	Corporate	Group Reconciliation	Group
Revenue (segments)	608.2	628.1	34.0	1.4	−11.4	1,260.4
Revenue intra-Group	1.4	0.5	90.4	0.0	−92.2	0.0
TOTAL REVENUE	**609.6**	**628.5**	**124.4**	**1.4**	**−103.5**	**1,260.4**
of which revenue with third parties	603.8	621.3	33.9	1.4	0.0	1,260.4
of which result from financial services	0.0	0.0	12.5	0.0	−0.2	12.4
EBIT	**82.4**	**59.7**	**−27.0**	**−11.7**	**0.0**	**103.4**
Financial result						4.7
PROFIT BEFORE TAX						**108.1**

7. Revenue from Contracts with Customers

7.1 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 2020	H1 2021
Letter Mail	355.4	367.0
Business Solutions	23.4	20.8
Direct Mail	152.4	157.3
Media Post	56.5	58.7
MAIL	**587.7**	**603.8**
Premium Parcels	212.0	424.7
Standard Parcels	121.1	152.4
Other Parcel Services	31.5	44.2
PARCEL & LOGISTICS	**364.6**	**621.3**
Branch Services	22.4	21.5
Commission income from financial services[1]	6.9	14.5
RETAIL & BANK	**29.3**	**36.0**
Revenue real estate project Neutorgasse 7	2.6	0.0
Other revenue	1.0	1.4
CORPORATE	**3.6**	**1.4**
REVENUE FROM CONTRACTS WITH CUSTOMERS	**985.2**	**1,262.5**
of which reported under revenue	982.6	1,262.5
of which reported under other operating income	2.6	0.0

[1] For detail see Note 8.1 result from financial services

8. Financial Services

8.1 Result from Financial Services

The following table shows the total result from financial services including valuation and disposal result as well as impairment losses:

EUR m	H1 2020	H1 2021
Interest income from receivables from customers	0.0	0.1
Interest income	0.0	0.1
Interest expense from cash reserves (incl. balances with central banks)	–0.2	–1.2
Interest expense from liabilities to customers	0.0	–0.2
Interest expense	–0.2	–1.4
NET INTEREST INCOME/EXPENSE	**–0.2**	**–1.3**
Commission income from current account business and payment transactions	1.4	5.8
Commission income from other service business	5.5	8.7
Commission income	6.9	14.5
Commission expenses from current account business and payment transactions	–0.3	–0.7
Commission expenses from other service business	–0.3	–0.2
Commission expenses	–0.5	–0.9
NET COMMISSION INCOME/EXPENSES	**6.3**	**13.7**
RESULT FROM FINANCIAL SERVICES	**6.2**	**12.4**
Impairment losses	0.0	–0.1
RESULT FROM FINANCIAL SERVICES INCL VALUATION AND DISPOSAL RESULT AND IMPAIRMENT LOSSES	**6.1**	**12.3**

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

EUR m	H1 2020	H1 2021
Revenue	6.2	12.4
Other operating expenses	0.0	–0.1
RESULT FROM FINANCIAL SERVICES INCL VALUATION AND DISPOSAL RESULT AND IMPAIRMENT LOSSES	**6.1**	**12.3**

8.2 Financial Assets and Liabilities from Financial Services

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

Financial assets from financial services

EUR m	31. Dec. 2020 adjusted[1] Due within 1 year	Due in more than 1 year	Total	30 June 2021 Due within 1 year	Due in more than 1 year	Total
Cash, cash equivalents and central bank balances	578.9	0.0	578.9	712.3	0.0	712.3
Cash on hand	114.7	0.0	114.7	197.4	0.0	197.4
Sight deposits banks	10.8	0.0	10.8	8.0	0.0	8.0
Central bank balances	453.4	0.0	453.4	506.8	0.0	506.8
Receivables from banks	0.0	0.0	0.0	5.2	0.0	5.2
due daily	0.0	0.0	0.0	5.2	0.0	5.2
Receivables from customers	1.7	0.0	1.7	3.5	0.0	3.5
due daily	1.7	0.0	1.7	3.5	0.0	3.5
Investments	0.2	0.1	0.3	0.2	19.7	19.9
Securities	0.2	0.1	0.3	0.2	19.7	19.9
Other	8.7	0.0	8.7	9.0	0.0	9.0
TOTAL	**589.4**	**0.1**	**589.5**	**730.2**	**19.7**	**749.9**

