



2022

Consolidated Annual Report

including Sustainable Development Report
and Consolidated and Separate Financial
Statements prepared according to the
International Financial Reporting Standards,
as adopted by the European Union, presented
together with the Independent Auditor's Report





TABLE OF CONTENTS

CHAIRMAN'S FOREWORD	4
CEO'S FOREWORD	5
AUDITOR'S REPORT	6
MANAGEMENT	12
EVENTS AND PERFORMANCE	27
OVERVIEW OF OPERATIONS	42
PLANS AND PROJECTIONS	58
SOCIAL RESPONSIBILITY REPORT	69
ISSUE OF POSTAGE STAMPS	129
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	131

CHAIRMAN'S FOREWORD

For Lietuvos Paštas, the year 2022 was about continuing the process of modernisation aimed at moving towards a modern post that meets the ever-changing habits and needs of our customers. A competitive and dynamic environment serves as a stimulus for us to pursue and, ultimately, to achieve the ambitious goals that have been set.

With a shrinking demand for traditional postal services and migration of customers to the segment of courier and parcel locker services, we further focused on the transformation of the ways in which we render our services throughout 2022.

Last year, as part of our network optimisation, 65 post offices in rural areas were replaced by a well-developed mobile mailman service. Currently, this service is available to almost half a million addresses across Lithuania, thereby making the postal services more accessible to people in those areas. This contributes to improvement of both customer experience and work conditions for the Company's employees, as they are provided with modern motor vehicles facilitating the postal deliveries in a much more convenient way.

As we seek to bring our services closer to our customers, we expanded the LP EXPRESS network of parcel lockers by almost a quarter from 285 to 352 during 2022, currently covering over 100 residential areas across the entire country. In terms of the network growth, LP EXPRESS was a leader in the domestic market of parcel lockers. Alongside a substantial expansion of the parcel locker network, a top quality of services was maintained – even 97% of addressees received their LP EXPRESS parcels already on the next business day.

Despite a slower growth of e-commerce activities during the post-pandemic period in 2022, it remained consistent and rebounded to the pre-lockdown level. Compared to 2021, the quantity of parcels sent thro-

ugh the LP EXPRESS parcel lockers alone increased by over 15%.

In the previous year, Lietuvos Paštas continued to work on the tasks that had already been started, contributing to building a modern organisation with modern post offices, digitalised processes, newly introduced competitive services to customers, and a dully followed consistent policy on work pay rise.

With each year, the aspects of sustainable development become increasingly relevant. In 2022, the Company focused mostly on mitigating the environmental impact and implementing the initiatives that will help move towards more sustainable operations.

Our day-to-day efforts in building an efficient, open and modern Lietuvos Paštas do not remain unnoticed. Last year, the rating of Lietuvos Paštas in the Good Governance Index (published by the Governance Coordination Centre) improved from A- to A.

An overview of 2022 would be incomplete without highlighting the major challenges. Russia's military invasion of Ukraine in February 2022 has shaken Lithuania and the rest of the world and, among other things, has had a negative effect on many industries. Rocketing energy prices have caused a spiral of inflation to spin, which in turn has sharply increased the cost of services rendered by Lietuvos Paštas. This has also resulted in higher costs of cross-border settlements with foreign post offices, transportation costs and the amount allocated for payment of wages and salaries to employees. Nevertheless, through joint efforts of Lietuvos Paštas team, we have successfully implemented the measures enabling us to operate successfully at these stressful times, and to contribute actively to the provision of support to Ukraine.



We believe that a refreshed Board of Lietuvos Paštas with two new members and a new CEO Rolandas Zukas (taking office as from 24 February 2023), with pooled competences, expertise and professional experience, will enable us to further contribute to the transformation of our organisation and implementation of new projects. The joining of these professionals with expertise in their respective fields will undoubtedly facilitate the achievement of goals set in our Strategy – sustainable growth and development, growing the market share in parcel delivery, digitalization of operations, and further improvement of efficiency of operations.

Despite the newly emerging economic and geopolitical challenges in the course of 2023, we will continue to work on the tasks that we have already started, and we will look into new and best solutions in our day-to-day activities that bring us closer to our mission – A convenient way to receive and to send. For everyone.



Mindaugas Kyguolis
Chairman of the Board

CEO'S FOREWORD

The year 2022 for Lietuvos Paštas was accompanied by changes and modernisation. Over the past year, a number of important decisions were made to facilitate further strengthening of its position in the e-commerce parcel delivery market and to respond to the changing needs of clients.

The network optimisation and the development of the mobile mailman services in rural areas have both served as a response to considerably lower customer and postal traffic at the post offices, as well as to the declining volumes of traditional postal services. On the other hand, with a gradually growing need from clients to send and receive parcels as promptly and conveniently as possible, we have significantly increased the density of LP EXPRESS parcel locker network, which celebrated the first 10th anniversary last year. It is beyond any doubt that with more and more people appreciating the speediness and simplicity of this service, the use of parcel lockers will continue to grow in the future.

The transformation of modes for rendering the postal services and the provision of quality services go hand in hand with the specialists understanding and appreciating their work. Therefore, gradual improvement of the working conditions is a fundamental attribute for every successful organisation.

Following a consistent work pay rise policy has become one of the integral parts of improving the working conditions. In 2022, the total work pay rise fund amounted to EUR 2.6 million. Last year, the work pay at Lietuvos Paštas was revised and increased twice, and over 80% of employees benefited from a positive change in the work pay. In addition, for the first time in Lietuvos Paštas' history, private health insurance was provided to employees working longer than two years. Provision of over 300 new cars

to mailman also contributed to ensuring better working conditions, facilitating both more convenient and faster delivery of parcels to clients.

Over the recent years, more prominence has been given to the area of sustainable development in the activities of Lietuvos Paštas. It is getting more and more attention not only in the regulatory environment, but also in the general public and client expectations.

In 2022, our greatest efforts were focused on mitigating the environmental impact of Lietuvos Paštas, as well as on developing the initiatives helping to move forward towards more sustainable operations. In the area of environmental protection, we concentrated on reducing our greenhouse gas footprint by modernising our car fleet and disposing of excessive premises not used in our day-to-day operations.

A very important achievement last year was the implementation of quality and environmental management system leading to our certification under the international ISO management system standards.

In the area of social responsibility, we continued to focus not only on the above-mentioned improvement of the working conditions of employees, but also on their professional development and the accessibility of our network to persons with special needs. As one of the largest employers in Lithuania with employees interacting on a daily basis with thousands of clients across the country, we understand that the changes and initiatives we implement in the field of social responsibility have an extremely large impact on all stakeholders. Therefore, in our daily activities we seek to contribute to the well-being of all employees, clients and communities.



I am glad to see that Lietuvos Paštas is able to serve the today's needs, and to provide the services with due consideration of the ever-changing and constantly growing expectations of clients. I believe the year 2023 will bring even more purposeful and positive changes to be implemented through openness to cooperation, ambitious future plans, and efficient work of the entire Lietuvos Paštas team.



Rolandas Zukas
Chief Executive Officer



AUDITOR'S REPORT



Independent auditor's report

To the shareholder of Lietuvos paštas AB

Report on the audit of the separate and consolidated financial statements

Our opinion

In our opinion, the separate and consolidated financial statements give a true and fair view of the separate and consolidated financial position of Lietuvos Paštas AB (the "Company") and its subsidiaries (together - the "Group") as at 31 December 2022, and of the Company's and of the Group's separate and consolidated financial performance and separate and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Our opinion is consistent with our additional report to the Audit Committee dated 9 May 2023.

What we have audited

The Company's and the Group's separate and consolidated financial statements comprise:

- the consolidated and separate statement of financial position as at 31 December 2022;
- the consolidated and separate statement of comprehensive income for the year then ended;
- the consolidated and separate statement of changes in equity for the year then ended;
- the consolidated and separate statement of cash flows for the year then ended; and
- the notes to the separate and consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company and the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the Law of the Republic of Lithuania on the Audit of Financial Statements that are relevant to our audit of the separate and consolidated financial statements in the Republic of Lithuania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Law of the Republic of Lithuania on the Audit of Financial Statements.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Company and the Group are in accordance with the applicable law and regulations in the Republic of Lithuania and that we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014 considering the exemptions of Regulation (EU) No 537/2014 endorsed in the Law of the Republic of Lithuania on the Audit of Financial Statements.

The non-audit services that we have provided to the Company and the Group in the period from 1 January 2022 to 31 December 2022 are disclosed in section Overview of Operations subsection Auditors of the Annual Report.

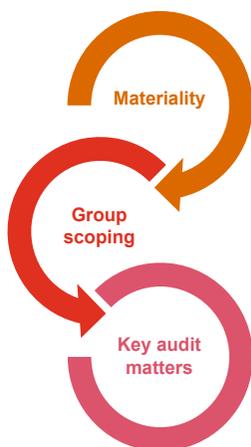


Emphasis of matter

We draw attention to Note 2.28 to these reissued separate and consolidated financial statements, which describes the reason for reissuing the separate and consolidated financial statements. Our opinion is not modified in respect of this matter.

Our audit approach

Overview



- Overall materiality for the Company and the Group is EUR 937 thousand (2021: EUR 990 thousand).

- We performed a full scope audit of the Company's separate financial statements.
- Our full scope audit addressed 100% of the Group's total revenue and 99.9% of the Group's total assets.

- Correction of material error.
- Recognition of revenue from provision of services to foreign post offices.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the separate and consolidated financial statements (together "the financial statements"). In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Company and Group materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the financial statements as a whole.

Overall Company and Group materiality	EUR 937 thousand (2021: EUR 990 thousand)
How we determined it	1% of total revenue from contracts with customers.
Rationale for the materiality benchmark applied	We chose revenue as the benchmark because, in our view, it is a measure against which the users of the financial statements most often assess the Company's and the Group's performance, and it is a generally accepted benchmark. We chose to apply 1%, which is within the range of acceptable quantitative materiality thresholds.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above EUR 46 thousand, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Correction of material error (refer to Note 2.28)</p> <p>The Company and the Group corrected the error relating to the recognition of the compensation receivable for the universal postal service loss in the separate and consolidated statement of financial position as at 31 December 2022. As a result, Other income decreased by EUR 4 820 thousand and net profit for the year decreased by EUR 4 512 thousand.</p> <p>The correction of material error is the reason for reissuing the financial statements.</p>	<p>We have discussed the nature of error with the Company's management and reviewed the Universal Postal Service Loss Compensation Rules approved by the Government of the Republic of Lithuania.</p> <p>We have consulted with our internal IFRS experts as to whether the correction of error is compliant with IFRS, and whether the impact of the correction has been appropriately disclosed in the financial statements.</p> <p>We have traced the adjustments to the supporting evidence obtained during 2022 audit and recalculated the impact of the correction of the error on the income tax.</p> <p>We have also considered the adequacy of disclosures in Notes 2.1, 2.28 and other affected notes.</p>
<p>Recognition of revenue from provision of services to foreign post offices.</p> <p>(see paragraph Revenue/expenses from provision of postal services to foreign post offices in Note 2.6 Revenue recognition, Note 3 Revenue from contracts with customers, Note 14 Trade receivables, Note 15 Contract assets)</p> <p>The Company and the Group provide/purchase postal services to/from foreign post offices. Provision of these services is based on cross-border arrangements</p>	<p>We analysed the Company's practice and the terms of contracts with customers relating to recognition of revenue and, accordingly, recognition of contracts assets and trade receivables.</p> <p>We assessed the design and operating effectiveness of the system of controls over recognition and measurement of revenue from cross-border postal services, and assessed the operating effectiveness of the following controls:</p> <ul style="list-style-type: none"> - controls over the accuracy of the quantities of postal services received;

defining the rules for settlements and issuance of accounting documents for postal services.

The Company and the Group estimate revenue based on the actual quantities of services rendered, and with reference to the latest known applicable service charges.

There is a significant balance of revenue from provision of services to foreign post offices in the Company's separate and the Group's consolidated statement of comprehensive income, amounting to EUR 5,552 thousand as at 31 December 2022 (31 December 2021: EUR 12,327 thousand). In the statement of financial position, the total balance of amounts receivable and contract assets arising from recognition of such revenue amounted to EUR 4,646 thousand 31 December 2022 (31 December 2021: EUR 15,633 thousand).

We focused on this area and other closely related areas as they involved management's assumptions and judgements.

- controls over reconciliation of the sales quantities and service charges with the designated operators who received the services.

In planning the tests of detail, we grouped revenue transactions for 2022 into the following types: immediately invoiced transactions; revenue recorded in current year, but not yet reconciled; invoices issued in current year and reconciled.

We checked the cross-border revenue transactions from different types against the source documents – invoices issued (in case of recognised trade receivables) or supporting revenue calculations (in case of contract assets recognised), which applicable.

In order to assess the accuracy of the management's estimates made in previous periods, we also compared the total amount invoiced in 2022 for revenue recognised in previous periods with the respective amount of contract assets recognised as at 31 December 2021.

We assessed the disclosures in notes 3, 14 and 15 relating to revenue from foreign post offices, trade receivables and contract assets for completeness and appropriateness.



How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Accordingly, we performed a full scope audit of the Company and, based on the size and risk characteristics, we tested the consolidation process to be able to report on the consolidated financial statements as a whole.

Reporting on other information including the consolidated annual report

Management is responsible for the other information. The other information comprises the consolidated annual report, including the sustainable development report that forms an integral part of the consolidated annual report (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information, including the consolidated annual report.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the consolidated annual report, we considered whether the consolidated annual report, includes the disclosures required by the Law of the Republic of Lithuania on Consolidated Reporting by Groups of Undertakings, the Law of the Republic of Lithuania on Reporting by Undertakings.

Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the consolidated annual report, for the financial year for which the financial statements are prepared, is consistent with the financial statements; and
- the consolidated annual report, has been prepared in accordance with the Law of the Republic of Lithuania on Consolidated Reporting by Groups of Undertakings and the Law of the Republic of Lithuania on Reporting by Undertakings.

The Company and the Group presented the sustainable development report as a part of the consolidated annual report.

In addition, in light of the knowledge and understanding of the Company and the Group and their environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the consolidated annual report which we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures



responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and have communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Appointment

We were first appointed as auditors of the Company and the Group on 27 August 2019 for 2019 – 2021 audits. Our appointment has been renewed by shareholder resolution on 27 July 2022. The total period of uninterrupted engagement appointment is four years.

On behalf of PricewaterhouseCoopers UAB

Rasa Radzevičienė

Partner

Auditor's Certificate No.000377

Vilnius, Republic of Lithuania

9 May 2023

The auditor's electronic signature is used herein to sign only the Independent Auditor's Report.



MANAGEMENT

GENERAL INFORMATION

Reporting Period

The consolidated and separate financial statements of Lietuvos Paštas AB [“Lietuvos Paštas” or the “Company”] for the year ended 31 December 2021 have been prepared in accordance with the International Financial Reporting Standards (IFRSs), as adopted by the European Union.

The consolidated and separate annual report of Lietuvos Paštas has been prepared in accordance with the Lithuanian Government Resolution No. 1052 of 14 July 2010 Regarding approval of the guidelines for ensuring transparency of operations of state-owned enterprises, and designation of a coordinating authority.

BASIC DETAILS OF LIETUVOS PAŠTAS

Company name	Lietuvos Paštas AB
Office address	J. Balčikonio g. 3, 03500 Vilnius
Telephone	+370 700 55 400
E-mail	info@post.lt
Website address	www.lietuvospastas.lt
Legal form	Public limited liability company (AB), a private legal entity with limited civil liability
Term of business	Indefinite
Company code	121215587
VAT payer's code	LT212155811
Manager of the Register of Legal Entities	State Enterprise Centre of Registers
Date of registration of the Articles of Association (the most recent version)	5 March 2019
Profile of activities	Postal, courier, financial, and other services

SHARE CAPITAL:

EUR 32 791 579

113 074 410

Ordinary registered shares
constituting the share capital

EUR 0,29

Nominal value per share

The Company's shares are intangible. They are recorded in the securities account managed by Šiaulių Bankas AB as from 21 December 2015.

LIETUVOS PAŠTAS GROUP COMPANIES

As at 31 December 2022, Lietuvos Paštas group companies (the "LP Group") consisted of parent company Lietuvos Paštas AB and its wholly-owned subsidiaries:

- LP Mokėjimų Sprendimai UAB, the principal activity of which is consulting services. The company's activities are currently suspended.

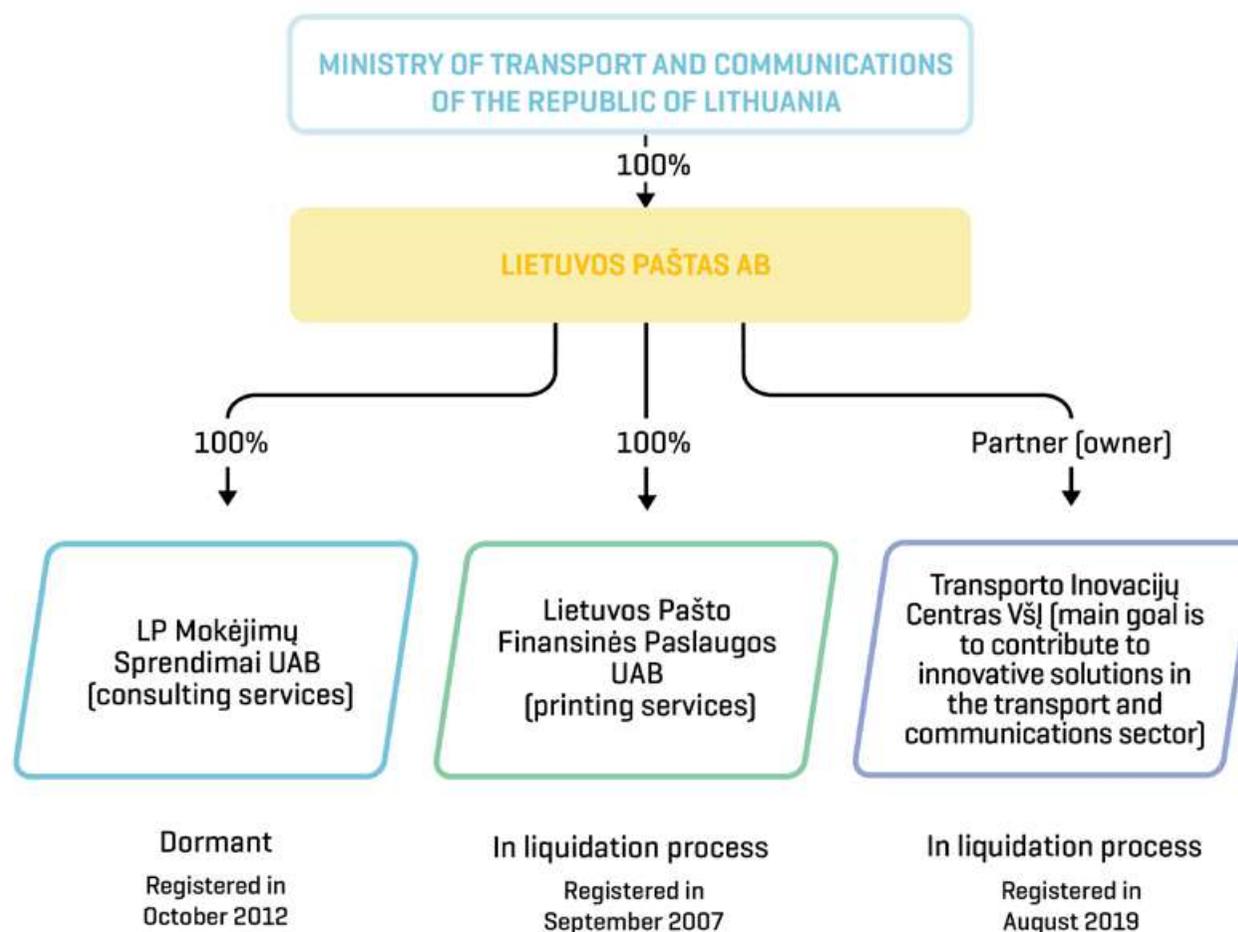
- Lietuvos Pašto Finansinės Paslaugos UAB, the principal activity of which is printing services. The liquidation process of this company was started from 10 October 2022.

Transporto Inovacijų Centras VŠĮ, whose venturer is Lietuvos Paštas AB. The main goals of the company are to create opportunities for attracting, implementing and testing innovations in the transport sector infrastructure, to boost cooperation in the transport sector on innovation topics, to carry out market analysis and to form innovation investment proposals.

All the shares of the LP Group are owned by the state – the Republic of Lithuania.

When exercising the rights granted by the shares held by the state in Lietuvos Paštas AB, the state is represented by the Ministry of Transport and Communications of the Republic of Lithuania.

During 2022, the LP Group neither acquired nor disposed of its own shares, nor were any shares in other entities acquired or disposed of.