[1] Adjustments see Note 2.2.1 change in the presentation of financial services

Financial liabilities from financial services

EUR m	31 Dec. 2020 Due within 1 year	Total	30 June 2021 Due within 1 year	Total
Borrowings from banks	11.8	11.8	1.7	1.7
due daily	11.8	11.8	1.7	1.7
Liabilities to customers	519.5	519.5	675.1	675.1
due daily	519.5	519.5	675.1	675.1
Other	1.5	1.5	2.5	2.5
TOTAL	**532.9**	**532.9**	**679.3**	**679.3**

9. Leases

Right-of-use assets Right-of-use assets in the balance sheet are recognised in those balance sheet items in which the assets underlying the leases would also be presented. Impairment losses of EUR 3.1m were recognised in technical plant and equipment in the first half-year 2021. These impairment losses relate to rights of use of ATMs with a lowered revenue expectation in light of the current developments related to cash transactions. This impairment loss is reported under depreciation, amortisation and impairment losses in the consolidated income statement, and impacts the Retail & Bank Division. The calculation of the impairment losses was based on management expectations of cash flows for the residual terms of the rights of use (until 2026) using a Weighted Average Cost of Capital (WACC) of 2.2 %.

With respect to the right-of-use assets relating to properties and buildings, disposals in the first half of 2021 amounted to EUR 22.9m. Of this, EUR 11.3m relates to the reassessment of the residual term of rights of use for properties and buildings with indefinite lease terms carried out as a consequence of the changed business development of adapted real estate projects. A disposal totalling EUR 6.3m relates to a leased property which is no longer used and is now being subleased. EUR 3.9m involves a premature contract termination. Due to the reassessment of the residual term and premature contract termination the lease liabilities are also reduced by EUR 15.3m.

Finance leases A leased property is no longer needed since March of the current financial year. The property is now being subleased due to the interminability of the contract. The sublease is for the entire remaining lease term and is classified as a finance lease. The right-of-use asset amounting to EUR 6.3m was derecognised and a receivable was recognised. This did not have any material effect on the consolidated income statement. As at 30 June 2021, lease receivables totalling EUR 6.7m (31 December 2020: EUR 0.7m) were reported under trade and other receivables before impairment losses. EUR 6.0m of this amount (previous year: EUR 0.4m) have a maturity of more than one year. The impairment losses equalling the expected credit losses amounted to EUR 0.2m as at 30 June 2021 (31 December 2020: EUR 0.0m). No significant income was generated in the first half of 2021 due to an agreed rent-free period.

Maturity analysis

EUR m	31 Dec.2020	30 June 2021
No later than one year	0.4	0.7
Later than one year and not later than two years	0.3	1.5
Later than two years and not later than three years	0.0	1.4
Later than three years and not later than four years	0.0	1.4
Later than four years and not later than five years	0.0	1.4
Later than five years	0.0	0.3
TOTAL AMOUNT OF UNDISCOUNTED LEASE RECEIVABLES	**0.7**	**6.7**
NET INVESTMENT IN THE LEASE	**0.7**	**6.7**

10. Provisions

Austrian Post has changed the parameter for interest-bearing provisions against the backdrop of the development of interest rates. The weighted discount rate for provisions for severance payments now equals 2.41 % (31 December 2020: 1.78 %), whereas the weighted discount rate for anniversary bonuses now amounts to 1.00 % (31 December 2020: 0.75 %). The parameter adjustments, including the effects from empirical adjustments, led to an actuarial gain of EUR 6.2m in the first half of 2021, of which EUR 4.2m is recognised under other comprehensive income.

The range of the discount rates for provisions for under-utilisation is now at 0.00 %—0.75 % (31 December 2020: 0.00 %—0.50 %). The parameter adjustments led to a positive effect of EUR 2.3m in the first half of 2021, which is recognised under staff costs.