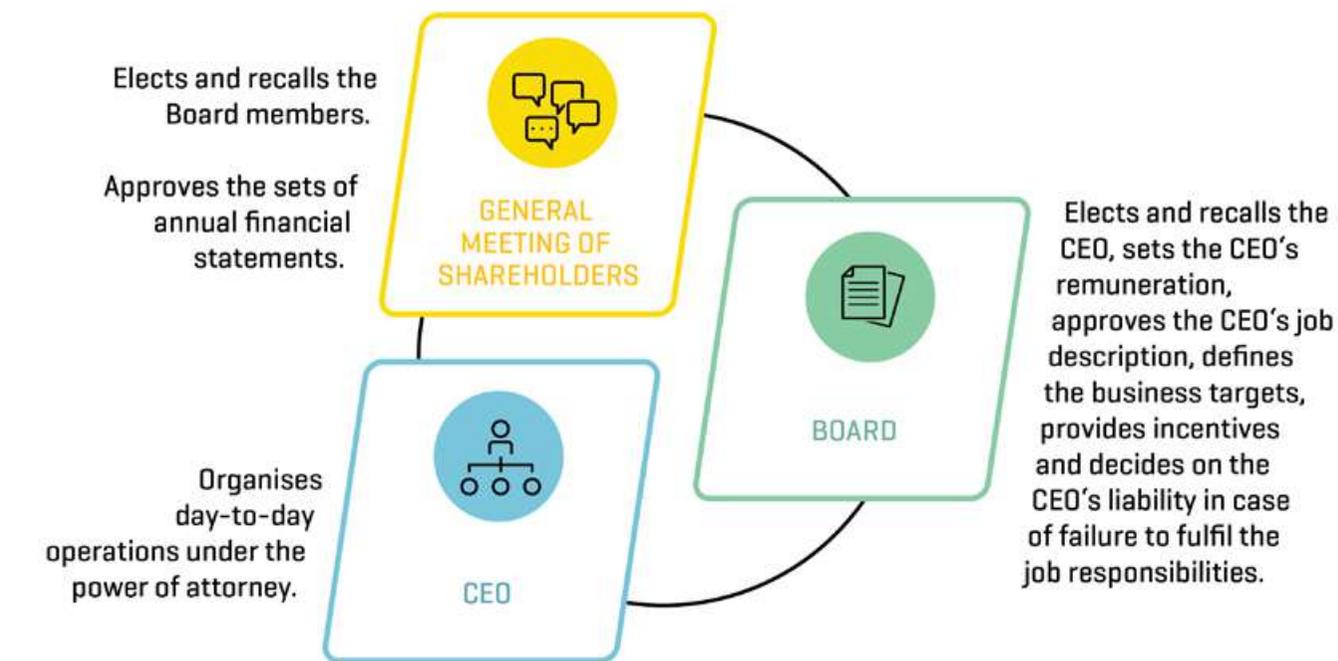
MANAGEMENT OF LIETUVOS PAŠTAS

Management bodies

Based on the Articles of Association of Lietuvos Paštas, the Company has the following management bodies: the General Meeting of Shareholders, the Board, and the CEO. The Supervisory Council has not been formed at the Company. The Company's Board fulfils the supervisory functions, as prescribed by law and the Company's Articles of Association.

The decisions made in writing by the Ministry of Transport and Communications of the Republic of Lithuania (as it exercises the property and non-property rights of the Republic of Lithuania as the shareholder of the Company) are treated as equivalent to the decisions passed by the General Meeting of Shareholders.

The Company's Board is a collegial body that has 5 (five) members. The majority of them should be independent members, as required under the legal acts of the Republic of Lithuania. The Board members are accountable to the General Meeting of Shareholders, which elects them for a tenure of four years. The Chairman of the Board is elected by the Board from among its independent members. The selection procedure of independent Board members is carried out via an external independent recruitment agency. The selection is carried out according to Article 23-1 of the Law on the Management, Use and Disposal of State and Municipal Property of the Republic of Lithuania and the selection description of Candidates for the collegial supervisory or management body of a state or municipal company, state or muni-



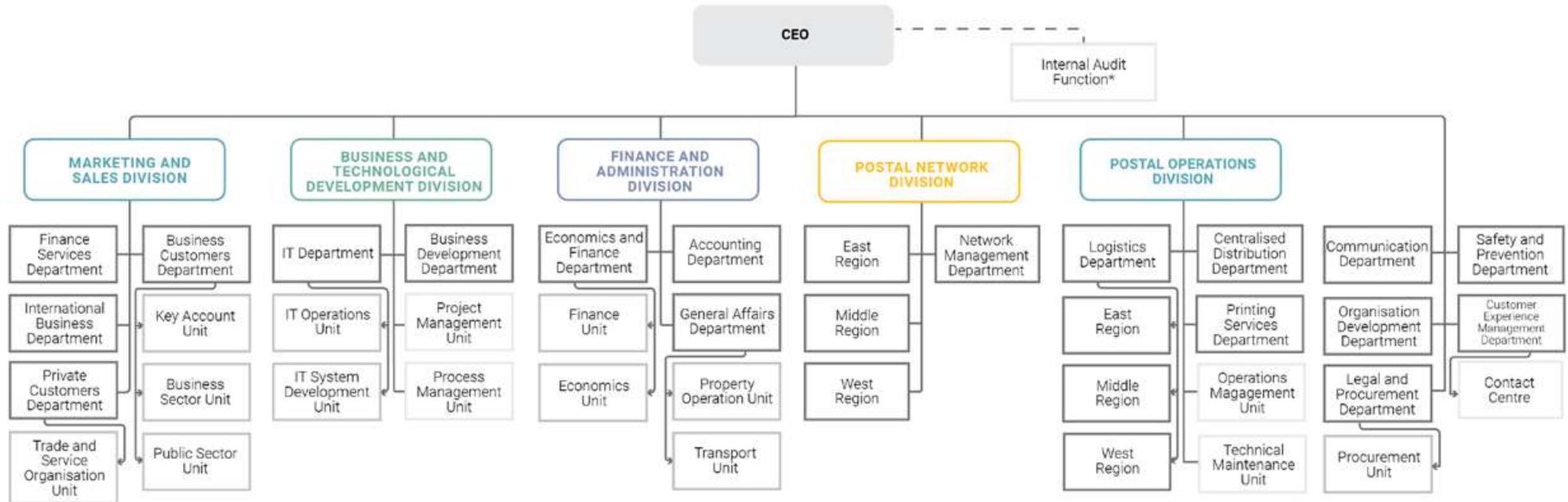
cipality managed company or its subsidiary company approved by Resolution No. 661 of the Government of the Republic of Lithuania in 17 June 2015. The elected members of the Board enter into contracts in the form prescribed by the Minister of Transport and Communications for serving on the Board of the Company.

The roles, powers and responsibilities of the General Meeting of Shareholders, the Board and the CEO are defined in the Articles of Association of Lietuvos Paštas AB registered on 27 June 2019 with the Register of Legal Entities, which are available to public on the Company's official website.

ORGANISATIONAL STRUCTURE

The Company's organisational structure is as follows: the Chief Executive Officer, 5 divisions (Marketing and Sales, Business and Technological Development, Finance and Administration, Postal Network, and Postal Operations) and 17 departments, whereof 5 (Legal and Procurement, Communication, Organisation Development, Safety and Prevention, and Customer Experience Management) are directly accountable to the Chief Executive Officer.

APPROVED BY DECISION NO 15-41 OF 9 NOVEMBER 2022



* The Internal Audit Function reports directly to, and is accountable to, the Board of Lietuvos Paštas AB, but from the administrative perspective it is accountable to the CEO of Lietuvos Paštas AB.

LIETUVOS PAŠTAS BOARD COMPOSITION

	MINDAUGAS KYGUOLIS	ALDITAS SAULIUS	ARNOLD SCHROVEN	JŪRATĖ STANIŠAUSKIENĖ	VLADISLAV KONDRATOVIČ
Job positions held at Lietuvos Paštas	Independent Board Member and Chairman of the Board	Independent Board Member	Independent Board Member	Independent Board Member	Board Member
Professional qualification / education	Master in Law and Economics, Master in Business Administration, Master in Law	Professional qualification of a radio-physicist and specialist of international economic relations	Diploma in Mathematics, Diploma in Small Business Administration	Master's degree in Information Science, Master's degree in Management and Business Administration, Master's degree in Management.	Master's degree in Engineering Science
Principal place of employment and job position	Mediator Manager of Public institution Garliava Primary Health Care Center		Schroven Consulting GmbH, Auf der Brüche 7, 58640 Iserlohn, Germany HRB 3547, Executive Director [and shareholder]	Strategy and Corporate Governance Consultant	Head of the Road and Air Transport Policy Group at the Ministry of Transport and Communications of the Republic of Lithuania
Executive positions held elsewhere	Private limited liability company Public Investment Development Agency [code 303039520, Gedimino pr. 18 / Jogailos g. 2, Vilnius, Lithuania] independent member of the Board LTL Kredito unija [code 302791356, Sporto g. 18, Vilnius] Member of Supervisory board	Investicijų ir Verslo Garantijos [INVEGA] [code 110084026, registered office address: Konstitucijos pr. 7, Vilnius] Independent Board Member	Night Star Express GmbH, Unna, Germany, Chairman of the Supervisory Board and Spezialwerte AG, Zweissweg 8, 59519 Möhnese, Germany HRB 6275, Member of the Supervisory Board	Independent Board Member and Chair of the Board of state enterprise Oro Navigacija	Member of the Board of Vilnius Viešasis Transportas UAB
Beginning and end of the term of office of the Board Members:	from 5 April 2020 [beginning of the term of office] until 5 April 2024 [end of the term of office]	from 30 December 2020 until 5 April 2024 [end of the term of office]	from 10 January 2022 until 5 April 2024 [end of the term of office]	from 30 November 2022 until 5 April 2024 [end of the term of office]	from 3 January 2023 until 5 April 2024 [end of the term of office]

* The Board composition relevant at the reporting date.

CHANGES IN THE BOARD COMPOSITION

01/31/2022

Saulė Balčiūnienė was recalled from the Board of Lietuvos Paštas.

30/11/2022

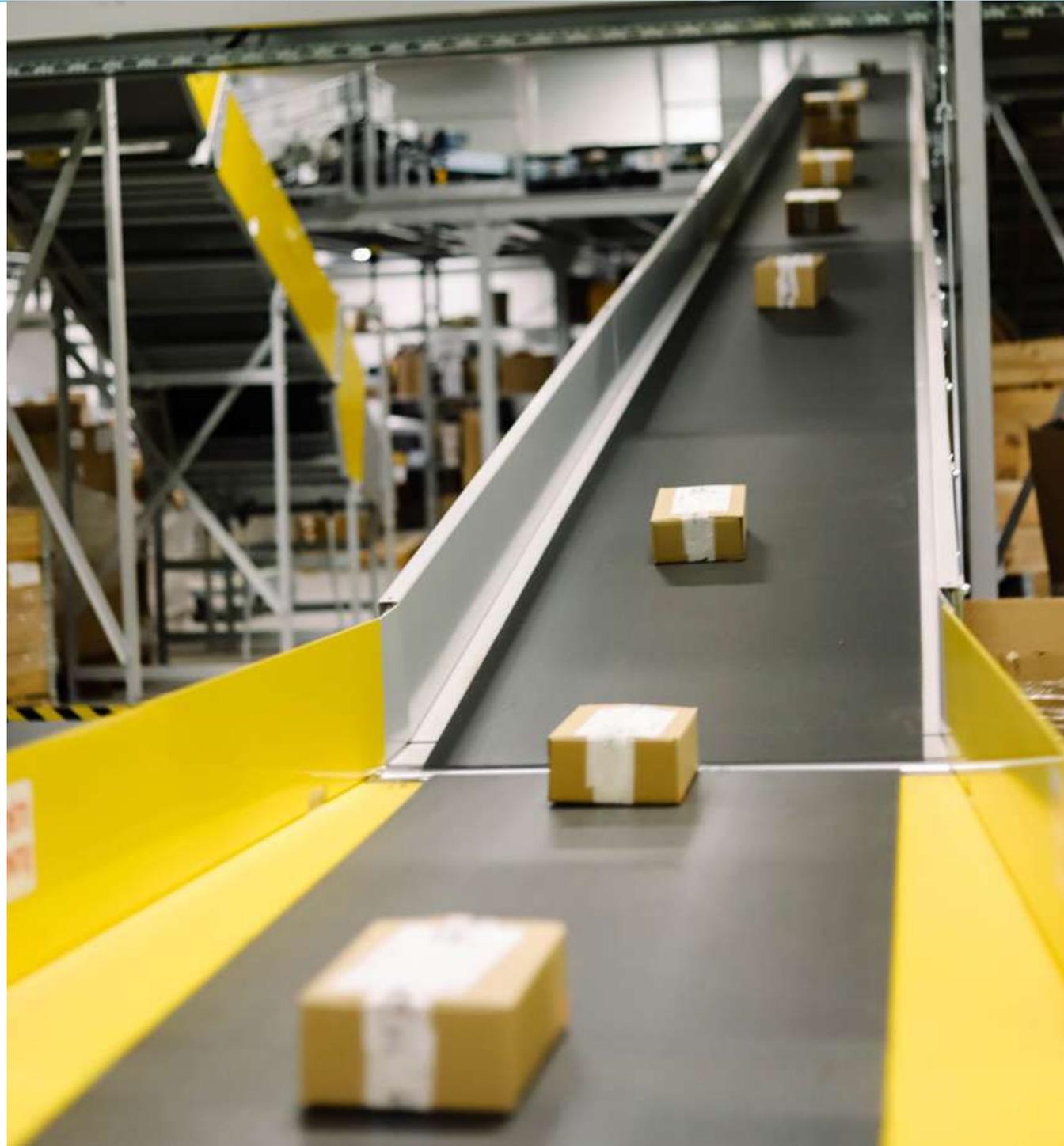
Jūratė Stanišauskienė started her term of office at the Board of Lietuvos Paštas.

01/03/2023

Vladislav Kondratovič started his term of office at the Board of Lietuvos Paštas.

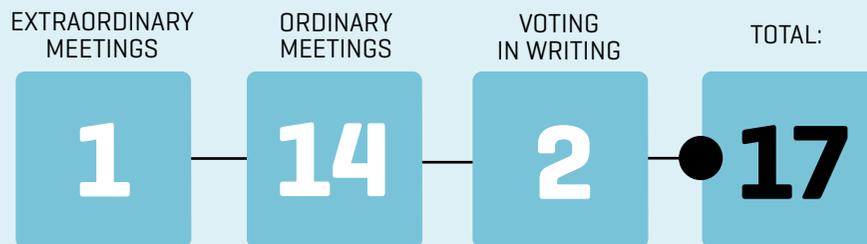
01/03/2023

Saulius Kerza was recalled from the Board of Lietuvos Paštas.



LIETUVOS PAŠTAS BOARD ACTIVITIES

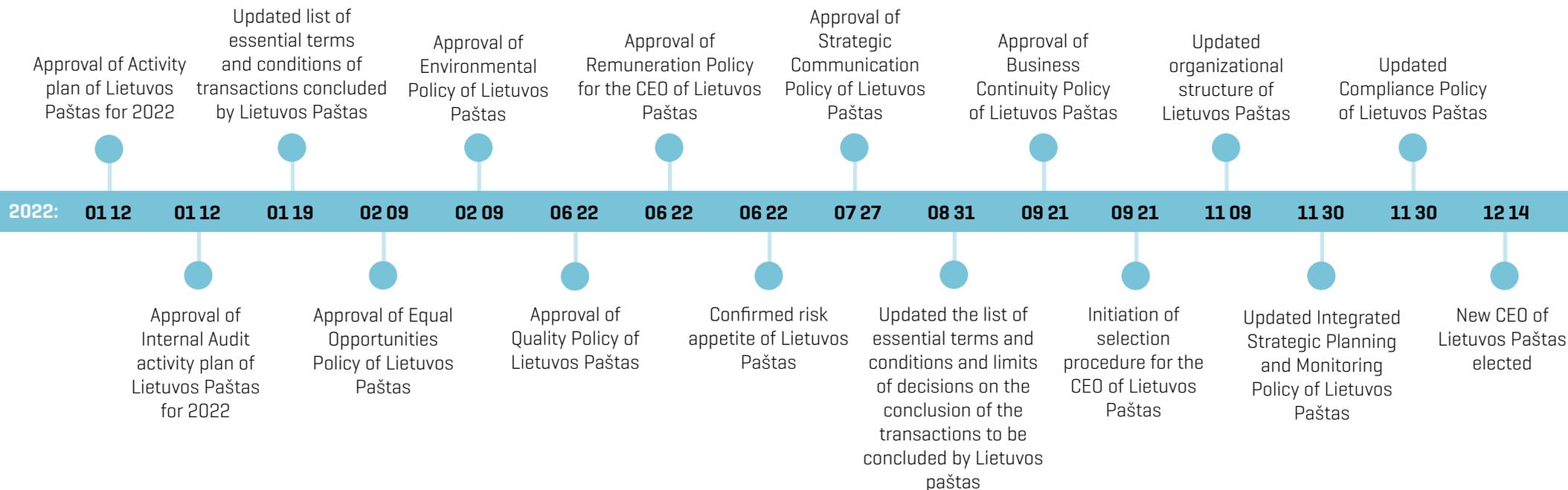
Overall, 17 meetings of the Board of Lietuvos Paštas were held during 2022. In 2022, the Board of the Company adopted in total 50 decisions that were officially approved and documented under the respective resolution.



ATTENDANCE OF THE MEETINGS OF THE BOARD:

- Mindaugas Kyguolis – all meetings attended;
- Alditas Saulius – all meetings attended;
- Saulius Kerza [recalled from the position of the Board Member from 3 January 2023] – all meetings attended;
- Arnold Schroven – all meetings attended;
- Jūratė Stanišauskienė [Board Member from 30 November 2022] only one meeting attended in 2022 [14 December 2022];
- Saulė Balčiūnienė [recalled from the position of the Board Member from 31 January 2022] – only one meeting attended [12 January 2022];

The main issues addressed by the Company's Board:



PRINCIPLES FOR DETERMINING REMUNERATION OF THE BOARD MEMBERS, AND PAYMENT

- A monthly remuneration has been determined for the Board members of Lietuvos Paštas by the Order of the Minister of Transport and Communications of the Republic of Lithuania.

- The Board member's remuneration shall be reduced if the Board member does not attend the Board meetings, withdraws from handling the issues pertaining to conflicts of interests, does not express an opinion on agenda issues, does not vote thereon, does not fulfil the functions of the Board member, spends less work hours than contractually agreed with the Board member, or improperly fulfils the contract.

- Remuneration shall be paid to the Board member on a monthly basis.

REMUNERATION OF THE BOARD MEMBERS OF LIETUVOS PAŠTAS FOR 2022

FULL NAME	REMUNERATION, EUR*
Mindaugas Kyguolis	29 119,90
Arnold Schroven	19 698,26
Saulė Balčiūnienė	388,80
Alditas Saulius	19 698,26
Jūratė Stanišauskienė	2 567,00
Saulius Kerza	1 284,00
Total:	72 756,22

* Remuneration is presented before tax.



MANAGEMENT TEAM

	ASTA SUNGAILIENĖ	JONAS SADAUSKAS	KASTYTIS VALANTINAS	GRETA JUODŽIUKYNIENĖ	RUSLANAS PROKOFJEVAS
Job position	Chief Executive Officer since 23 February 2018*	Director of Postal Network Division since 8 October 2018	Director of Postal Operations Division since 4 April 2019	Director of Finance and Administration Division since 12 October 2020**	Director of Business and Technology Development Division since 9 July 2021
Professional qualification / education	Master in Business and Management	Master in Electronic Engineering and Master in Business Administration	Master in Management and Business Administration	PhD in Economics	Master of Human Resource Management

* Executive positions held elsewhere by Chief Executive Officer Asta Sungailienė: LP Mokėjimų Sprendimai UAB [code 302889099, registered office address: J. Jasinskio g. 16, Vilnius], Director. With effect from 23 September 2022, Acting Director of the Finance and Administration Division.

** Greta Juodžiukynienė held this position until 23 September 2022.

COMMITTEES

Audit And Risk Management Committee

The composition and operational rules of the Audit and Risk Management Committee of the Board of Lietuvos Paštas (the "Committee") were updated by the Decision of 18 August 2021 of the Board of Lietuvos Paštas.

The Committee is formed of at least three members appointed for the maximum period of four years. The Committee members do not serve for more than two consecutive terms. The Committee members are elected and recalled by the Board. The Committee's term of office is related to and coincides with the term of office of the Board which appointed the Committee. The Committee consists of three independent members: at least one member is delegated by the decision of the Board from among the independent members of the Board; and at least one independent member from among the external candidates selected through a public procedure in accordance with the procedure established by the Board.

The main objectives of the Committee are to assist the Board of Lietuvos Paštas with the monitoring of Lietuvos Paštas, the group and individual group companies in the following areas:

- Financial reporting process;
- Audit of financial statements;
- Auditor's independence and objectivity;
- Auditor's selection process;
- Effectiveness of internal audit function;
- Effectiveness of risk management;
- Compliance with internal and external regulations.

The Committee is entitled to carry out other activities that are considered necessary or appropriate by the Committee or the Board.

	ALDITAS SAULIUS	KAROLIS BRAZAS	MARIUS LUKOŠEVIČIUS
	Chairperson of the Independent Committee	Independent member of the Committee	Independent member of the Committee
	18/08/2021 – present	28/06/2019 – present	28/06/2019 - present
Professional qualification / education	Professional qualification of a radio-physicist and specialist of international economic relations	Bachelor in Management and Business Administration	Master of Economics
Other job positions	Investicijų ir verslo garantijos UAB, Chairperson of the Board Lietuvos Paštas, Board Member	Head of Financial Control at Green Genius Finansų ir korporatyvinio valdymo laboratorija MB, Director	Revolut Bank UAB, Senior Credit Manager

Remuneration committee

According to the 2012 June 6 decision of the Government of the Republic of Lithuania resolution no. 665 "Regarding the approval of the description of the procedure for the implementation of property and non-property rights of the State in state-owned enterprises", the remuneration committee must be formed in a state-owned company that is considered a large company according to the Law on Financial Reporting of Companies of the Republic of Lithuania and has at least one subsidiary company. Lietuvos Pašto Finan-

sinės Paslaugos UAB liquidation procedure has been started from 2022 October 10 after the decision which has been taken in the general shareholders meeting.

Subsidiaries of Lietuvos paštas AB did not operate during 2022, therefore there is no need to elect the management bodies of these companies and to resolve other issues within the competence of the remuneration committee.

PRINCIPLES FOR DETERMINING REMUNERATION OF THE COMMITTEE MEMBERS, AND PAYMENT

- A monthly remuneration has been determined for the members of the Committee of Lietuvos Paštas by the Order of the Minister of Transport and Communications of the Republic of Lithuania.

- The Committee member's remuneration shall be reduced if the Committee member does not attend the Committee meetings, withdraws from handling the issues pertaining to conflicts of interests, does not express an opinion on agenda issues, does not vote thereon, does not fulfil the functions of the Committee member, spends less work hours than it is established by the Order of the Minister of Transport and Communications of the Republic of Lithuania, or improperly fulfils the order.

- Remuneration shall be paid to the Committee member on a monthly basis. Following the assessment of the above-mentioned deductions by the Chair of the Committee, payments are made after the end of the month within 10 calendar days.

REMUNERATION OF THE COMMITTEE MEMBERS OF LIETUVOS PAŠTAS FOR 2022

JOB POSITION FULL NAME	CALCULATED AMOUNT, EUR*
Chairman Saulius Alditas	8 808,50
Member Karolis Brazas	5 452,32
Member Marius Lukoševičius	5 872,32
Total:	20 133,14

* Remuneration is presented before tax.



ACTIVITIES OF THE COMMITTEE

The Committee organises its activities by preparing an annual operational plan that covers issues for deliberation. Overall, nine meetings of the Committee were held during 2022, of which eight were attended by all members of the Committee and one meeting was attended by two out of three elected and serving members of the Committee, however a quorum was present, and the Committee was entitled to adopt decisions. In 2022, the main activities of the Committee were focused on implementing the functions assigned in the following areas:

FINANCIAL STATEMENTS AND EXTERNAL AUDITOR

- Review of the external audit strategy.
- Discussion of external audit results, auditor's report on financial statements.
- Provision of recommendations to the Board regarding the approval of financial statements.
- Monitoring the implementation of the external auditor's recommendations.

INTERNAL AUDIT

- Provision of recommendations to the Board regarding the approval and amendment of the internal audit plan, and the budget of the internal audit.
- Discussion of internal audit reports.
 - Monitoring the implementation of internal audit recommendations.
- Review of the internal audit methodology.
- Assessment of the internal audit performance.
- Assessment of candidates to the position of the head of the internal audit function.

RISK MANAGEMENT

- Monitoring of key risks, implementation of risk management plans, and compliance with risk tolerance thresholds.
- Assessment of the establishment of risk appetite.
 - Monitoring the process of outsourcing.
 - Review of the business continuity management policy.
 - Monitoring of reports on the instances of corruption, money laundering, terrorist financing and bribery of foreign officers, and ongoing internal investigations.

COMPLIANCE

- Assessment of the compliance policy.
- Monitoring the function of ensuring compliance with external regulations.
- Discussion of compliance issues and litigations that may have significant impact on the financial statements.
- Assessment of applicability and compliance with requirements of the Law on the Prevention of Money Laundering and Terrorist Financing and implementing legislative acts.

DIVIDEND POLICY

Parent company Lietuvos Paštas pays dividends under Resolution No 20 of 14 January 1997 of the Government of the Republic of Lithuania (as amended by Resolution No 786 of 11 August 2016), which sets out the principles for allocation of dividends per state-owned shares.

According to the Law on Companies of the Republic of Lithuania, the General Meeting of Shareholders shall not make the decision to allocate and pay dividends if least one of the following conditions is met:

- 1) The Company has outstanding obligations, which fell due before making the decision;
- 2) The amount of profit (loss) available for distribution for the current financial year is negative (loss is incurred);
- 3) The Company's equity is lower or would become lower after payment of dividends than the total sum of the Company's share capital, legal reserve, revaluation reserve and reserve for acquisition of own shares.

The company, in compliance with the Law on companies of the Republic of Lithuania statutory duties, aims to form legal reserve 1/10 of the authorized capital as soon as possible.

Under the Law on Companies, Lietuvos Paštas neither allocated nor paid out any dividends to its shareholders for the financial years 2021, because the Company's equity was lower than the total sum of the Company's share capital, legal reserve, revaluation reserve and reserve for acquisition of own shares.

The decision of the General Meeting of Shareholders regarding the payment of dividends for the financial year 2022 is expected to be made after the approval of the audited financial statements for the respective financial year.



INSTITUTION AND LEGAL ACTS REGULATING THE ACTIVITIES OF LIETUVOS PAŠTAS

COMMUNICATIONS REGULATORY AUTHORITY

Law on Postal Services of the Republic of Lithuania and legal acts implementing it [regarding the obligation to provide UPS and provision of postal services]

LITHUANIAN BANK

Law on Electronic Money and Electronic Money Institutions of the Republic of Lithuania, Payment Institutions of the Republic of Lithuania, Payment Law of the Republic of Lithuania and implementing legal acts [regarding the License of Electronic Money and Electronic Money Institutions]

PUBLIC PROCUREMENT OFFICE

Law on Public Procurement of the Republic of Lithuania

COORDINATING COMMISSION FOR THE PROTECTION OF OBJECTS IMPORTANT FOR ENSURING NATIONAL SECURITY

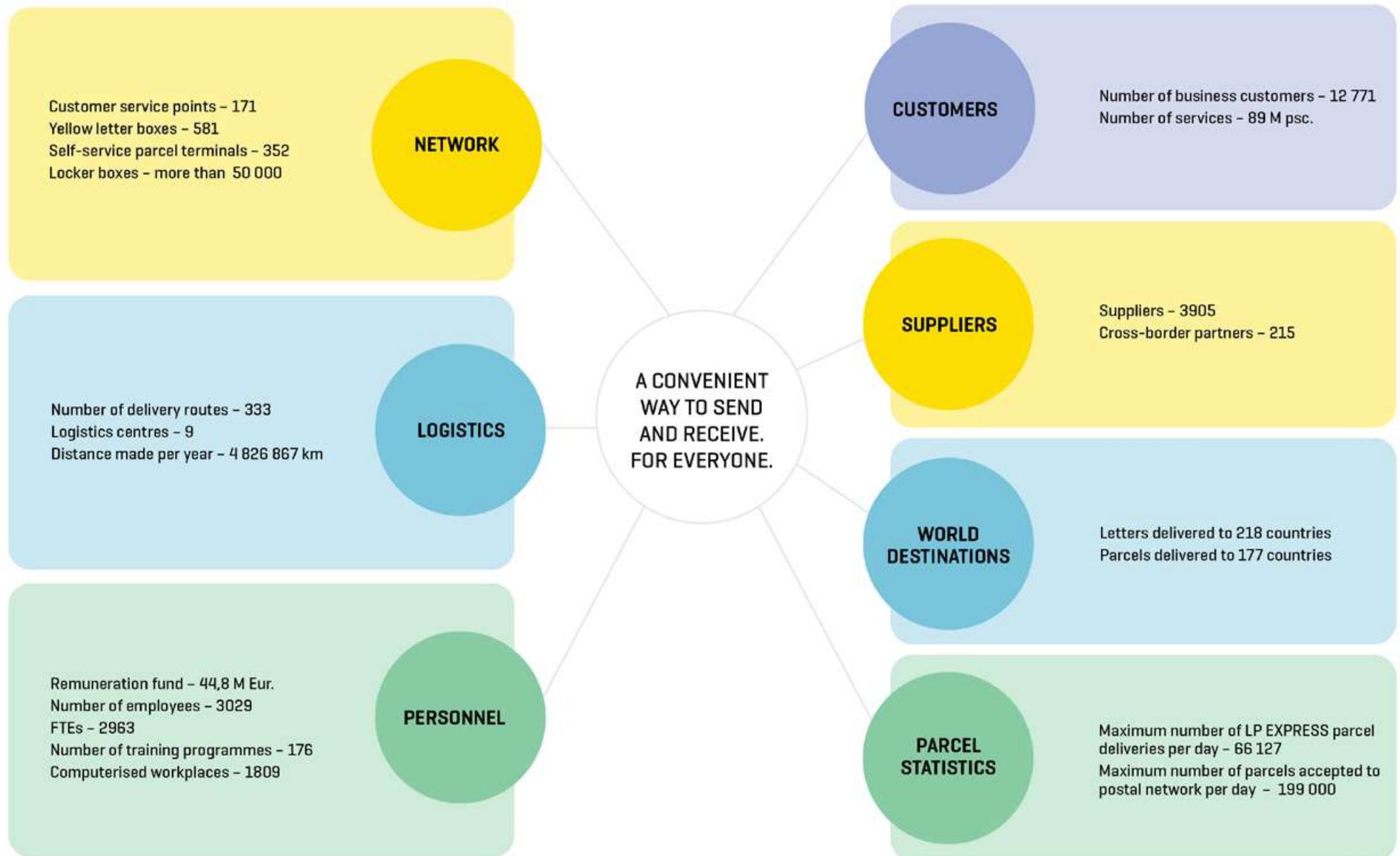
Law of the Republic of Lithuania on the Protection of Objects Important for Ensuring National Security [regarding the existence of Lietuvos Paštas as an undertaking important for national security]

GOVERNMENT OF THE REPUBLIC OF LITHUANIA

To oblige the Public Limited Liability Company Lietuvos Paštas to provide the universal postal service in the entire territory of the Republic of Lithuania from 1 January 2020 until 31 December 2026. Resolution No. 467 of the Government of the Republic of Lithuania of 15 May 2019 "On the obligation to provide a universal postal service" [TAR, 17.05.2019, No. 2019-07911]



EVENTS AND PERFORMANCE



MAJOR EVENTS DURING THE REPORTING PERIOD

● Governance
 ● Improvement of working conditions
 ● Improvement of efficiency of operations
 ● Changes in group structure
 ● Services
 ● Initiatives
 ● Other

The Collective Labour Agreement was extended for additional two years



The logistics centre in Panevėžys was moved to new premises



Shipments to/from Russia and Belarus were suspended



Cooperation with the NGOs to assist with the organisation of support for the Ukrainian people



Employee appreciation event 'Pašto Bitės 2022' [Postal Bees 2022] was held to reward the employees mostly committed to corporate values



JANUARY →

The wages of employees were increased in line with a consistent remuneration rise policy



FEBRUARY →

The Governance Coordination Centre rated the Strategic Plan of Lietuvos Paštas with an exceptionally high score of 9.88 out of 10



MARCH →

Money transfers to/from Russia and Belarus were suspended



APRIL →

Private health insurance was provided to part of employees



A stamp 'Ap[si]kabinimas' [Hug] was issued in support of Ukraine's fight against the aggressor



MAJOR EVENTS DURING THE REPORTING PERIOD

● Governance
 ● Improvement of working conditions
 ● Improvement of efficiency of operations
 ● Changes in group structure
 ● Services
 ● Initiatives
 ● Other

The logistics centre in Kaunas was moved to new premises



The first 300 brand new cars were delivered to mailman



LP EXPRESS delivery of postal parcels to/from Poland was started for e-com platform Vinted users



LP EXPRESS network of parcel lockers commemorated its 10th anniversary of operation



LP EXPRESS parcel lockers were decorated with new city symbols elected by local people in 10 biggest cities of Lithuania



MAY →

JUNE →

JULY →

AUGUST →

SEPTEMBER →



A stamp 'Sumestinis Bayraktaras' [Crowdfunded Bayraktar] was presented to commemorate the civic initiative to raise support for purchase of unmanned aerial vehicle for Ukraine



A 5-day work week was introduced for mailman in order to improve their working conditions



On behalf of the customers of Lietuvos Paštas, amount of EUR 35 thousand was transferred to Bleu/Yellow organisation supporting Ukraine



The ranking of Lietuvos Paštas in the Good Governance Index of the Governance Coordination Centre improved from A- to A

MAJOR EVENTS DURING THE REPORTING PERIOD

● Governance
 ● Improvement of working conditions
 ● Improvement of efficiency of operations
 ● Changes in group structure
 ● Services
 ● Initiatives
 ● Other

Lietuvos Paštas obtained two international ISO certificates (ISO 9001 and ISO 14001) for implementation of quality and environmental management systems



LP EXPRESS introduced the first ever new generation mobile parcel locker LP EXPRESS ECO



The number of residential areas with active LP EXPRESS parcel lockers has reached one hundred



The Communications Regulatory Authority positively concluded on legitimacy of Lietuvos Paštas' request to compensate the losses incurred in relation to the UPS provision in 2021



OCTOBER →

NOVEMBER →

DECEMBER →



A lease agreement was signed for the term of 10 years with the manager of Technopolis office complex



As the tenure of the current CEO expired, the selection procedure of a new CEO was started



Jūratė Stanišauskienė started the tenure as an independent Board member



The Lithuanian Government decided on takeover of the central post buildings in Kaunas and Klaipėda

KEY PERFORMANCE INDICATORS AND FINANCIAL RESULTS

INDICATORS	LP GROUP		COMPANY	
	2022	2021	2022	2021
Quantity of services rendered [thousands of units]	89 187	108 959	89 187	108 959
Quantity of UPS rendered [thousands of units]	8 238	11 608	8 238	11 608
FINANCIAL RESULTS (EUR '000)				
Revenue from operations	113 477	111 196	113 477	111 196
EBITDA	13 035	710	13 040	783
EBIT	5 507	-6 648	5 509	-6 578
Net profit/loss	4 838	-6 445	4 841	-6 375
Non-current assets	56 937	64 111	56 943	64 120
Current assets	64 946	60 050	64 871	59 970
Equity	32 089	27 251	32 020	27 180
Investments	4 262	6 242	4 262	6 242
EMPLOYEES				
Number of employees at the year end	3 031	3 728	3 029	3 726
Average relative number of employees, FTEs	2 964	3 534	2 963	3 533

KEY PERFORMANCE INDICATORS AND FINANCIAL RESULTS

INDICATORS	LP GROUP		COMPANY	
	2022	2021	2022	2021
PROFITABILITY RATIOS, %				
Return on equity (ROE)	15,1	-23,7	15,1	-23,5
Return on assets (ROA)	4,0	-5,2	4,0	-5,1
EBITDA margin	11,5	0,6	11,5	0,7
EBIT margin	4,9	-6,0	4,9	-5,9
Net profit margin	4,3	-5,8	4,3	-5,7
FINANCIAL LEVERAGE AND LIQUIDITY RATIOS				
Debt ratio	0,7	0,8	0,7	0,8
Equity to assets ratio	0,3	0,2	0,3	0,2
Current liquidity ratio	1,0	0,9	1,0	0,9
Net debt to EBITDA ratio	-1,5	-13,0	-1,5	-11,7
ASSET TURNOVER RATIOS				
Non-current assets turnover ratio	1,6	1,5	1,6	1,5
Trade receivables turnover ratio	8,7	6,7	8,7	6,7

CALCULATION OF INDICATORS

Profitability ratios

EBITDA = profit before tax + interest expenses - interest income + depreciation + amortisation

EBIT = profit before tax + interest expenses - interest income

Return on equity (ROE) = net profit / equity

Return on assets (ROA) = net profit / assets

EBITDA margin = EBITDA / revenue from operations

EBIT margin = EBIT / revenue from operations

Net profit margin = net profit / revenue from operations

Financial leverage and liquidity ratios

Debt ratio = liabilities / assets

Equity to assets ratio = equity / assets

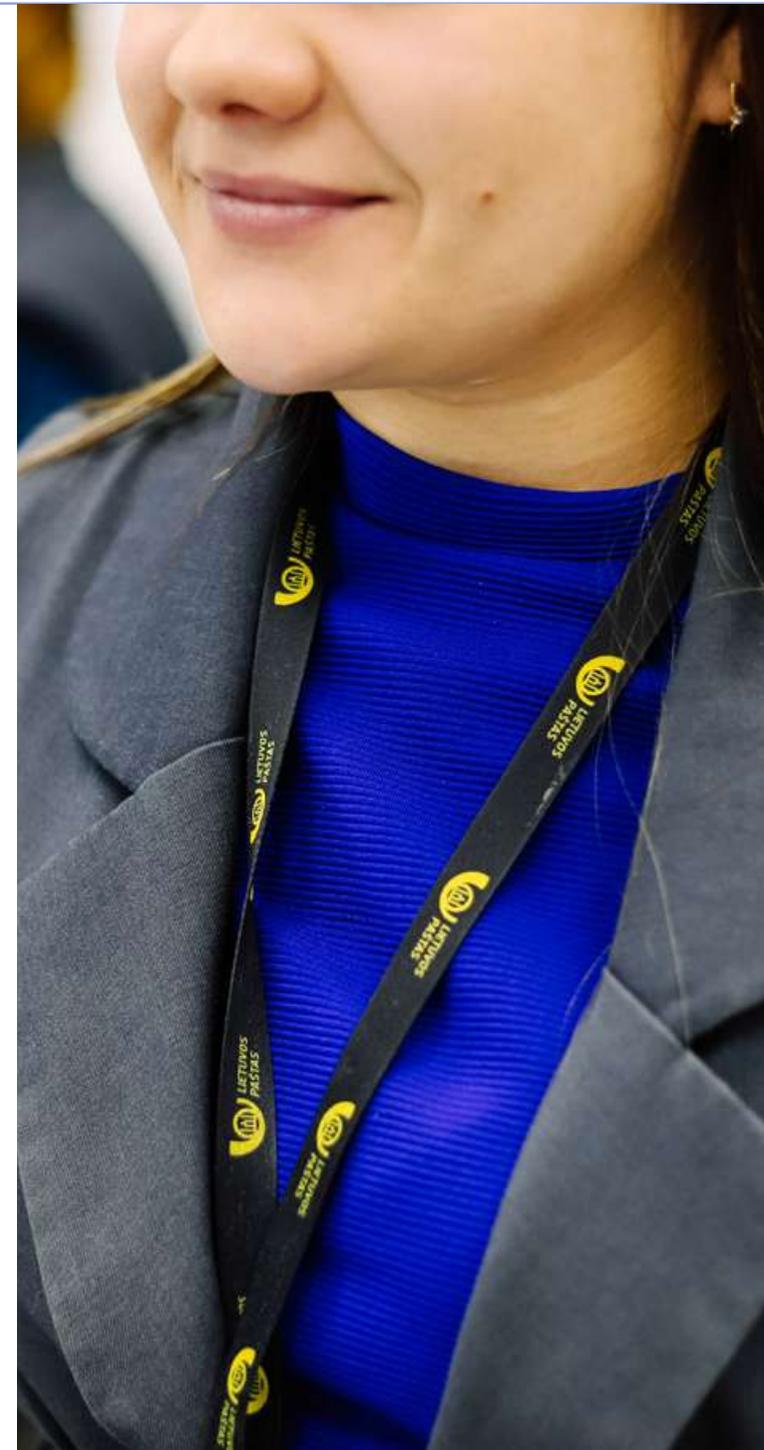
Current liquidity ratio = current assets / current liabilities

Net debt to EBITDA ratio = (financial debts - cash and cash equivalents) / EBITDA