11. Financial Instruments

This note contains an update of the assessments and estimates used by the Austrian Post Group in determining the fair value of financial instruments since the last consolidated annual financial statements.

11.1 Financial Assets and Liabilities

The following tables show the carrying amounts of financial assets and liabilities as at 31 December 2020 and 30 June 2021 in accordance with the classification categories stipulated in IFRS 9.

31 December 2020

EUR m	Measured at amortised cost	At fair value through other comprehensive income (FVOCI) with recycling	At fair value through other comprehensive income (FVOCI) no recycling	At fair value through profit or loss (FVTPL) mandatory	Total at fair value	Total
FINANCIAL ASSETS						
Financial assets from financial services	589.3	0.2	0.0	0.0	0.2	589.5
Cash, cash equivalents and central bank balances[1]	578.9	0.0	0.0	0.0	0.0	578.9
Receivables from customers	1.7	0.0	0.0	0.0	0.0	1.7
Investments	0.1	0.2	0.0	0.0	0.2	0.3
Other	8.7	0.0	0.0	0.0	0.0	8.7
Other financial assets	70.0	0.4	5.4	40.3	46.1	116.1
Securities	0.0	0.4	0.0	40.3	40.7	40.7
Money market investments	70.0	0.0	0.0	0.0	0.0	70.0
Other stakes	0.0	0.0	5.4	0.0	5.4	5.4
Trade and other receivables	340.0	0.0	0.0	0.0	0.0	340.0
Trade receivables	314.2	0.0	0.0	0.0	0.0	314.2
Receivables from financial assets accounted for using the equity method	1.9	0.0	0.0	0.0	0.0	1.9
Other receivables[2]	23.9	0.0	0.0	0.0	0.0	23.9
Cash and cash equivalents	108.2	0.0	0.0	0.0	0.0	108.2
TOTAL	**1,107.5**	**0.6**	**5.4**	**40.3**	**46.3**	**1,153.8**
FINANCIAL LIABILITIES						
Financial liabilities from financial services	532.9	0.0	0.0	0.0	0.0	532.9
Borrowings from banks	11.8	0.0	0.0	0.0	0.0	11.8
Liabilities to customers	519.5	0.0	0.0	0.0	0.0	519.5
Other	1.5	0.0	0.0	0.0	0.0	1.5
Other financial liabilities	351.6	0.0	0.0	0.0	0.0	351.6
Borrowings from banks	30.1	0.0	0.0	0.0	0.0	30.1
Lease liabilities	321.5	0.0	0.0	0.0	0.0	321.5
Trade and other payables	372.9	0.0	0.0	0.0	0.0	372.9
Trade payables	249.2	0.0	0.0	0.0	0.0	249.2
Payables from financial assets accounted for using the equity method	1.0	0.0	0.0	0.0	0.0	1.0
Liabilities from obligation to acquire non-controlling interests[3]	32.7	0.0	0.0	0.0	0.0	32.7
Other liabilities[4]	90.0	0.0	0.0	0.0	0.0	90.0
TOTAL	**1,257.3**	**0.0**	**0.0**	**0.0**	**0.0**	**1,257.3**

[1] Adjustments see Note 2.2.1 change in the presentation of financial services
[2] Excluding prepayments and receivables from tax authorities and social security carriers
[3] For better clarity, contingent considerations have been renamed in liabilities from obligation to acquire non-controlling interests. Liabilities from obligation to acquire non-controlling interests are now put in the category measured at amortised cost.
[4] Excluding payments received in advance and liabilities to tax authorities and social security carriers as well as not consumed vacation