Asset turnover ratios

Non-current assets turnover ratio = sales revenue / non-current assets

Trade receivables turnover ratio = sales revenue / trade receivables

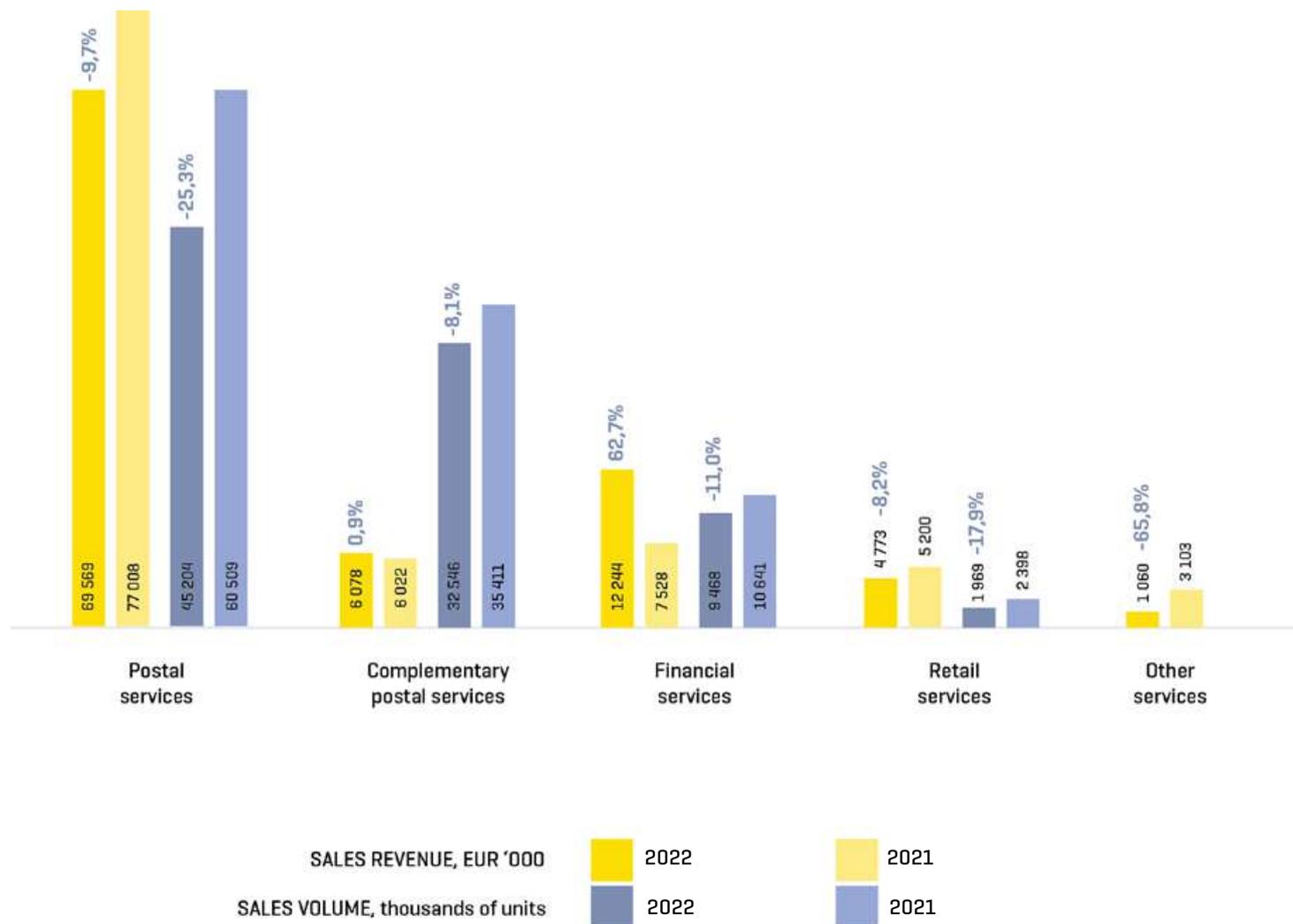


REVENUE

The LP Group's sales revenue decreased by EUR 5.5 million in 2022 compared to 2021 and totalled EUR 93.7 million. Sales revenue is generated mostly from the provision of postal services. In 2022, revenue from postal services amounted to EUR 69.6 million, i.e. EUR 7.4 million less compared to 2021 - the decrease in postal services was caused by fall in total quantities of postal items and letters.

There was a significant increase in revenue from financial services by even 62.7% in 2022, i.e. EUR 4.7 million higher compared to 2021 - the increase was driven by higher revenue from delivery and payment of retirement pensions, allowances and other benefits and from acceptance of tax and other payments.

In the segment of other services, revenue decreased by EUR 2 million in 2022 compared to 2021 mostly due to lower revenue from transport services to partners.



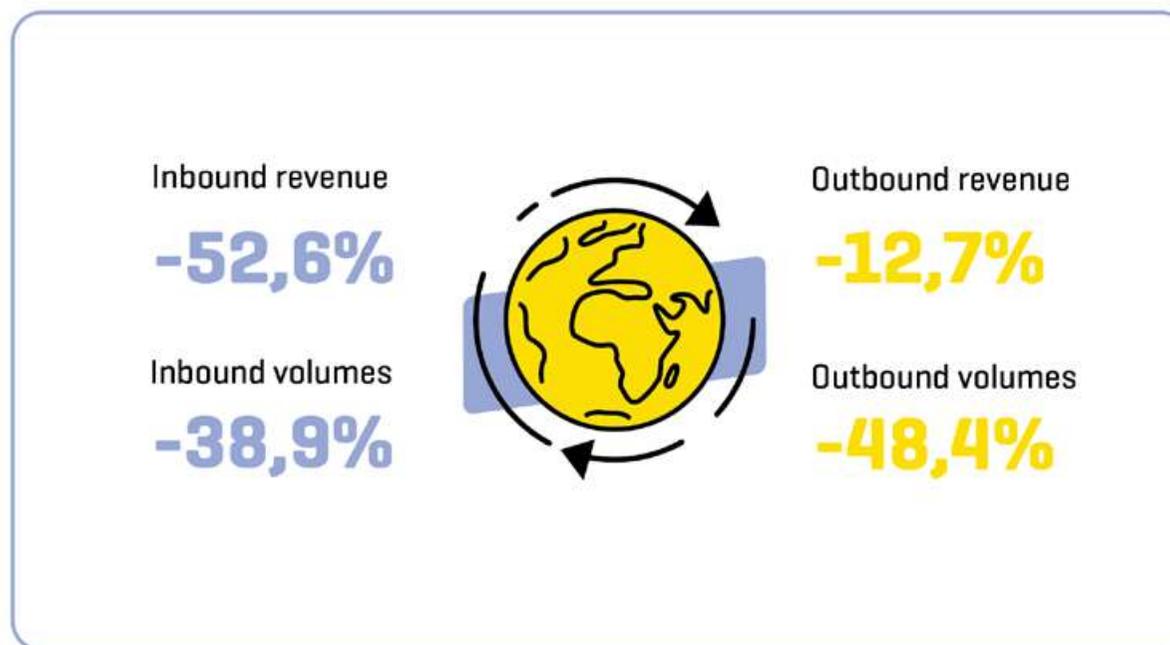
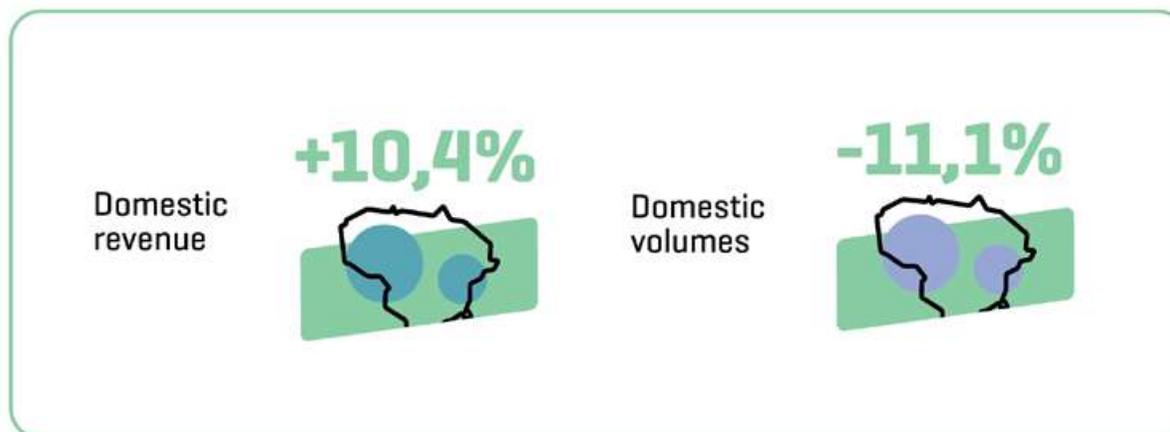
REVENUE

Revenue from postal services by type

In 2022, domestic postal traffic decreased by 11.1% compared to 2021. The volume of postal traffic through post offices and courier channels decreased by 11.3% and 19.4%, respectively. The volume of letter traffic also decreased by 16.5%. The volume of postal traffic through parcel lockers increased by 15.3%.

In 2022, revenue from outbound postal traffic decreased by around 12.7% mostly due to significantly lower ETOE traffic by even 60.4%. In addition, decrease in revenue from outbound postal traffic was caused by 16.8% lower volume of postal item traffic and 29.8% lower volume of letter traffic. In 2022, revenue from inbound postal traffic decreased by over 52.6% due to lower volume of inbound postal item traffic.

ETOE represents a business model of a postal operator, as defined by the Universal Postal Union (UPU), which allows the operator to establish and operate extra-territorial offices of exchange in countries other than the national territory of the postal operator.



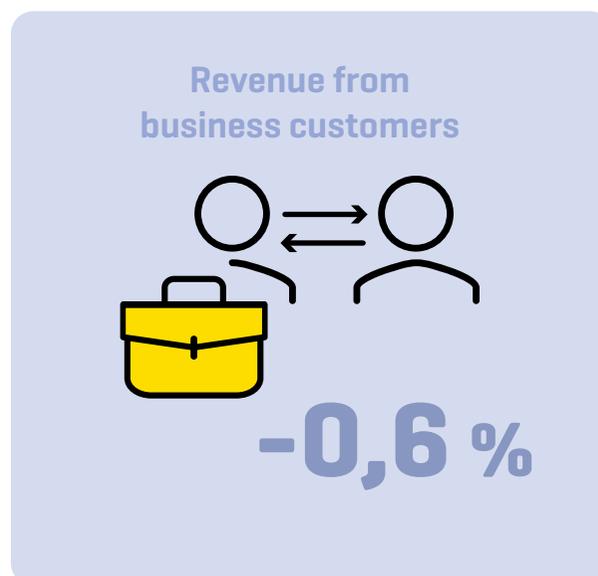
REVENUE

Revenue from postal services by type of customers



In 2022, revenue from postal services to private customers decreased by 25.9% compared to 2021 mostly due to EUR 5.2 million or even 51.5% lower revenue from inbound flow compared to 2021.

In 2022, revenue from postal services to business customers decreased by merely 0.6% compared to 2021.



2022 compared to 2021 decreased revenue by EUR 3.7 million from ETOE activity and by EUR 1.7 million from parcel inbound flow.

Nevertheless, the decrease in revenue was offset by EUR 3.3 million or 28.1% increase in revenue from domestic letter flow and increased revenue by EUR 2.2 million from domestic parcel flow.

By type of customers

29%

Revenue from postal services to private customers

71%

Revenue from postal services to business customers

EXPENSES

OPERATING EXPENSES OF LP GROUP AND THE COMPANY, EUR'000

	LP GROUP			COMPANY		
	2022	2021	CHANGE, %	2022	2021	CHANGE, %
Operating expenses	108 238	116 953	-7,5%	108 236	116 883	-7,4%
Employee-related expenses	45 996	46 909	-1,9%	45 991	46 904	-1,9%
Expenses of cross-border post deliveries and settlements with foreign post offices	23 745	32 362	-26,6%	23 745	32 362	-26,6%
Expenses of utility services	2 896	2 167	33,6%	2 896	2 167	33,6%
Lease of motor vehicles	3 084	2 340	31,8%	3 084	2 340	31,8%
Expenses of consumables and raw materials	3 270	2 764	18,3%	3 270	2 764	18,3%
Repair and maintenance expenses	3 231	3 511	-8,0%	3 231	3 511	-8,0%
Depreciation and amortisation of non-current assets	7 528	7 358	2,3%	7 531	7 361	2,3%
Cost of goods and services for resale	2 606	3 457	-24,6%	2 606	3 457	-24,6%
Taxes (other than income tax)	1 773	630	181,6%	1 773	630	181,6%
Communication expenses	657	917	-28,3%	657	917	-28,3%
Other expenses	13 453	14 538	-7,5%	13 453	14 470	-7,0%

In 2022, operating expenses of LP Group totalled EUR 108.2 million, i.e. decreased by 7.5% compared to 2021.

Employee-related expenses accounted for the major portion of total operating expenses (42%). Compared to 2021, these expenses decreased by 1.9%. Expenses of utility services increased by 33.6% due to significantly higher electricity and heating energy prices. In addition, expenses of raw materials and consumables increased by almost one fifth or 18.3%.

There was a significant decrease in expenses of cross-border post deliveries and settlements with foreign post offices by even EUR 8.6 million or 26.6% due to lower volume of outbound post traffic. Compared to 2021, LT Group's expenses included in the category of other expenses decreased by EUR 1.1 million. Such decrease was mostly driven by lower tax and duties expenses, lost postal item compensation expenses and expenses of deliveries from China.

PROFIT BEFORE TAX, EBITDA AND EBIT

CHANGES IN PROFIT BEFORE TAX, EBITDA AND EBIT OF LP GROUP AND THE COMPANY, EUR'000

PERFORMANCE INDICATORS	LP GROUP			COMPANY		
	2022	2021	CHANGE, %	2022	2021	CHANGE, %
Profit before tax	4 997	-7 530	166%	5 000	- 7 460	167%
EBITDA	13 035	710	1737%	13 040	783	1565%
EBIT	5 507	-6 648	183%	5 509	-6 578	184%

In 2022, LP Group earned profit before tax of almost EUR 5 million compared to net loss of EUR 7.5 million in 2021. Such result of LP Group was driven by 2.1% increase in total revenue from operations and 7.5% decrease in expenses.

In 2022, the LP Group's EBITDA (earnings before interest, taxes, depreciation and amortisation) increased by EUR 12.3 million compared to 2021 and reached EUR 13 million.

In 2022, the LP Group's equity increased by 17.8% and amounted to EUR 32.1 million as at 31 December 2022. Such increase was driven by higher retained earnings.



INVESTMENTS

LP GROUP'S AND THE COMPANY'S INVESTMENTS IN PP&E AND INTANGIBLE ASSETS, EUR'000

PERFORMANCE INDICATORS	LP GROUP			COMPANY		
	2022	2021	CHANGE, %	2022	2021	CHANGE, %
Investments in PP&E and intangible assets	4 262	6 242	-31,7%	4 262	6 242	-31,7%
PP&E	3 593	4 886	-26,5%	3 593	4 886	-26,5%
Intangible assets	670	1 356	-50,6%	670	1 356	-50,6%

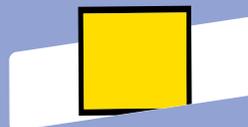
In 2022, the LP Group's investments in PP&E and intangible assets decreased by EUR 2 million or 31.7% compared to 2021.

In 2022, investments in parcel lockers and their development increased by almost three times compared to 2021 and amounted to EUR 2.1 million. In addition, a substantial amount of investments was made for acquisition of software amounting to EUR 0.7 million.

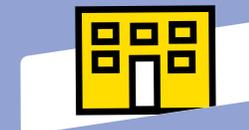
INVESTMENTS INTENDED FOR:



**EUR
4.3
million**
Total investment



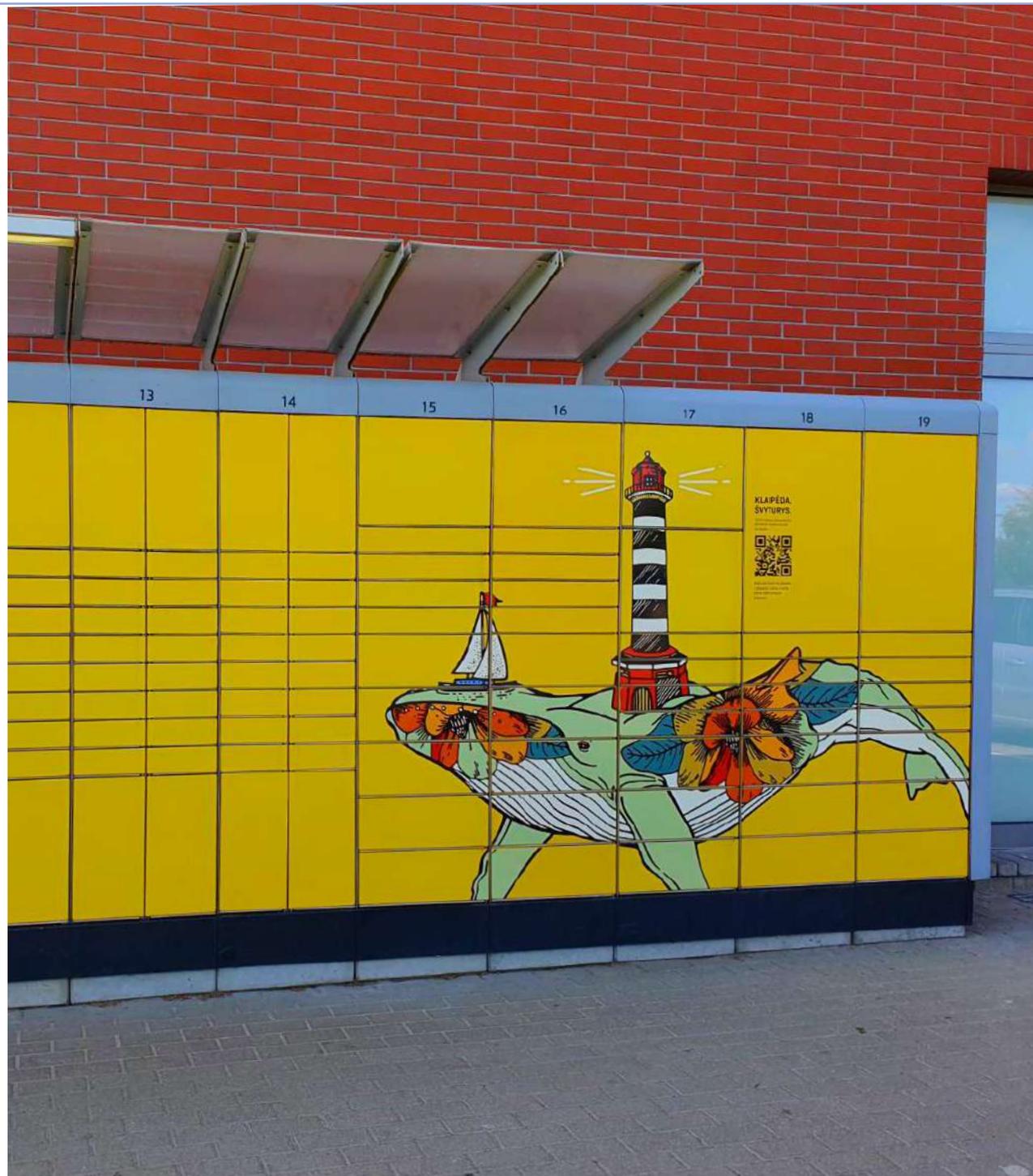
6 526
New parcel
lockers boxes



16
Modernised
objects

FINANCING

Overdraft agreement was signed with OP Corporate Bank plc Lithuanian Branch to finance the working capital of the LP Group. Lietuvos Paštas and Nordic Investment Bank (NIB) have signed a loan agreement to finance the Company's investment project in amount of EUR 17.5 million, which was withdrawn in full on 30 June 2022. The financing has a designated purpose as it is intended for the construction of a new centralised Vilnius Distribution Centre (VDC), for the repairs of the parking area, and acquisition of parcel lockers. The longest maturity term of borrowings is 7 years, with the last repayment date due in 2028. As at 31 December 2022, the repaid amount of borrowings was EUR 3.5 million.





OVERVIEW OF OPERATIONS

OVERVIEW OF OPERATIONS

Research & Development

The Group undertakes long-term strategic planning which facilitates identification of areas that need development and investments. During 2023-2026, important strategic projects will be continued in relation to the development of the Group's e-commerce solutions, process optimisation, service quality improvement, and creation of a motivating work environment. Further focus will be given to a number of other areas of operations, such as financial sustainability and climate impact mitigation.

Lietuvos Paštas pays special attention towards a number of innovation development areas – implementation of innovative solutions at LP EXPRESS network of parcel lockers and use of big data at the entire Company level. In respect of the innovative solutions, the market potential of autonomous parcel lockers is actively analysed. In respect of big data, automation and digitalisation of operations is necessary to strengthen the Company's competitiveness, and for that purpose the tools are being developed to assist with important decisions based on big data analytics.



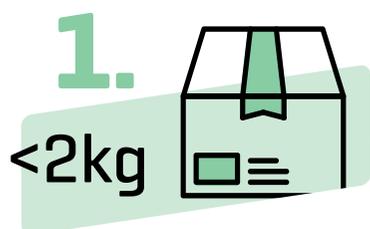
LICENSED ACTIVITIES OF POSTAL SERVICES

The basic rights and duties of the users of postal services are stipulated in the Postal Law of the Republic of Lithuania, the Civil Code of the Republic of Lithuania, the Law on Consumer Protection of the Republic of Lithuania, and the UPS Rules.

By Resolution No. 467 of 15 May 2019 of the Government of the Republic of Lithuania Regarding a designated provider of the universal postal service, Lietuvos

Paštas has been designated to provide the universal postal service across the entire territory of the Republic of Lithuania during the period from 1 January 2020 to 31 December 2026.

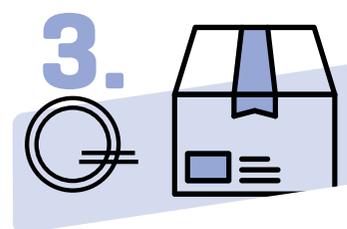
Under the Postal Law, the UPS provider is required to provide the following universal postal service across the territory of the Republic of Lithuania:



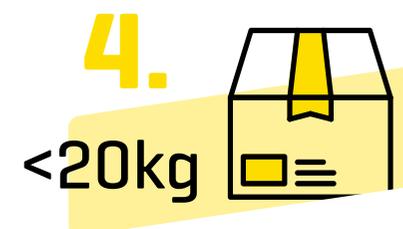
Clearance, sorting, transport and delivery of postal items up to 2 kg*



Clearance, sorting, transport and delivery of parcels up to 10 kg*



Clearance, sorting, transport and delivery of registered and insured postal items*



Delivery of parcels up to 20 kg from other Member States.

* covering domestic and international postal service.

Under the Postal Law, the UPS provider is committed to ensure uninterrupted provision of the universal postal service on equal terms and conditions for all users across the entire territory of the Republic of Lithuania for at least 5 business days a week, except for the cases of force majeure, and to ensure at least one clear-

ance and at least one delivery of postal items per business day from/to the place of residence or registered office of the addressee.

Lietuvos Paštas, being obliged by the Government to provide the UPS, must deliver periodicals to subscribers in rural areas by 31 December 2022. The Commu-

nications Regulatory Authority (the CRA) approves the maximum tariffs in respect of each weight category of postal items. Based on the approved maximum permitted UPS tariffs, the newly introduced tariffs for universal and other postal services are approved by the orders of the CEO of Lietuvos Paštas.

LICENSED ACTIVITIES OF ELECTRONIC MONEY INSTITUTION

The Company has been licensed as an electronic money institution since 29 November 2016. The licence allows to engage in the following licensed activities:

Money
remittance

Distribution and
redemption of
electronic money

Provision of services
facilitating withdrawal of cash
from payment accounts and
all other transactions related
to handling of payment
accounts

Payment transactions,
including transfer of
funds from the payment
account opened by the
user of payment services
with the institution of
the provider of payment
services or other
provider of payments
services: direct debit
transfers, including one-
off direct debit transfers,
payment transactions
using a payment card
or a similar instrument,
and/or credit transfers,
including recurring
transfers

Issuance of
electronic
money

Issuance of payment
instruments and/
or processing of
payments

Provision of services
facilitating cash payments
into payment accounts
and all other transactions
related to handling of
payment accounts

PUBLIC POSTAL NETWORK

The parent company Lietuvos Paštas is committed to maintain the postal network to ensure compliance with the requirements for locations of the UPS access points:

- in urban residential areas, the straight distance from the user's place of residence/place of business to a stationary or non-stationary customer service point must not exceed 3km;

- in rural residential areas served by one and the same eldership must have at least one stationary or non-stationary customer service point.

By Order No. 3-624 of 15 October 2020 of the Minister of Transport and Communications (Regarding the amendment to Order No. 3-46 of 25 January 2013 of the Minister of Transport and Communications Regarding the approval of public postal network characteristics of the UPS provider), the following was established:

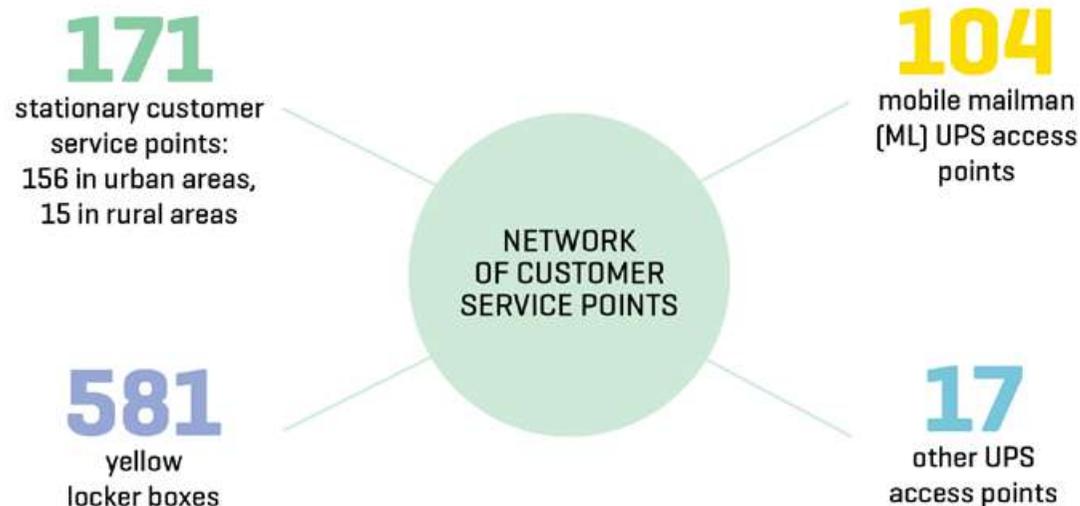
- all stationary customer service points must be accessible to people with disabilities by 1 January 2027;

The newly approved postal network characteristics of the UPS provider were supplemented with the following:

- a rural residential area with over 300 residents must have at least one mail-box for public use. When the UPS provider in the rural residential area is committed to ensure the UPS service in the agreed customer service point, the mail-box for public use in that area may be optional.

As at 31 December 2022, Lietuvos Paštas had a network of 293 UPS access points comprising: 171 post offices (156 in urban areas, 15 in rural areas), 1 agent in urban area, 104 mobile mailman (MM) UPS access points, and 17 other UPS access points.

As at 31 December 2022, Lietuvos Paštas operated a network of 352 parcel lockers. The total number of locker boxes at the parcel lockers was 49.8 thousand.



LOGISTICS

Logistics plays a significant role in the Company's activities, with its processes directly relating to services provided to customers: collection, distribution, transportation and delivery of postal parcels. Logistics also ensures that the post offices are supplied with both materials and goods for retail trade.

The year 2022 was exceptional for the Company for the following reasons:

- Optimisation of delivery routes and operations;
- Renewal of the fleet of motor vehicles: 120 old cars were replaced with 80 new cars;
- Optimisation of logistics routes: 371 routes in 2021 were cut to 333 routes in 2022;
- Saving over 1 million kilometres;
- Expansion of postal network now covering 353 parcel lockers.

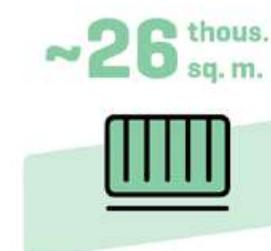
It is important to note that the Company's efficiency in logistics was 13% higher in 2022 compared to 2021. The total number of postal parcels delivered through LP EXPRESS postal network of Lietuvos Paštas reached 9.2 million units in 2022.



Number of routes



Serviced accounting points



Area of logistics centres



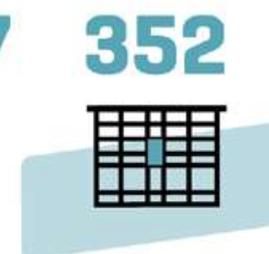
Couriers



Logistics centres



Distance made [km]



Parcel lockers

SERVICES, MARKETS, CUSTOMERS

Lietuvos Paštas carries out commercial activities and ensures the fulfilment of special obligations.

LP Group provides services to both residents and various companies and organisations, cooperates with foreign post offices and financial institutions.

Lietuvos Paštas customers are grouped into two segments: customers who purchase the postal services at the post offices, through online self-service platform or parcel lockers (typically these are private customers), and customers who have concluded agreements with the company (typically these are business customers).

COMMERCIAL ACTIVITIES



SENDING OF ITEMS:

- sending and delivery of business postal items;



SENDING OF INFORMATION:

- sending of business correspondence;



FINANCIAL SERVICES



OTHER SERVICES:

- retail;
- printing services;
- cross-border transit services;
- warehousing and logistics services;
- deliveries of periodicals to subscribers in urban areas;
- unaddressed and addressed direct mail.

SERVICES PROVIDED

SPECIAL OBLIGATIONS

SENDING OF ITEMS:

- sending and delivery of the UPS postal items;



SENDING OF INFORMATION:

- sending and delivery of the UPS correspondence;



OTHER SERVICES:

- delivery of periodicals to subscribers in rural areas;
- issue of postage stamps.



INFORMATION ON SPECIAL OBLIGATIONS

Pursuant to the recommendations approved by Order No. 4-1100 of 20 December 2013 of the Minister of National Economy Regarding designation of special obligations for state-owned enterprises and approval of recommendations for submission of information (revised version No. 4-270, dated 7 May 2018), Lietuvos Paštas AB, as a designated Universal Postal Service provider, provides universal postal services and delivers periodicals to subscribers in rural residential areas under the special obligations.

The UPS tariffs must be based on the UPS costs; however, they must be affordable to all the users of the postal services, transparent and non-discriminating. When the maximum UPS tariffs set by the Communications Regulatory Authority (CRA) are lower than the UPS costs incurred, the difference between the costs and the UPS tariffs must be compensated to the UPS provider from the state budget in accordance with the procedure set by the Government. On 26 October 2021, the CRA approved the decision regarding the new and existing UPS tariffs that were below the cost level in 2020, for the Universal Postal Services provided by Lietuvos Paštas, which were subsequently revised on 1 January 2022.

Delivery of periodicals to subscribers in rural residential areas is not treated as the universal postal service; however, the postal service provider designated by the Government to provide the universal postal service, is obliged to deliver periodicals to subscribers in rural residential areas. In 2022, compensation from the state budget to the Company amounted to EUR 7.9 million for losses incurred in relation to this service in H2 2021 and H1 2022.

Lietuvos Paštas, as the UPS provider, maintains its accounting records in accordance with the fundamental cost accounting principles and in line with the requirements of cost accounting system, as well as other requirements pertaining to cost accounting, including the requirement to carry out audits.

**The UPS price
is affordable,
transparent and
non-discriminatory
to all users of postal
services.**

The fundamental cost accounting principles and the requirements for cost accounting system are set forth in the UPS provider's Rules for Cost Accounting and Calculation of the UPS Losses, which were amended on 1 January 2018.

Based on the amended Rules of Accounting for the UPS Provider's Costs, Lietuvos Paštas is required to apply the historical cost principle in its cost accounting system,

i.e. to account for non-current assets used in its activities and the related expenses at the carrying amount of non-current assets without considering any impairment or increase in the value of non-current assets, and to record in cost accounting system the return on investment meeting the prudence criterion as a separate category of expenses and allocate it to the end-user services with reference to the amount of capital used in rendering the respective end-user service. In its cost accounting system, the Company is required to separate clearly each universal postal service and each service of delivery of periodicals to subscribers in rural residential areas from the rest of the services rendered by the service provider.

Based on the amended Rules for Calculation of the UPS Losses, in its cost accounting system the Company is required to account for its income and expenses incurred in the course of rendering the services, as well as to provide their breakdown by geographical territory and by user, and to include in the expenses the return on investment calculated in accordance with the requirements of the Rules for Cost Accounting of the UPS provider.

The Lietuvos Paštas Group does not provide a breakdown of financial information by function in the balance sheet and income statement of the financial statements for 2022. Information on special obligations performed by the parent company Lietuvos Paštas is presented in a separate document to the Governance Coordination Centre.

DOMESTIC POSTAL SERVICE MARKET

In total 44 entities were operating [were effectively engaged in operations] in the domestic postal service market as of 31 December [the number has decreased by 5 entities since the end of Q4].

The overall postal service market [in terms of revenue] increased by 7.6% from EUR 239 million in 2021 to EUR 257 million in 2022.

In the overall postal service market in terms of revenue generated in 2022, the largest market share was taken by Lietuvos Paštas – 27.6%, DPD Lietuva UAB – 20.4% and Venipak Lietuva UAB – 10.6%.

In terms of revenue generated from postal items sent by means of non-universal postal service in 2022, the market share of Lietuvos Paštas was 20.9%, DPD Lietuva UAB was 22.2%, Venipak Lietuva UAB – 11.7%.

Revenue generated from the provision of universal postal service decreased by 2% from EUR 21.3 million in 2021 to EUR 20.8 million in 2022. The quantity of the universal postal service decreased by 29% from 11.5 million items in 2021 to 8.1 million items in 2022.



28%

LIETUVOS PAŠTAS



20%

DPD



11%

VENIPAK

RISKS AND THEIR MANAGEMENT

Risk management at Lietuvos Paštas is an integral part of the strategic planning and strategy implementation. Risk management is developed and implemented in line with the guidelines of the international standard ISO 31000:2018. The Risk Management Policy approved by the Board defines the risk management principles, risk categories and risk appetite, as well as the phases, participants and responsibilities in risk management process. Upon completion of review of the risk identification, assessment and monitoring process, in May 2022 the Risk Management Procedure was updated. Risk management in the specific areas of operations is regulated with reference to detailed internal documents, integrated into ordinary course of business and day-to-to-day management.



RISK MANAGEMENT BASED ON THE THREE LINES MODEL

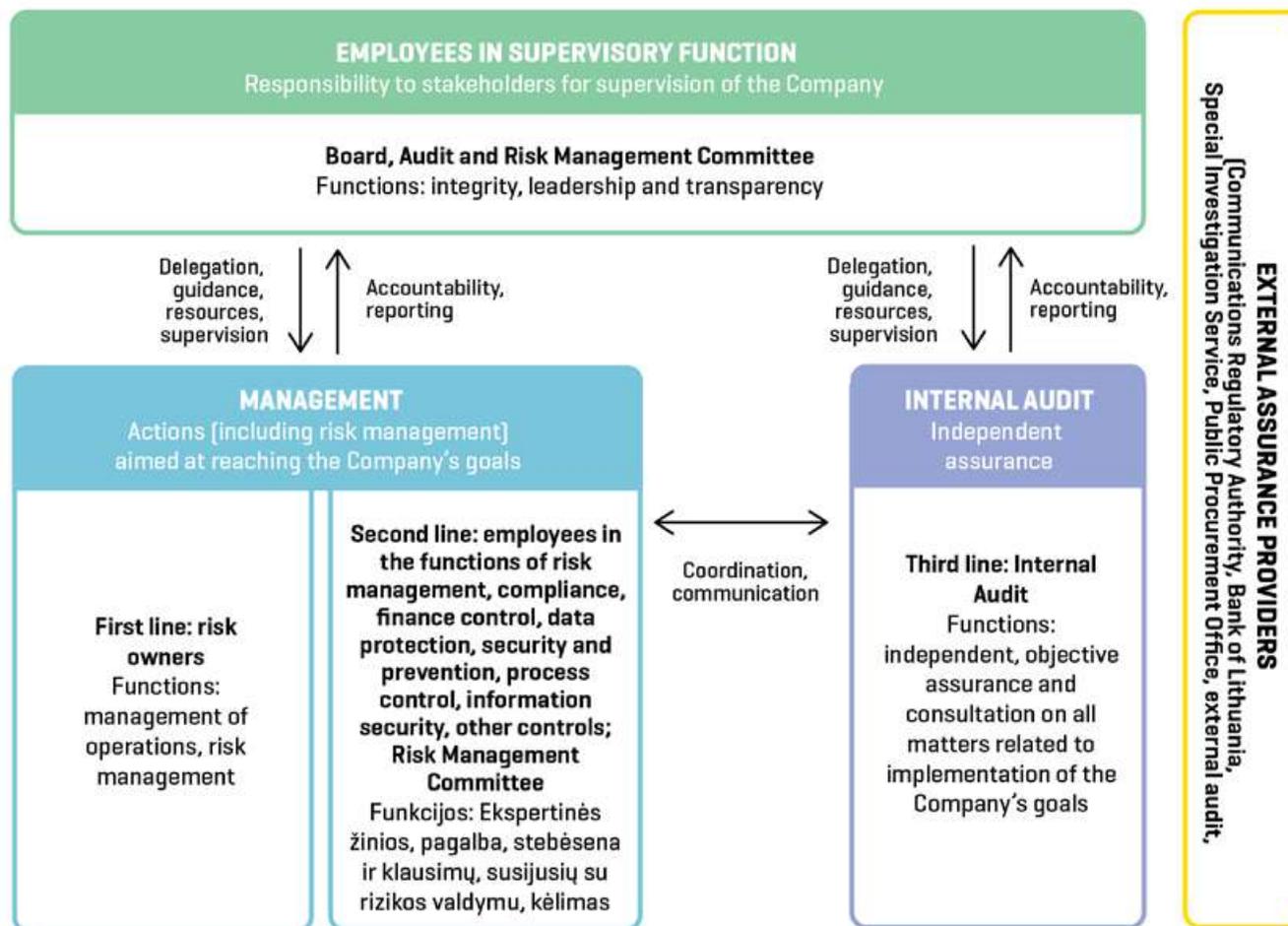
Risk management is based on the Three Lines model. The model is used for the creation of the responsibilities framework, which helps to strengthen the Company's overall management and risk management.

The main decisions on the risk management matters are taken by the CEO responsible for the functioning of the risk management system at the Company, and the Risk Management Committee approving the Risk register, risk management plans, performing quarterly risk management monitoring. During 2022, there were 17 meetings of the Risk Management Committee.

Risk owners (typically these are heads of structural divisions) are responsible for the formation of risk management culture, identification, assessment and management of risks in the area of their responsibilities, implementation of risk management measures, and assessment of their effectiveness.

Employees holding functions in the area of controls are responsible for the formation of risk management practice in the area of their responsibilities, provision of coaching and training employees, submission of reports, and continuous process improvement.

The Internal Audit provides an independent, objective assurance and recommendations regarding the appropriateness and effectiveness of the Company's overall management and risk management. The Company's Board and the Audit and Risk Management Committee carry out supervision of risk management through monitoring of risk management effectiveness at the established time intervals. To meet the interests of the stakeholders, the Company cooperates with the regulatory authorities.



RISK CATEGORIES AND RISK APPETITE

In relation to its operations, the Company has the following risk categories: strategic/business, financial, operational, compliance, and reputational.

STRATEGIC/BUSINESS

Risks affecting the Company's strategic goals, arising from making and implementing inappropriate business decisions, inadequate response to changes in external and internal environment

FINANCIAL

Risks arising from management of financial assets, financial liabilities

OPERATIONAL

Risks arising in day-to-day operations from external environment factors (natural disaster, cyber attack, etc.) and internal environment factors (inappropriate or ineffective internal processes, inadequate internal controls, human errors and unlawful actions of employees, information system disruptions, etc.)

COMPLIANCE

Risks pertaining to regulatory and legal environment and changes therein, arising from inadequate measures to ensure legal or regulatory compliance

REPUTATIONAL

Risks affecting the Company's reputation, image, arising from the Company's decisions, handling of incidents, insufficient quality of services, inadequately maintained sustainability, behaviour of employees, etc.

RISK CATEGORIES AND RISK APPETITE

In June 2022, the Company's Board established the risk appetite in respect of each risk category.