30 June 2021

EUR m	Measured at amortised cost	At fair value through other comprehensive income (FVOCI) with recycling	At fair value through other comprehensive income (FVOCI) no recycling	At fair value through profit or loss (FVTPL) mandatory	Total at fair value	Total
FINANCIAL ASSETS						
Financial assets from financial services	749.7	0.2	0.0	0.0	0.2	749.9
Cash, cash equivalents and central bank balances	712.3	0.0	0.0	0.0	0.0	712.3
Receivables from banks	5.2	0.0	0.0	0.0	0.0	5.2
Receivables from customers	3.5	0.0	0.0	0.0	0.0	3.5
Investments	19.7	0.2	0.0	0.0	0.2	19.9
Other	9.0	0.0	0.0	0.0	0.0	9.0
Other financial assets	40.0	0.4	5.4	40.0	45.8	85.8
Securities	0.0	0.4	0.0	40.0	40.4	40.4
Money market investments	40.0	0.0	0.0	0.0	0.0	40.0
Other stakes	0.0	0.0	5.4	0.0	5.4	5.4
Trade and other receivables	353.6	0.0	0.0	0.0	0.0	353.6
Trade receivables	318.5	0.0	0.0	0.0	0.0	318.5
Receivables from financial assets accounted for using the equity method	1.8	0.0	0.0	0.0	0.0	1.8
Other receivables[1]	33.3	0.0	0.0	0.0	0.0	33.3
Cash and cash equivalents	95.0	0.0	0.0	0.0	0.0	95.0
TOTAL	**1,238.3**	**0.7**	**5.4**	**40.0**	**46.0**	**1,284.3**
FINANCIAL LIABILITIES						
Financial liabilites from financial services	679.3	0.0	0.0	0.0	0.0	679.3
Borrowings from banks	1.7	0.0	0.0	0.0	0.0	1.7
Liabilities to customers	675.1	0.0	0.0	0.0	0.0	675.1
Other	2.5	0.0	0.0	0.0	0.0	2.5
Other financial liabilities	323.0	0.0	0.0	0.0	0.0	323.0
Borrowings from banks	26.5	0.0	0.0	0.0	0.0	26.5
Lease liabilities	296.5	0.0	0.0	0.0	0.0	296.5
Trade and other payables	348.4	0.0	0.0	0.0	0.0	348.4
Trade payables	216.5	0.0	0.0	0.0	0.0	216.5
Liabilities from obligation to acquire non-controlling interests	47.5	0.0	0.0	0.0	0.0	47.5
Other liabilities[2]	84.4	0.0	0.0	0.0	0.0	84.4
TOTAL	**1,350.6**	**0.0**	**0.0**	**0.0**	**0.0**	**1,350.6**

[1] Excluding prepayments and receivables from tax authorities and social security carriers
[2] Excluding payments received in advance and liabilities to tax authorities and social security carriers as well as not consumed vacation

Liabilities from obligation to acquire non-controlling interests are now classified in the category "Measured at amortised cost" (refer to Note 4.1 financial assets and liabilities). The liabilities mainly result from options on the acquisition of the remaining 20 % of the shares in Aras Kargo a.s., in which case the future purchase price depends on the company's results. The subsequent measurement is carried out on the basis of the expected future results according to the company planning and the application of the current EUR/TRY exchange rate and was discounted using the effective interest rate method. The liability as at 30 June 2021 amounted to EUR 47.4m (31 December 2020: EUR 32.6m). 10 % higher (lower) future earnings of the company would lead to a higher (lower) liability of EUR 5.0m. A 10 % rise in the EUR/TRY exchange rate would decrease the liability by EUR 4.3m, whereas a decline in the EUR/TRY exchange rate by 10 % would increase the liability by about EUR 5.3m.

The result from subsequent measurement amounts to minus EUR 14.8m in the first half of 2021 and is recognised in the consolidated income statement, in which case expenses relating to the change in estimates for future results in the amount of EUR 17.1m are included in other operating expenses. Income of EUR 6.3m from the foreign exchange valuation of the liability is reported under financial income and the expense totalling EUR 4.0m resulting from the accrued interest effect of the liability is recognised under financial expenses.

11.2 Financial Assets and Liabilities Measured at Fair Value

The following tables show financial assets measured at fair value as at 31 December 2020 and 30 June 2021 in accordance with the levels of the fair value hierarchy of IFRS 13:

31 December 2020

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

[1] For better clarity, contingent considerations have been renamed in liabilities from obligation to acquire non-controlling interests. Liabilities from obligation to acquire non-controlling interests are now put in the category measured at amortised cost.