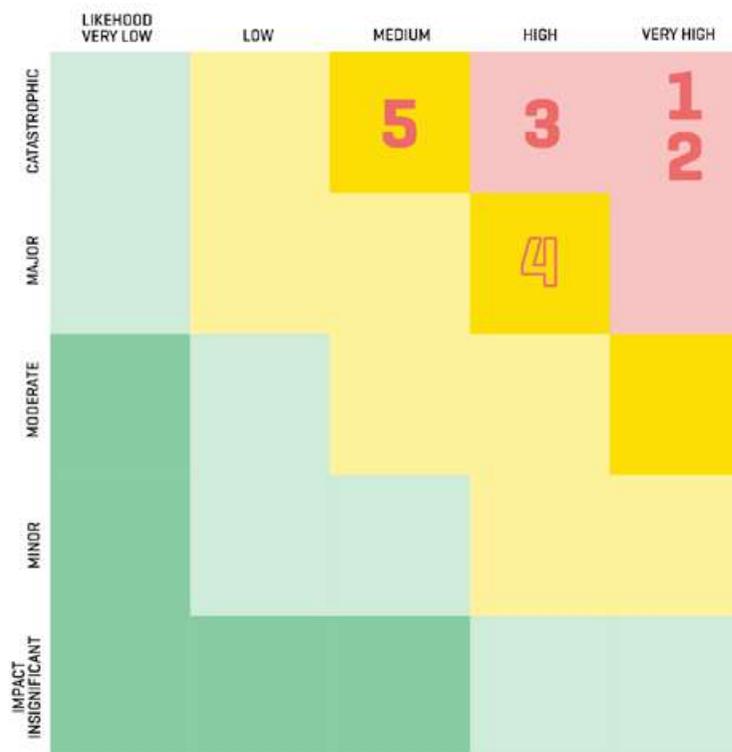
RISK CATEGORY	RISK APPETITE	APPETITE DESCRIPTION
STRATEGIC/ BUSINESS	Flexible	In seeking to implement the strategic and development goals, the Company considers all potential business decisions and chooses the most successful option, with reasonable risks tolerated and potential impact handled.
FINANCIAL	Minimal	The Company seeks to ensure that its financial decisions are reliable, safe and subject to diligent scrutiny. Cost-effectiveness is a key factor in making the decisions, as it is vital for maintaining a better financial position.
OPERATIONAL	Cautious	In implementing changes and new processes, the Company accepts the risk which is managed through application of controls and monitoring. To ensure efficient operations, the potential improvements of the systems and technologies are considered.
COMPLIANCE	Averse	The Company is averse to accepting the risks that potentially give rise to liability and damages resulting from legal or regulatory non-compliance. All reasonable measures are taken to ensure maximum compliance with the requirements and fulfilment of the obligations.
REPUTATIONAL	Cautious	Reputation is of key importance for successful delivery of services and for maintaining trust of stakeholders. The decisions that might affect the Company's reputation and image are subject to diligent scrutiny to ensure minimum negative impact.

The risks with significance level higher than the risk appetite are managed through risk management plans. Upon implementation of measures set forth in the risk management plan, the Company initiated an assessment of risk management effectiveness as from July 2022.

KEY RISKS AND THEIR MANAGEMENT

During 2022, the following risks described in the Annual Report 2021 were managed within an acceptable risk appetite level: the risks arising from loss of market share due to a slower implementation of e-solutions required in the market; the risks arising from property damages or adverse effects on health of employees and customers caused by hazardous postal items. The risks arising from disruption of business operations and services due to malfunction of IT systems were also managed within an acceptable risk appetite level through active risk mitigation measures; however, these risks remain relevant in the future period.

Considering the Company's strategic areas of focus and changes in external and internal environment factors, a regular risk review process was initiated in spring and autumn 2022. Having assessed the existing and newly identified risks, the Risk register was updated to provide specification of top priority risks in the future period [see on the right side]. Management of these top priority risks is based on the risk management plans specifying the risk mitigation measures.



RISK SIGNIFICANCE LEVEL

Critical
Unacceptable
Undesirable
Acceptable
Desirable

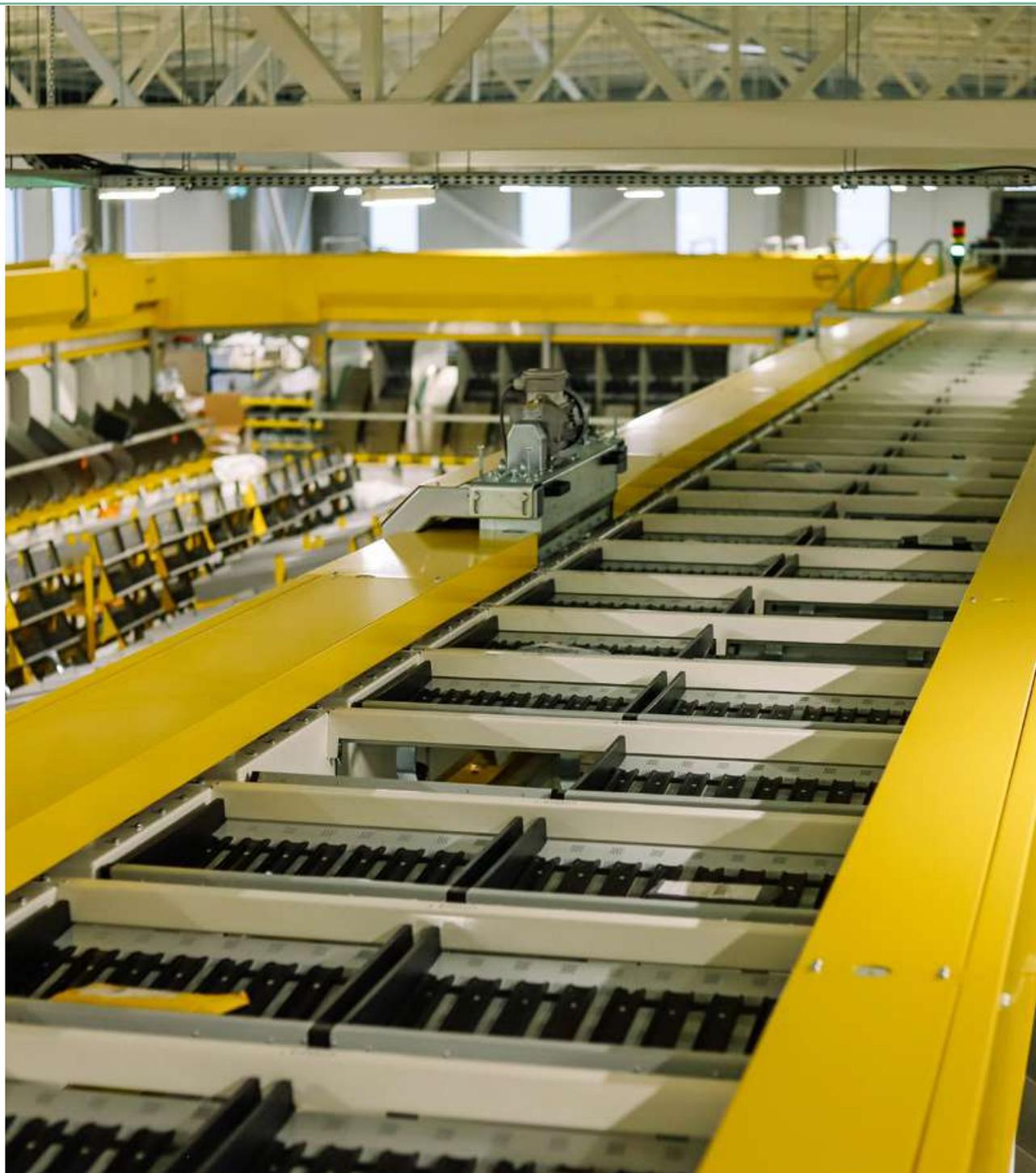
- 1** Dependence on unclear regulation of UPS activities causing high financial burden on UPS activities
- 2** Unreached financial performance targets due to slower growth of economy and e-commerce market, and significant increase in costs
- 3** Limited possibilities for competition in the parcel market due to locality of the delivery network
- 4** Loss of domestic and export market share in e-commerce due to changes in pricing
- 5** Disruption of operations due to employees on strike or quiet quitting

BUSINESS CONTINUITY MANAGEMENT

In 2022, the Company approved the Business Continuity Management Policy prepared in line with the international standard ISO 22301:2019. The Policy covers the principles and responsibilities for management and organisation of operations, based on which the Company's business continuity management system is being developed. The implementation of the Policy provisions is stipulated in detail in the Description of Procedure for Business Continuity Management, which sets the processes and resources necessary for proper preparation and, in case of a disruption, necessary for ensuring the Company's ability to continue operations without interruption and to mitigate the potential losses as much as possible.

Having assessed the impact of business continuity on the strategy implementation, financial position and reputation, the critical activities were identified for the Company. In respect of each critical activity, the business impact analysis and risk assessment were carried out, based on which the business continuity plans are elaborated with description of business disruption scenarios, communication, measures, and actions necessary to continue or resume the business continuity.

Considering the geopolitical situation, the risk of threats and emergency situations was also analysed in spring 2022, and the plan was prepared on alternative actions for the provision of the UPS and other critical services in the state of war.



AUDITORS

The audit of the financial statements for the year ended 31 December 2022 prepared according to IFRS (International Financial Reporting Standards), as adopted by the European Union, was carried out by audit firm PricewaterhouseCoopers UAB.

Under the agreement on procurement of audit services signed between the Company and PricewaterhouseCoopers UAB on 7 September 2022, the fee for the audit of the consolidated and separate financial statements for 2022, including the preparation of a report to the Bank of Lithuania, amounts to EUR 79,7 thousand (excl. VAT).

During 2022, the following non-audit services under ISAE 3000, as set out in the agreement on procurement of audit services, were rendered for the total value of EUR 26 thousand:

- Review of the UPS provider's cost accounting system and UPS delivery cost report, as well as review of income/cost report on the service of delivery of periodicals to subscribers in rural residential areas for 2021;
- Assurance report on the UPS provider's internal cost accounting system used in 1H 2022, as well as on income/cost report on the service of delivery of periodicals to subscribers in rural residential areas for 1H 2022.





PLANS AND PROJECTIONS

STRATEGIC GOALS AND THEIR IMPLEMENTATION

For implementation of the strategy of Lietuvos Paštas, the Shareholder's Letter of Expectations sets the goals, the areas of focus, the purpose, and the general expectations regarding the principles of operation.

The Shareholder's Letter of Expectations is available on the official website of Lietuvos Paštas under the section Management.

The Shareholder's Letter of Expectations sets forth the following areas of focus in the Company's operations:

ASSURANCE OF FUNCTIONS OF NATIONAL IMPORTANCE

The Company is committed to ensure provision of the universal postal service and periodicals delivery services, as defined in the relevant legal acts and agreements with the Company; postage stamps release and withdrawal from circulation.

INNOVATIONS, DIGITALISATION, SUSTAINABILITY

The Company is expected to contribute to promotion of innovations, implement new technologies and modern work approach. It is also expected to integrate the UN sustainable development goals.

CUSTOMER SERVICE QUALITY

The Company is expected to improve the quality of its services, ensure clear and transparent communication; also to seek that the postal infrastructure and services are accessible to people with individual needs.

TRANSPARENCY

The Shareholder expects that the Company will have in place corruption prevention and risk management measures ensuring transparent and fair operations. The Company will ensure that all information recommended under the SOE Transparency Guidelines will be made available to public.

GOOD GOVERNANCE AND EFFICIENCY

The Company is expected to ensure governance that is efficient and meets the best practice in line with the governance improvement recommendations issued by the Governance Coordination Centre; also to seek that its rating in the SED Good Governance Index is not lower than A. The Company is expected to focus on improvement of efficiency of operations and cost management, and to make decisions regarding inefficiently managed property.

SOCIAL RESPONSIBILITY

Development and implementation of frameworks for values, replaceability of skills, and motivation of employees; ensuring a fair work pay and work environment that meets the market standards; ensuring work conditions for people with individual needs.

SERVICE PROVISION AND POSSIBILITIES FOR DEVELOPMENT OF OPERATIONS

The Company is expected to engage in profitable commercial activities, including the financial services, that are compatible with the fulfilment of special obligations; also seek to maintain and expand its market share in postal delivery services, look for innovative and sustainable solutions for development of operations.

FINANCIAL EXPECTATIONS

The Company's long-term profitability and capital structure indicator must meet the one set by the Government of the Republic of Lithuania.

STRATEGY 2023 – 2026

The strategic planning and monitoring of Lietuvos Paštas are carried out in line with the recommendations of the Governance Coordination Centre, the Company's internal policies and procedures, and following the best practice. The strategy formation process involves all the structural units of the Company, and a survey of stakeholders. The strategy formation procedure is stipulated in the integrated strategic planning and monitoring policy, which was approved by Resolution of 30 November 2022 of the Board of Lietuvos Paštas.

STRATEGY – SUSTAINABLE GROWTH

Focus on growth of parcel revenue, driven by innovation and greater convenience for customers.

STRATEGIC AREAS OF FOCUS

The Group's updated strategy 2023-2026 defines the main areas of focus to be pursued until 2026, the strategic goals and target indicators:



MISSION

A convenient way to send and receive. For everyone.



VISION

Trustiest parcel delivery network connecting our region with the world.



VALUES

We cooperate. We take responsibility. We change.



Enhancing financial sustainability



Improving operational efficiency



Development of e-commerce solutions for customers



Reducing the impact on climate change



Provision of quality services



Creating a motivating work environment

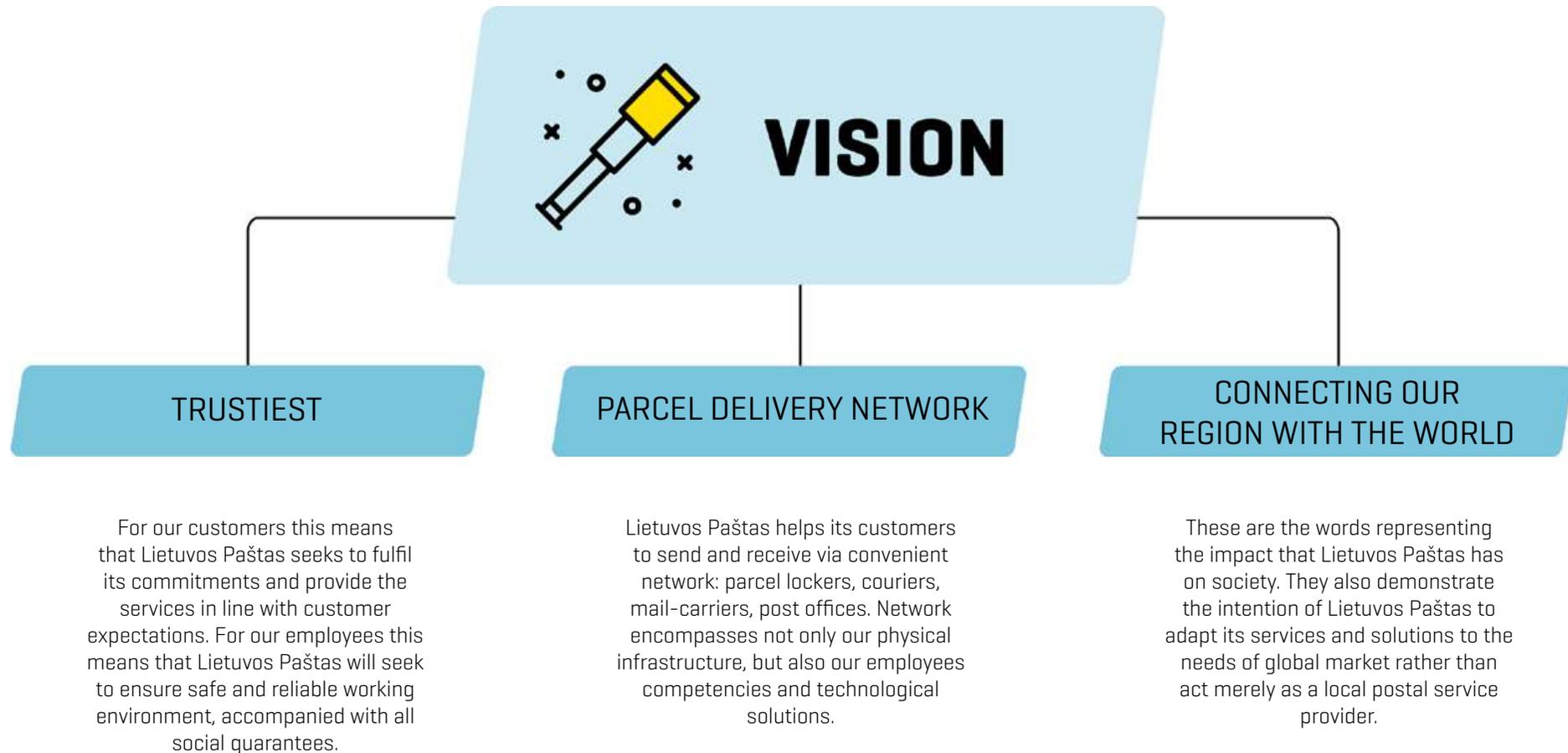
STRATEGIC GOALS 2023–2026

<i>Item</i>	<i>Strategic area of focus</i>	<i>Goal</i>	<i>Goal indicator</i>
FINANCES	Enhancing financial sustainability	Create added value for the shareholder	Return on equity (ROE), %
		Manage the share of debt in capital structure	Financial debt to equity ratio, %
CUSTOMERS	Development of e-commerce solutions for customers	Maintain the market share of revenue from the delivery of parcels	Market share of revenue from the delivery of parcels, measured by the change compared to previous year, %
	Provision of quality postal services	Ensure fulfillment of customer expectations for traditional postal services and high satisfaction with e-commerce parcel services	Customer satisfaction index (NPS), %
PROCESSES	Improving operational efficiency	Optimisation, digitalisation, automation	Non-obligatory activities costs-to-sales revenue ratio
	Reducing the impact on climate change	Reduce of CO2 emissions	CO2 emissions, % [change compared to 2020]
EMPLOYEES	Creating a motivating work environment	Strengthen employee engagement	Employee engagement, %

OUR MISSION IN MORE DETAIL



OUR VISION IN MORE DETAIL



OUR VALUES IN MORE DETAIL



PROGRESS AGAINST ANNUAL GOALS 2022 (1/2)

ANNUAL GOAL	INDICATOR	2022 PLANNED	2022 ACTUAL	COMMENT
CREATE ADDED VALUE FOR THE SHAREHOLDER	Return on equity (ROE), %	>0	15,1	<p>Key drivers of positive impact:</p> <ol style="list-style-type: none"> 1. Due to changes in the parcel structure and a shrinking mail market, the measures were taken to improve efficiency of areas served across Lithuania; 2. Improved profitability of retail trade and financial services; 3. Higher income from real estate sales; 4. Approval of compensation for loss incurred from provision of UPS. <p>Key drivers of negative impact:</p> <ol style="list-style-type: none"> 1. Substantially lower than planned volume of inbound and outbound postal flows; 2. Higher than planned growth of energy prices, and the prices of goods and services necessary for assurance of operations.
INCREASE REVENUE FROM OPERATIONS	Revenue from operations, EUR million	128	113	<p>Key drivers of negative impact:</p> <ol style="list-style-type: none"> 1. Slower growth of e-commerce activities resulted in a lower volume of outbound and domestic postal item flow; 2. Lower revenue from ETOE activities; 3. Substantial decrease in volume of inbound postal flow.
INCREASE THE MARKET SHARE OF REVENUE FROM THE DELIVERY OF PARCELS	Increase in market share of parcel revenue, based on previous year Q4 result, %	>=1,5	0,0	<p>Key drivers of negative impact:</p> <ol style="list-style-type: none"> 1. Expansion of parcel locker network: 67 new parcel lockers were built; 7 parcel lockers were renovated. At the year-end, there were in total 352 parcel lockers with over 50 thousand parcel lockers. Where necessary, rain protection roofs were installed to ensure better convenience for the customers; 2. Customer experience in parcel lockers was updated, e-solutions for customers were improved; 3. Basket of postal services was reviewed and changes were introduced in pricing to reflect the market dynamics. <p>Key drivers of negative impact:</p> <ol style="list-style-type: none"> 1. Fall in volume of inbound postal traffic.
ENSURE HIGH QUALITY OF POSTAL SERVICES	Quality of commercial parcel delivery (D+1 delivery through courier and self-service parcel terminals, except for the cases set out in the contracts and quarantine period), %	95	97,2	Deliveries are carried out in line with the set goals.

PROGRESS AGAINST ANNUAL GOALS 2022 (2/2)

ANNUAL GOAL	INDICATOR	2022 PLANNED	2022 ACTUAL	COMMENT
ENSURE HIGH CUSTOMER SATISFACTION WITH POSTAL SERVICES	NPS, %. (Net Promoter Score)	42	40	Compared to the score in 2021 (37%), there is an improvement by 3 p.p. The customers highly value the quality of parcel lockers and courier services and a wide geographic coverage of the delivery network. The score for traditional postal services, however, is not so high. It is likely that the score was affected by changes that occurred in 2022 as a result of modernisation of a substantial part of the postal network. As a result of implementation of the project, the areas served by mailman were re-arranged and it took some time for mailman to accustom themselves to those changes. The customers, in their turn, had to accustom themselves to a new way of using these services.
IMPROVE OPERATIONAL EFFICIENCY	Sales revenue per FTE, EUR '000	34	36	Key drivers of positive impact: 1. Optimisation of postal network; 2. Actions aimed at improvement of process efficiency and quality.
STRENGTHEN EMPLOYEE ENGAGEMENT	Employee engagement, %	46	45	In 2022, the Company took measures to improve efficiency of operations, and accordingly, reduced the number of employees, introduced changes in the work processes, thereby maintaining the level similar to that in 2021, which is assessed positively.
REDUCE CO2 EMISSIONS	Reduced CO2 emissions, % [compared to 2020]	-10	-29	Emissions were reduced mainly due to higher consumption of green electricity, reduction of vehicle fleet, and disposal of property that is no longer used in the activities.