30 June 2021

EUR m	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS				
Financial assets from financial services	0.2	0.0	0.0	0.2
Investments	0.2	0.0	0.0	0.2
Other financial assets	40.4	5.3	0.1	45.8
Securities	40.4	0.0	0.0	40.4
Other stakes	0.0	5.3	0.1	5.4
TOTAL	**40.6**	**5.3**	**0.1**	**46.0**

The fair value in Level 2 for other stakes relates to shares held in the Vienna Stock Exchange. The valuation of these shares is carried out by reference to the exit price on the basis of the existing syndicate agreement as well as regular index-based value adjustments.

The Austrian Post Group recognises transfers among the different levels of the fair value hierarchy at the end of the reporting period in which the change took place. Due to a reassessment of the shares held by Austrian Post in the Vienna Stock Exchange, they were reassigned from Level 3 to Level 2 in the reporting period 1 January 2021 to 30 June 2021.

The following table shows the reconciliation of Level 3 valuations at fair value of financial assets and liabilities for the periods between 1 January 2020 and 30 June 2020 as well as 1 January 2021 to 30 June 2021:

Financial Assets

EUR m	H1 2020	H1 2021
OPENING BALANCE AS AT 1 JANUARY	**28.7**	**5.4**
Total gains and losses through other comprehensive income	–1.1	0.0
Recognised in changes in fair value FVOCI – equity instruments	–1.1	0.0
Decrease from change in accounting method	–22.2	0.0
Transfers from Level 3	0.0	–5.3
CLOSING BALANCE AS AT 30 JUNE	**5.4**	**0.1**

The decrease from the change in the accounting method in the first half of 2020 related to Aras Kargo a.s.

Financial Liabilities

EUR m	H1 2020	H1 2021[1]
OPENING BALANCE AS AT 1 JANUARY	**2.9**	**0.0**
Total gains and losses through profit or loss	0.2	0.0
Recognised in other operating expenses	0.2	0.0
Repayment	–2.0	0.0
CLOSING BALANCE AS AT 30 JUNE	**1.1**	**0.0**

[1] For better clarity, contingent considerations have been renamed in liabilities from obligation to acquire non-controlling interests. Liabilities from obligation to acquire non-controlling interests are now put in the category measured at amortised cost.

11.3 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.

12. 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. 2020 adjusted[1]	30 June 2021
CASH AND CASH EQUIVALENTS	**687.1**	**807.3**
Financial assets from financial services	578.9	712.3
Cash, cash equivalents and central bank balances	578.9	712.3
CASH AND CASH EQUIVALENTS	**108.2**	**95.0**

[1] Adjustments see Note 2.2.1 change in the presentation of financial services

13. Other Disclosures

The Annual General Meeting of Austrian Post held on 15 April 2021 resolved to distribute a dividend of EUR 1.60 per share (EUR 108.1m). The dividend payment to shareholders in the amount of EUR 94.1m took place on 29 April 2021. The withheld capital gains tax of EUR 14.0m was remitted in May 2021.

Österreichische Post AG has agreed, under certain conditions, via a letter of comfort to bank99 AG, to equip the company with equity capital of up to EUR 43.3m by the end of 2026 (31 December 2020: EUR 61.3m).

14. Events After the Reporting Period

Events after the reporting period that are material for accounting and assessment on the balance sheet date as at 30 June 2021 are included in the consolidated interim financial statements.

Subject to approval by regulatory and anti-trust authorities, bank99 AG will acquire the retail business of ING in Austria. In particular, this relates to current accounts, consumer and mortgage loans as well as securities investments. The closing is expected by the end of 2021. This may have an effect on the capital requirements of bank99 AG.

No other reportable events occurred after the reporting period.

15. Negative Note

The consolidated interim financial statements of Austrian Post, Vienna, as at 30 June 2021, were neither subject to a complete audit nor subject to an auditor's review.