PROGRESS AGAINST STRATEGIC GOALS 2022

AREA OF FOCUS	GOAL	INDICATOR	2022 PLANNED	2022 ACTUAL
INCREASING FINANCIAL SUSTAINABILITY	Create added value for the shareholder	Return on equity (ROE), %	>0	15,1
	Manage the share of debt in capital structure	Financial debt-to-equity ratio, %.	<80	44
DEVELOPMENT OF E-COMMERCE SOLUTIONS	Increase the market share of revenue from the delivery of parcels	Increase in the market share of parcel revenue based on the previous year Q4 result, %	>=1,5	0,0
PROVISION OF QUALITY POSTAL SERVICES	Ensure high customer satisfaction with postal services	Customer satisfaction index (NPS), %	42	40
DIGITISATION AND AUTOMATION OF OPERATIONS	Improve operational efficiency	Sales revenue per FTE, EUR '000	34	36
REDUCING THE IMPACT ON CLIMATE CHANGE	Reduce CO2 emissions	Reduced CO2 emissions, % [compared to 2020]	-10	-29
CREATION OF A MOTIVATING WORK ENVIRONMENT	Strengthen of employee engagement	Employee engagement, %	46	45

PROJECTS

UPDATING OF BUSINESS MANAGEMENT SYSTEM (BMS)

START DATE / EXPECTED END DATE:

16 06 2020 / 27 11 2024

SOLUTION OF MOBILE PARCEL LOCKER

START DATE / EXPECTED END DATE:

21 06 2022 / 31 03 2023

POSTAL SERVICES VIA AGENTS

START DATE / EXPECTED END DATE:

06 09 2022 / 31 12 2024

EXPECTED OUTCOME AND BENEFITS OF THE PROJECT

EXPECTED OUTCOME:

Implementation of a new business management system MS D365FO and the main business management processes.

EXPECTED BENEFITS:

- Effective management of the main business processes, reduced likelihood of errors in the main business processes, reduced manual work;
- Reduced IT complexity;
- Ensuring uninterrupted work in critical functions.

EXPECTED OUTCOME:

Implementation of a pilot project and approval of decision regarding the integration of contactless parcel lockers into LP Express network of parcel lockers (including the number of potential expansion locations and equipment).

EXPECTED BENEFITS:

- Understanding of customer feedback regarding the use of contactless parcel lockers;
- Testing of integration of the alternative solution for the existing parcel locker concept from IT perspective;
- Testing of installation process of contactless parcel lockers;
- Possibility of continued use of the solution and expansion of the project in the event of a successful outcome of the pilot.

EXPECTED OUTCOME:

Without prejudice to the existing characteristics of the UPS network and its attractiveness to customers, substitution of part of post offices with external partners – agents.

EXPECTED BENEFITS:

- Savings of costs (exact figures to be updated);
- Improved accessibility of postal services.

WORKS COMPLETED IN 2022

- The future IT infrastructure was developed;
- The Board approved the decision regarding the procurement of installation of a new business management system;
- Procurement of system installation was initiated and the contract was signed with the service provider;
- Internal process analysis was completed to an extent of 60% during preparation for the system installation [to be continued in 2023].

- A lease contract for the parcel locker was signed with the manufacturer of parcel lockers, to be used in the pilot project;
- A parcel locker was installed near the headquarters of Lietuvos Paštas AB and was prepared for testing;
- The initial in-house testing of the parcel locker was conducted;
- The testing with real parcels was initiated, the results of which will be used in making conclusions on possibilities to use this type of parcel lockers for the development of the parcel locker network.

- Analysis of a legal framework was completed, and a legal explanation was obtained regarding the possibility to accept payments through an external partner – agent;
- Analysis of competitive environment and experiences of other countries was completed;
- The basket of postal service products was clearly defined – the services to be rendered by the external partners were considered;
- Analysis of processes and IT tools was initiated, the results of which will be used to decide on the changes necessary for the activities of the agents.



SUSTAINABLE DEVELOPMENT REPORT

ABOUT THE REPORT

This annual Sustainable Development Report of the Lithuanian Post (hereinafter referred to as the Report) is published together with the Company's consolidated annual report and financial statement. The report is prepared in accordance with the of the Global Reporting Initiative (2021 edition) (hereinafter referred to as the GRI) standards. In addition, the report was prepared based on the requirements of the Law on Consolidated Financial Reporting of the Republic of Lithuania and evaluating the activities in the context of the Sustainable Development Goals as well as taking into account the principles of the Global Compact of United Nations. The Sustainable Development Report should be read together with the Company's consolidated annual report, as in order to avoid repetition, part of the information relevant to the Report is published in the annual report.

The information provided in the report covers the period from the 1st of January to 31st of December, 2022. The last Social Responsibility Report of the Company for 2021* was issued on the 15th of April 2022.

This and previous Sustainable Development and Social Responsibility reports can be found on the Company's website. The data presented in the previous years' reports remain relevant and have not been changed due to changes in calculation methodologies or new data, except for those cases that are separately highlighted in the report. The Board reviews and approves the sustainable development report together with the sets of annual financial statements.

If you have any questions about the Report or the Company's sustainability initiatives, please contact us by e-mail darnumas@post.lt.

* Except for the calculations of GHG emissions, which are presented for the year 2021.



SUSTAINABLE DEVELOPMENT AT LITHUANIAN POST

In 2020, Lithuanian Post made a decision to make sustainable development one of its operational priorities. The Company operates in one of the most polluting sectors – transport – therefore, it assumes responsibility for its impact on the environment. The Company strives to operate in a sustainable way and wants to be among the companies that apply good practices in this field and thus set an example for other organizations. In 2021, the main focus was on understanding the expectations of stakeholders, i.e., shareholders, customers, partners, employees, suppliers, non-governmental organizations, clarifying strategic directions for sustainable development and setting goals.

The year 2022 was dedicated to strengthening the planned obligations, reducing the impact and implementing initiatives in the scopes of environmental protection, social responsibility and economic responsibility in order to achieve the set goals.



PRINCIPLES OF THE COMPANY'S SOCIAL RESPONSIBILITY

The Company adheres to 7 principles, which are an integral and inseparable part of business and contribute to sustainable development:

ACCOUNTABILITY

The Company is accountable for its impact on society, the economy and the environment.

TRANSPARENCY

The Company adheres to transparency when making decisions and carrying out activities that affect society and the environment.

ETHICAL CONDUCT

The Company acts ethically, i.e., the Company's behaviour is based on the values of respectability, equality, and honesty.

RESPECT FOR THE INTERESTS OF STAKEHOLDERS

The Company respects, takes into account and responds to the interests of stakeholders.

RESPECT FOR THE RULE OF LAW

The Company complies with all laws and other legal acts in force in the Republic of Lithuania, and informs the stakeholders of the obligation to comply with and apply the requirements thereof.

RESPECT FOR HUMAN RIGHTS

The Company respects human rights and recognizes both their importance and universality.

RESPECT FOR INTERNATIONAL NORMS OF CONDUCT

The Company adopts instructions from contracts and other international treaties applicable to social responsibility, and at the same time complies with all laws and other legal acts in force in the Republic of Lithuania.

APPROACH TO STAKEHOLDER ENGAGEMENT

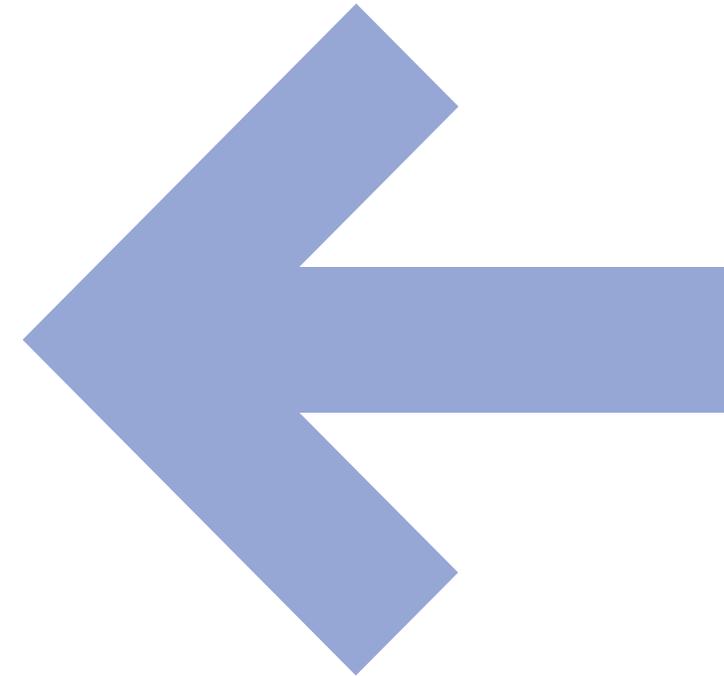
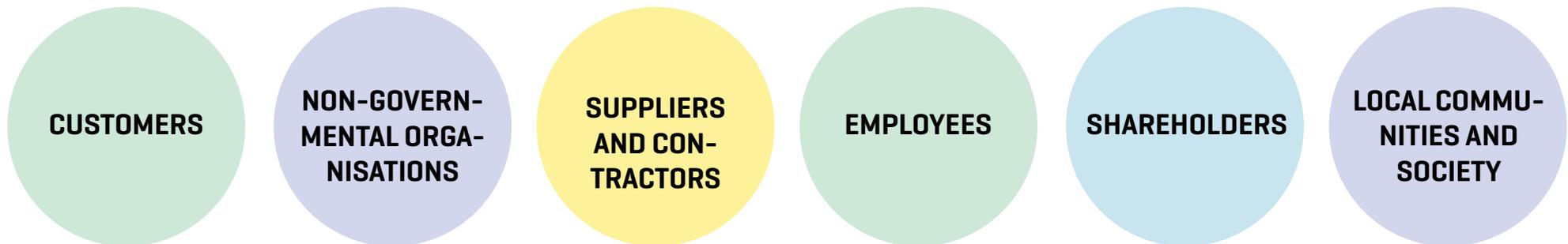
Achieving Sustainable development goals requires an open and close relationship with stakeholders. Lithuanian Post strives for the Company's strategy and sustainable development initiatives to be prepared taking into account the expectations and needs of its stakeholders.

The Company considers those it influences as a stakeholder, as well as those who are interested in the Company's activities or can exert direct or indirect influence themselves. Stakeholders are identified by

compiling a detailed list of stakeholders. The Company has also defined the expectations and needs, risks and opportunities of each stakeholder.

Each stakeholder group is engaged by providing targeted communication and engagement channels. More detailed information on the objectives and methods of stakeholder engagement can be found on the Company's website under „Sustainable Development“.

In the context of sustainable development, the key stakeholders are:



ASSESSMENT OF MATERIAL TOPICS

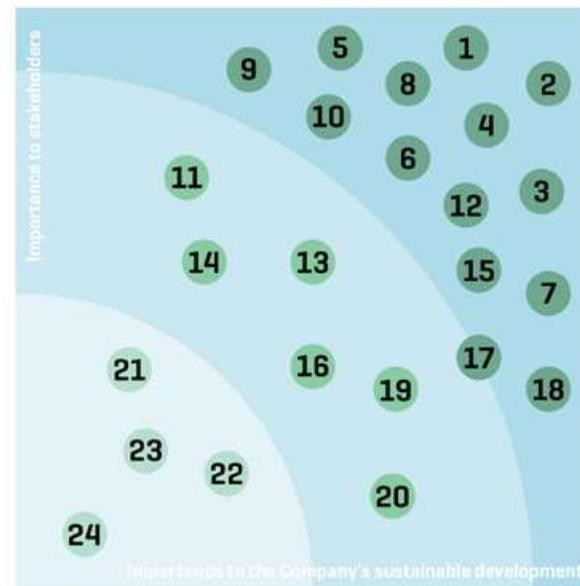
In 2021, the Company carried out an assessment of its material topics, the main purpose of which is to clarify the scopes of sustainability in postal activities that are the most relevant for the Company's stakeholders and to assess the impact of the Company on each scope. The main result of the assessment of material topics is the Company's Matrix of Material Topics.

Key steps in the assessment of material topics:

- 6 main stakeholders, or over 1760 persons and representatives of the parties, were interviewed;
- 24 relevant aspects of sustainable development have been identified;
- The representatives of the stakeholders shared their opinion on which aspects are most relevant for the Company's activities;
- The impact assessment carried out together with the management of the organization, i.e., the relationship between the expectations expressed by the stakeholders and the operational strategy was evaluated;
- Based on the results of the assessment and the prepared guidelines for the sustainability of Lithuanian Post, strategic directions and goals were determined.

The vertical axis of the matrix shows the importance of the aspects to stakeholders, and the horizontal axis shows the importance to the Company's sustainable development impacts. Based on the obtained significance assessment results, guidelines for the sustainability of Lithuanian Post were prepared,

Significance matrix of Lithuanian Post



Topics of very high importance:

- 1 Effective protection of personal data
- 2 Safe working environment
- 3 Development of electronic services
- 4 Fair remuneration
- 5 Equal rights of employees
- 6 Accessibility of services for the disabled
- 7 Prevention of bribery
- 8 Conservation of natural resources
- 9 Responsible handling of packaging
- 10 Protection of human rights
- 12 A sustainable supply chain
- 15 Sustainable goods and services
- 18 GHG control and reduction

Topics of high importance:

- 11 Fair competition
- 13 Sustainable materials in the company's activities
- 14 Cooperation with external partners in the creation of innovations
- 16 Lifelong learning
- 17 Control of emissions
- 18 Efficient for energy consumers, AER
- 20 Employee representation in company management

Topics of medium importance:

- 21 Education of clients and employees on ESG issues
- 22 Partnership, sharing practices with Lithuanian and foreign organizations
- 23 Citizenship
- 24 Employee volunteering

strategic directions and goals were determined. All strategic directions of sustainable development of Lithuania Post, which also form the basis of the sustainable development report:

- Reducing the impact on climate change
- Sustainable services for our customers
- Motivating work environment
- Social inclusion
- Sustainable supply chain
- Digitalisation
- Financial stability and resilience

The Company's goals for each significant scope are provided for in a separate section, as well as management and initiatives to reduce negative or increase positive impact are described in detail for each scope. Information about the Company's main positive and negative impacts on the most significant scopes, which are experienced now or in the future, is presented on the Company's website in the section „Sustainable development“, Analysis of Material Topics.

There is no impact management mechanism in the Company.

STRATEGIC DIRECTIONS AND GOALS

	Strategic direction	Goal by 2025	2020	2021	2022
ENVIRONMENTAL RESPONSIBILITY	Reducing the impact on climate change	25% reduction in GHG emissions (compared to 2020)	-	-29%	-*
	Sustainable services for our customers	≥50% of parcels are delivered via postal machines	36%	47%	54%
SOCIAL RESPONSIBILITY	Motivating work environment	Employee Engagement Index ≥49%	45	45	45
	Social inclusion	80% of the infrastructure is adapted for customers with disabilities	46%	52%	63%
ECONOMIC RESPONSIBILITY	Sustainable supply chain	The Code of Ethics of Suppliers is signed with 98% of suppliers with whom written contracts are concluded	-	0**	0
	Digitisation	≥ 2.5% of the company's sales revenue for innovation and digitization	7,5%	7,9%	1,1%***
	Financial stability and resilience				

The directions and goals of sustainable development are determined in the internal document on sustainable development guidelines, which was presented and discussed with the Board. Progress in implementing policies related to sustainable development and achieving goals is also presented to the Board as needed, but not less than once a year.

The Company's long-term strategy, sustainable development guidelines, day-to-day operations and corporate culture contribute to many of the United Nations' Sustainable Development Goals, and 5 of them, that are of particular importance to our stakeholders and are most closely related to the Company's strategic directions for sustainable development, are highlighted below.



* Data are provided for 2021. More information is available in the section "Greenhouse Gases".
 ** The Code of Ethics for Lithuanian Post suppliers was approved in 2021.
 *** In 2020 and 2021, large-scale digitization projects, as well as a long-term Smart Distribution project, were implemented.

OPERATIONAL POLICIES AND COMMITMENTS

In carrying out its activities, Lithuanian Post is guided by operational policies, which contain requirements and principles for each sustainable development or other field of activity. According to the Articles of Association of Lithuanian Post, the policies are approved by the Board, which also decides on the scope of their application. The policies are applied to all structural units of the Company. The Company has approved the following policies, which contribute to the implementation of the strategy and sustainable development goals.

Operational policies are published publicly in the sustainability section of the Company's website. If relevant, the Company announces the approval of new policies on social accounts, in the news section of the website, and the responsible employees introduce the policies to business partners. Employees are also consistently acquainted with new policies or significant changes – information is published on the Company's internal Intranet and distributed through internal communication channels. Heads of departments and units are informed separately as well, as it is their responsibility to ensure that their subordinates are informed of the new policies.

In order to effectively implement the policies, each policy specifies a specific unit or employee position, which/who is responsible for the implementation of the policy, involving other departments of the Company according to competence. If relevant, the implementation of policy provisions is detailed in other Company documents, which are prepared and approved by the Company's structural units within their competences.

STANDARD:

Quality management standard I ISO 9001: 2015

Lithuanian Post has been granted a Quality Management Certificate for activities related to the provision of shipping and delivery services of items and information in Lithuania and abroad.

Environmental protection standard I ISO 14001:2015

The certificate confirms that Lithuanian Post follows the most important requirements for the identification, monitoring, management and improvement of aspects of environmental protection.

Anti-corruption Policy

The policy was prepared in accordance with LST ISO 37001:2017 Anti-corruption management system. This policy aims to ensure that the Company's activities and conduct meet the highest standards of reliability, honesty, transparency and business ethics accepted by society.

Quality Policy

The policy envisages an orientation towards continuous improvement of operations, developing advanced technological and operational management solutions and ensuring the implementation of assumed obligations, applicable legal acts and requirements of international standards.

Sustainable Development Policy

The policy determines the scopes of sustainable development and the principles that would guide the creation and development of the Company's sustainable business culture and practices. The policy is also committed to achieving the goals set out in the United Nations agreement.

Code of Conduct for Suppliers

The Code provides requirements that will ensure that the Company's suppliers provide good working conditions and equal rights to their employees in their companies, respect them, seek to implement solutions that reduce the impact of their business on the environment, and implement innovations, as well as ensure fair competition and transparent operations.

Environmental Policy

The environmental protection policy establishes the principles by which the Company's impact on the environment is reduced. Determines the aspiration to optimize processes and reduce the impact on the environment, increase the use of less polluting transport, use certified green energy and reduce the amount of generated waste.

Equal Opportunities Policy

The policy established the principles of equal opportunities implementation and supervision of implementation, the main means of implementing these principles. The policy also commits to contributing to the implementation of the goals related to human rights and equal opportunities set out in the United Nations Sustainable Development Agenda until 2030.

Code of Conduct

The Code defines what values, principles, professional and mutual ethical standards the Company relies on. Its content reflects Lithuanian Post's commitment to comply with human rights conventions as well.

Violence and Harassment Prevention Policy

The Violence and Harassment Prevention Procedure is intended to determine and implement effective and efficient prevention measures in order to protect employees from violence and harassment and to help the Company's employees clearly and accurately understand possible manifestations of violence and harassment at work, recognize their signs and know the remedies for the protection of the rights of the Company's employees.

ENVIRONMENTAL PROTECTION

According to the Lithuanian national greenhouse gas emission accounting report prepared in 2022, the transport sector in Lithuania is the sector that emits the most GHG – it is responsible for 30.45% of emissions. Lithuanian Post, as an organization operating in the field of transport, assumes responsibility for the impact of its activities on the environment and undertakes to reduce it. In this scope, 2 strategic directions are distinguished:

- Reducing the impact on climate change
- Sustainable services for our customers

The Company applies measures and ensures that operational processes are carried out in accordance with generally accepted environmental protection standards, contributes to the implementation of the goals set in the Climate Change Agenda, the National Energy and Climate Action Plan, complies with legal acts and environmental requirements, as well as contributes to international initiatives and follows good practices that help reduce the negative impact on the environment. When developing environmental protection activities, the Company adheres to international Precautionary Principles.

ENVIRONMENTAL PROTECTION

GRI 305-1; 305-2; 305-3; 305-4

GREENHOUSE GASES

The aim to reduce the impact of greenhouse gases (GHG) in the organization is also a strategic level goal. In 2021, the Company for the first time used the Universal Postal Union's on-line solution for GHG analysis and reporting – the OSCAR platform, and for the first time calculated its GHG emissions for 2020. OSCAR is based on the methodology of the Greenhouse Gas Protocol aligned with the Global Reporting System Initiative. Due to the specifics of the platform, calculations are given for the previous year until the end of the current year. Thus, GHG emissions data are presented for the year 2021.