Vienna, 3 August 2021

The Management Board

GEORG PÖLZL
CEO
Chairman of the
Management Board

WALTER OBLIN
Deputy CEO
Mail & Finance

PETER UMUNDUM
Member of the
Management Board
Parcel & Logistics

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

As the legal representatives of Österreichische Post AG, we declare, to the best of our knowledge, that the condensed consolidated interim financial statements as at 30 June 2021, which were prepared in accordance with the applicable financial reporting standards, present a fair and accurate picture of the assets, financial and earnings position of the Group, and that the Group management report for the first half year 2021 presents the business performance, results and situation of the Group such that a fair and accurate picture of the assets, financial and earnings 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 condensed consolidated interim financial statements as at 30 June 2021 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, 3 August 2021

The Management Board

GEORG PÖLZL
CEO
Chairman of the
Management Board

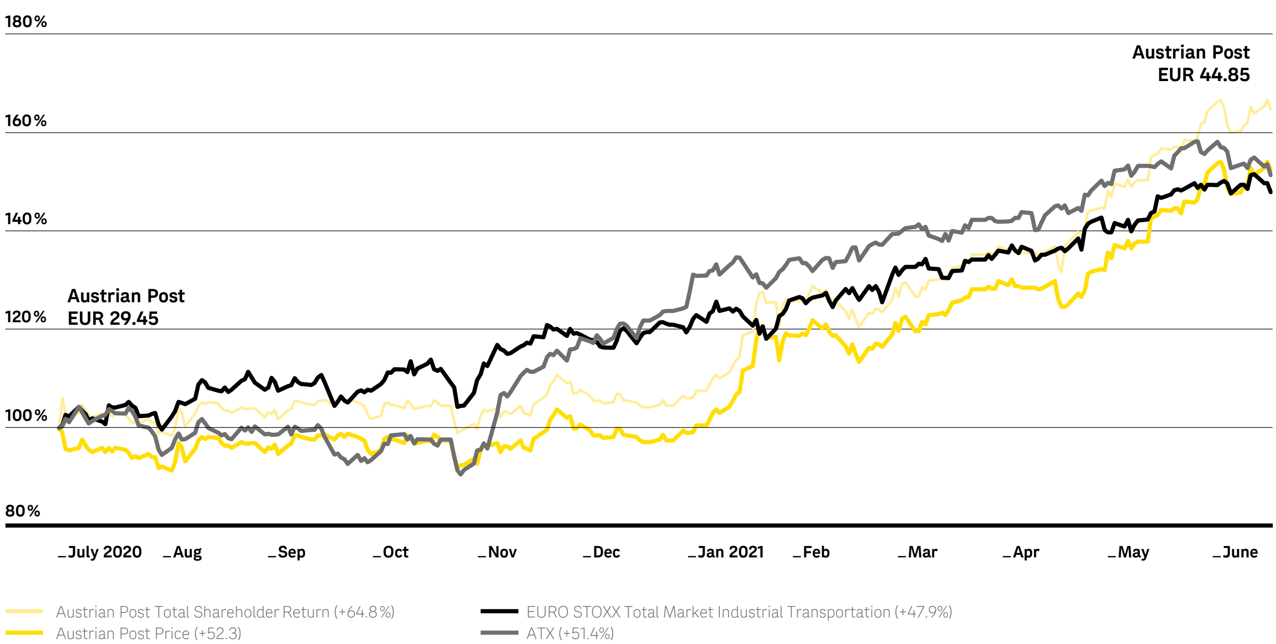
WALTER OBLIN
Deputy CEO
Mail & Finance

PETER UMUNDUM
Member of the
Management Board
Parcel & Logistics

Financial Calendar 2021/2022

12 November 2021	Interim report for the first three quarters 2021, publication: 07.30-07.40 a.m. CET
11 March 2022	Annual Report 2021, publication: 07.30–07.40 a.m. CET
21 April 2022	Annual General Meeting 2022, Vienna
03 May 2022	Ex-date (dividend)
04 May 2022	Record date (determination of entitled stocks in connection with dividend payments)
05 May 2022	Dividend payment day
13 May 2022	Interim report for the first quarter 2022, publication: 07.30-07.40 a.m. CET
11 August 2022	Half-year Report 2022, publication: 07.30-07.40 a.m. CET
11 November 2022	Interim report for the first three quarters 2022, publication: 07.30-07.40 a.m. CET

Development of the Share Price **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.

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

Editorial deadline: 11 August 2021

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