The amount of GHG emitted in the activities of Lithuanian Post in 2021 amounted to 10,553.83 t CO₂ eq., compared to 2020 emissions decreased by 29%. The most GHG emissions in the Company's activities are generated by:

- Road mode of transport
- Transportation of international parcels
- Infrastructure lighting and heating

Calculations and intensity of GHG emissions are presented in the tables.

In 2021, Lithuanian Post reduced and renovated the car fleet, sold unused premises, and consistently purchased green energy, which significantly reduced emissions of greenhouse gases.

EMISSIONS, T CO₂ EQ.	2021	2020	Change
Direct [Scope 1] GHG emissions	28,91	971,7	-97%
Indirect [Scope 2] GHG emissions	3 222,42	3 455,9	-7%
Other indirect [Scope 3] GHG emissions	7 302,5	10 494,9	-30%
TOTAL	10 553,83	14 922,5	-29%

Conversion factors are taken from DEFRA, WRI, IEA, ecoinvent 2.2 databases. All types of GHGs are included in the calculations.

GHG EMISSION INTENSITY, CO₂ EQ.	2021	2020	Change
Emissions [all scopes] per parcel (letters and parcels combined)	110,03 g	289,9 g	-62%
Emissions [all scopes] per full day equivalent	2 986,37 kg	5 110,4 kg	-42%
Emissions [all scopes] per unit of income (1000 EUR)	129,01 kg	211,6 kg	-39%

ENVIRONMENTAL PROTECTION

GRI 302-1; 302-3

ENERGY



In 2022, the Lithuanian Post Office and the Ministry of Energy of the Republic of Lithuania signed an Energy Saving Agreement in which they undertook to make all possible efforts so that the Company would save 2.263 Gwh of energy by 2030.

In 2022, the Company used 187 952 GJ gigajoules [GJ] of energy during its activities, which is 8% less than in 2021. The amount of electricity consumed by the Company is presented only directly purchased by the Company, the same principle was applied both in 2021 and 2022. The heating energy consumed by the Com-

pany is calculated based on the data and assumptions provided by the suppliers – since the Company rents premises from many different suppliers throughout Lithuania, who provide information differently. Cooling services are also included in the heat bill.

TYPE OF ENERGY CONSUMED	2022		2021		CHANGE [CONSUMED ENERGY]
	VALUE	ENERGY [GJ]	VALUE	ENERGY [GJ]	
Gasoline*	951 944 l	32 556	977 510 l	33 431	-3%
Diesel Fuels*	2 593 483 l	98 552	2 891 982 l	109 895	-10%
Electricity	3 026 183 kwh	10 894	4 857 851 kwh	17 440	-38%
-part of electricity produced from renewable sources (only directly purchased by the Company)	2 470 702 kwh	8 895	2 323 127 kwh	8 340	7%
Heat*	10 555 408 kwh	37 999	11 382 589 kwh	40 977	-7%
Gas**	213 130 m3	7 950	63 914 m3	2 429	227%
TOTAL		187 952		204 172	-8%

Energy intensity indicators:

ENERGY INTENSITY	2022	2021***
GJ / 1000 EUR sales revenue	2,00	2,06
GJ/1 full-time employee	63,41	57,79
GJ / 1000 pcs. parcels (parcels and letters combined)	4,16	3,37

* Corrected and updated data for 2021.

** In 2021, the amount of consumed gas was declared too low, after the inspection, the undeclared amount was taken into account in 2022.

*** Corrected data for 2021 due to recalculated energy amount data.

ENVIRONMENTAL PROTECTION

GRI 306-1; 306-2; 306-3

WASTE



The Company pays great attention to proper waste collection and sorting. In preparation for the introduction of the environmental management system ISO 14001:2015 in 2022, the Environmental Protection Policy was adopted and the Waste Management Procedure was updated.

In 2022, the Company generated 334.9 tons of waste, or 24% less than in 2021 [excluding municipal waste]. The Company's waste is accounted for using the Unified Products, Packaging and Waste Accounting Information System [GPAIS /abbreviation in Lithuanian: Gaminių, pakuočių ir atliekų apskaitos informacinė sistema/].

Currently, the Company does not track the amount of generated municipal waste, as this waste is collected by many different suppliers who do not provide data on the amount collected. In the future, the Company intends to cooperate with suppliers in order to know the amount of collected waste.

In order to reduce the amount of generated waste and contribute to the creation of a circular economy, the Company is looking for solutions to replace single-use products with reusable, long-lasting, more environmentally friendly ones. Secondary raw materials are collected and delivered to service providers using press-containers. The Company's colleagues at post offices sort

household waste separately from paper/cardboard, packaging film and polypropylene bags. According to the instructions, sorted and packed paper/cardboard and film are sent to the Company's logistics centres, where there are press-containers. Household waste can be sorted from paper/cardboard and film in all the Company's facilities. In 2022, more than 200 tons of materials were diverted for recycling, half of which were paper and cardboard products.

The biggest change in the amount of waste is related to the relocation or closing of post offices, the disposal of movable, written-off assets in sold objects, or unoperated, unused assets accumulated in logistics centres. Distribution of waste by type:

NAME OF THE WASTE	HAZARDOUS WASTE	THE RESULTING AMOUNT, T		
		2021	2022	CHANGE
Paper and cardboard	No	158,504	125,234	-21%
Plastic, plastic packaging	No	124,962	99,635	-20%
Wood, wood chips	No	88,74	50,543	-43%
Iron and steel, metals	No	38,578	27,148	-30%
End-of life vehicles	Yes	7,91	1,292	-84%
End-of-life tyres	No	4,53	4,66	3%
Large and small equipment	No	2,901	2,588	-11%
Glass	No	2,89	0,724	-75%
IT and telecommunications equipment classified as hazardous waste	Yes	2,739	3,003	10%
IT and telecommunications equipment	No	1,384	1,032	-25%
Clothing and textiles	No	1,342	1,683	25%
Large equipment	Yes	0,054	1,06	1863%
Other hazardous waste	Yes	2,388	6,291	163%
Other non-hazardous waste	No	1,304	10,043	670%
TOTAL:		438,226	334,936	-24%

ENVIRONMENTAL PROTECTION

SUSTAINABLE GOODS AND SERVICES

When choosing a product or service, more and more Lithuanian consumers consider its impact on the environment. Thus, Lithuanian Post, not only taking responsibility for its impact on the environment, but also

seeking to remain competitive and attractive to customers, strives to provide sustainable and environmentally friendly services. The Company ensures sustainable services by:

Delivering parcels and letters with environmentally friendly transport.

Digitalizing processes and reducing the amount of paper consumed in daily activities.

Providing modern work tools (e.g., tablets) to mailman and couriers.

Expanding the assortment of sustainable goods in post offices (not packaging means).

Expanding the network of post machines.

Selling environmentally friendly packaging in post offices – made from recycled materials, easily sortable or recyclable, easily decomposable.

Ensuring the development of electronic services.

ENVIRONMENTAL PROTECTION

QUALITY AND ENVIRONMENTAL PROTECTION MANAGEMENT SYSTEMS ISO 9001 AND ISO 14001

Lithuanian Post pays a lot of attention to good governance and business progress and made a decision to implement a quality and environmental protection management system and in 2022 to certify operations according to international management system standards ISO 9001:2015 and ISO 14001:2015.

The quality and environmental protection management system applied by the Lithuanian Post helps to consistently achieve the Company's strategic goals: quality management helps to improve the quality of services provided and better understand the needs and expect-

tations of stakeholders, environmental protection management helps to reduce the Company's negative impact on the environment by examining operational processes. It is important that in order to achieve the sustainability of its activities, Lithuanian Post expects the same from its partners, suppliers and other stakeholders.

In accordance with the provisions of the ISO 14001:2015 standard, Lithuanian Post determines all direct and indirect aspects of environmental protection that have a positive or negative impact on the environment.

Information on the significant aspects of Lithuanian Post's environmental protection and their assessment criteria is available on the Company's website in the Environmental Protection Responsibility section.

On the 12th of October 2022, the certification body TÜV Thüringen issued a certificate confirming that the management system of Lithuanian Post meets the requirements of ISO 9001:2015 and ISO 14001:2015 standards.



ENVIRONMENTAL PROTECTION

THE COMPANY'S INITIATIVES IN THE FIELD OF ENVIRONMENTAL PROTECTION



PURCHASING GREEN ENERGY

In 2022, Lithuanian Post continued to use green energy directly in post offices owned by Lithuanian Post or in those premises where contracts have been concluded directly with the supplier for energy. Green energy is also supplied to companies that rent premises from Lithuanian Post.

MORE ENVIRONMENTALLY FRIENDLY TRANSPORT

In 2022, 294 new cars for mailman, which are less polluting than previously used vehicles, were deployed. Using the new vehicles, the delivery of letters and parcels will result in less pollution.

NETWORK OPTIMIZATION

One of the Company's main sources of GHG is the energy used to light and heat the premises. As a result, the energy efficiency of the premises used is extremely important for the Company's impact on the environment. In 2022, 13 branches of the Lithuanian Post were reorganized according to a new concept, moved to more energy-efficient, suitable-sized premises. Optimizing the network is one of the operational priorities – in 2022, the Company optimized 65 post offices, sold 39 real estate objects, most of which were energy inefficient buildings.

EXPANSION OF THE PARCEL LOCKERS NETWORK

Compared to home delivery, using parcel lockers is an environmentally friendly way of delivering packages. It makes it possible to significantly reduce the amount of fuel consumed by couriers, as well as CO₂ emitted into the environment – hundreds of parcels are delivered to one postal machine, thus avoiding the use of fuel when sending parcels to different addresses. As of 31st of December 2022, there were a total of 352 LP EXPRESS post machines in Lithuania. It is planned to continue expanding the network of LP EXPRESS post machines.

ENVIRONMENTALLY FRIENDLY PACKAGING

The majority of paper and cardboard packaging sold in post offices is FSC certified, meaning that responsibly grown wood was used in the production of the paper.

ENVIRONMENTAL PROTECTION

[GRI 305-1; 305-2; 305-3; 305-4]

RISKS IN THE FIELD OF ENVIRONMENTAL PROTECTION

Risks related to environmental protection:

RISKS	DESCRIPTION	MANAGEMENT MEASURE
Natural climate phenomena (rains, snowfall, storms, etc.) can disrupt or stop operations in Lithuania and Europe.	As the effects of climate change are felt and the number of natural phenomena increases, the activities of the Lithuanian Post and the provision of the universal postal service may be severely disrupted or stopped.	Investments in the resilience of the operational network increasing through adaptive and preventive measures.
The tightening regulatory environment in Lithuania and related to international obligations, e.g., Green Course of the European Union.	The Company may not be able to adapt to tightening regulation, e.g., Green procurement goals and transport fleet requirements in Lithuania.	Consistently track changes, provide preparation periods for changes, plan necessary resources to ensure compliance. Reduce GHG emissions, the amount of generated waste, optimize the use of resources as well.
Rising prices and high market demand for alternative sources of electricity or clean transport	The increasing demand for alternative energy sources, their installation, the demand for non-polluting vehicles in the business and private segments, the growth of raw material prices significantly complicates the rapid reorientation to less polluting technologies.	Optimize the use of resources, provide measures to increase resilience, develop strategic initiatives.



SOCIAL RESPONSIBILITY

Lithuanian Post is one of the largest employers in Lithuania, and our employees communicate with customers all over Lithuania every day. As a result, the changes and initiatives we implement in the field of social responsibility can have an extremely high impact on all stakeholders – employees, customers, communities and more. The Company aims for its activities to contribute to the welfare of the stakeholders. The Company also respects human rights, equality and promotes diversity. Taking into account the assessment of material topics, two strategic directions are distinguished in the field of social responsibility:

- Creating a motivating work environment
- Social inclusion

The steps to achieve the goals set in each of these directions are listed below.

SOCIAL RESPONSIBILITY

EMPLOYEES AND MOTIVATING WORK ENVIRONMENT



Creating a motivating work environment is one of the strategic directions of Lithuanian Post, which has been given a lot of attention for the past few years. The Company is constantly trying to find new means of fostering labour relations. Ideas are born not only among colleagues responsible for this scope, but also in general discussions with employees. This strategic direction consists of three objectives:

- 1 improvement of working conditions
- 2 training and development of employees
- 3 development of a culture of continuous improvement

Programme for the improvement of working conditions

At Lithuanian Post, we create an environment in which it would be good to work, grow, learn and improve. In 2022, Lithuanian Post continued the programme for the improvement of working conditions of employees and initiatives aimed at creating and maintaining a motivating work environment – we renovated and modernized post offices and logistics centres, continued the provision of modern work tools, and implemented additional

functionalities. In 2022, the renewal of the car fleet was continued – vehicles were deployed for mailman and employees of logistics centres. At the end of the lease agreement for the Lithuanian Post Administration building, the employees were preparing to move to new, modern and economical premises in the „Technopolis Ozas“ office complex, which is scheduled for February 2023.

On the 1st of April 2022, the Employees' Complementary Health Insurance Programme started – approximately 2,500 employees were insured, depending on the length of their service and the scope of their position. Insurance against accidents was also continued, which is necessary and extremely relevant considering that the majority of Lithuanian Post employees do physically active work in outdoor conditions.

In order to ensure that all colleagues at Lithuanian Post have equal opportunities, feel safe and are valued for their abilities, the Equal Opportunities Policy and the Procedure for the Prevention of Violence and Harassment were approved in 2022. They set out the principles of implementation and supervision of equal opportunities, as well as prevention measures to protect employees from violence and harassment.

In 2022, Lithuanian Post participated in the Equal Opportunities Ruler study organized by the Office of the Equal Opportunities Ombudsperson, the results of which revealed that the Post operates properly in the field of equal opportunities, however, there are still areas for im-

provement. Cooperation with social initiatives – DUOday, #JokioSkirtumo, etc. was also continued.

In order to ensure continuous improvement of employees, regular trainings for employees of post offices and logistics centres, management training programme was continued, and the material presented on the Electronic Training Platform was regularly updated to make the offered training courses as informative and attractive as possible. In 2022, the company started the „Learning together“ initiative, in which the lecturers were Lithuanian Post employees who agreed to share their experience and accumulated knowledge with their colleagues.

Successfully continued community-uniting initiatives – the Postal Bee initiative launched in 2020 gained momentum – every month Lithuanian Post colleagues nominated employees who contributed the most to fostering Post values, and in May, a general thanksgiving evening was organized for the employees elected as Postal Bees in 2021.

In November 2022, an employee engagement survey was conducted, in which 79 percent of employees participated, i.e., 2,367. Employee Engagement Index in 2022 remained the same as in 2021. and accounted for 45 percent.

EMPLOYEE ENGAGEMENT INDEX	2020	2021	2022
	45	45	45

SOCIAL RESPONSIBILITY

GRI 401-2

GENERAL INFORMATION ABOUT EMPLOYEES

The number of employees of the Lithuanian Post Group on the 31st of December 2022, compared to the number of employees at the end of 2021, decreased by 695 employees – from 3,726 to 3,031. A total of 2,371 women and 660 men work in the Group. The number of employees of the LP group (recalculated to those who worked for a full month, full time) in 2022, compared to 2021, decreased by 570 positions – from 3,534 to 2,964.

The biggest influence on the decrease in the number of employees was the project of providing mailman with official cars implemented in 2022, which led to the revision of the development of the mobile mailman work model and other activity efficiency initiatives in all Lithuania, except for the cities of Kaunas, Klaipėda and Vilnius. By implementing operational efficiency initiatives, more and more employees are working full-time, in 2022 about 13 percent Lithuanian Post employees work part-time (in 2021, this number reached about 30%).

The data is presented by calculating the fact of the last day of the year. The data is taken from an internal program, the data does not include employees on childcare, maternity or paternity leave and employees on military service, as well as employees working under a service provision contract.

Lithuanian Post applies equal working conditions and provides equal benefits to all its employees, regardless of their employment contract or the number of working hours.

	LP GROUP				COMPANY			
	2022	2021	2020	2022 CHANGE, PERCENT	2022	2021	2020	2022 CHANGE, PERCENT
Workforce at the end of the year	3 031	3 728	4 270	-23	3029	3 726	4 268	-23
Posts at the end of the year	2 964	3 534	3 924	-19	2963	3 533	3 923	-19

ACTUAL EMPLOYEES BY TYPE OF CONTRACT	PART-TIME POSITION		FULL-TIME POSITION		FIXED-TERM CONTRACT		OPEN-ENDED CONTRACT	
	2021	2022	2021	2022	2021	2022	2021	2022
Men	178	84	630	576	89	51	719	609
Women	961	324	1957	2045	241	147	2677	2222
Total	1139	408	2587	2621	330	198	3396	2831

SOCIAL RESPONSIBILITY

GRI 401-1

NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

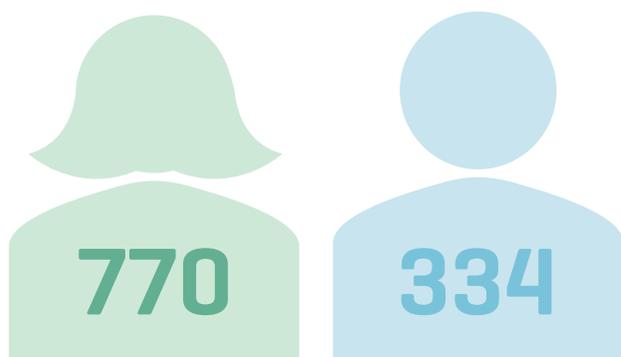
The annual demand for new employees is determined in the Company's next year's budget, planning of remunerations and other expenses related to the number of employees. When drawing up the budget, strategic development directions, employee turnover statistics, and forecasts of changes in the labour market are taken into account. It is appreciated that in a rapidly changing technological and economic environment, it would be possible to ensure the competitiveness of operations by selecting and training highly qualified specialists, ensuring quality service provision. A detailed procedure for searching and selecting employees, including a list of mandatory documents as well as examples of how, for example, to communicate during a job interview, is described in the Company's Personnel Management process. The current version of the document is placed on the Company's electronic document platform and is available to all Company employees.

New employees:

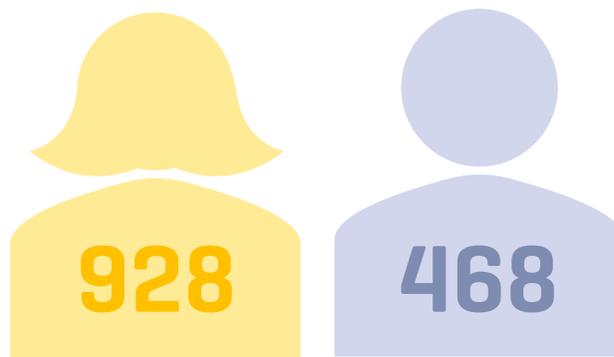
UNIT	WOMEN						MEN					
	UNDER 30		30-50		>50		UNDER 30		30-50		>50	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Postal Operations Unit	43	21	45	20	19	2	81	78	30	33	20	17
Network Unit	58	150	139	307	68	200	20	56	22	44	16	63
Administration	31	23	46	41	3	6	5	12	17	31	0	0
Total	132	194	230	368	90	208	106	146	69	108	36	80

The turnover of employees by age and gender is presented in the tables.
Total number of employees who left voluntarily:

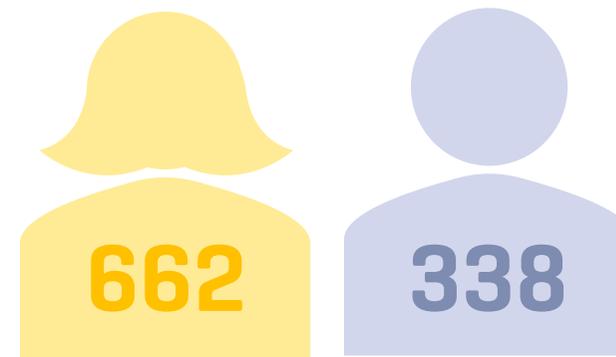
New employees:



Employees who left voluntarily in 2021:



Employees who left voluntarily in 2022:



SOCIAL RESPONSIBILITY

GRI 401-1

The turnover of employees by age and gender:

WOMEN

UNIT	2021						TOTAL NUMBER OF PEOPLE	TOTAL %
	UNDER 30	%	30-50	%	OVER 50	%		
Postal Operations Unit	128	58	62	29	16	11	190	36
Network Unit	215	56	295	21	140	11	510	21
Administration	31	32	36	20	5	8	67	21

UNIT	2022						TOTAL NUMBER OF PEOPLE	TOTAL %
	UNDER 30	%	30-50	%	OVER 50	%		
Postal Operations Unit	39	13	35	12	14	5	88	16
Network Unit	96	5	248	13	147	8	491	23
Administration	20	7	59	20	4	1	83	21

MEN

UNIT	2021						TOTAL NUMBER OF PEOPLE	TOTAL %
	UNDER 30	%	30-50	%	OVER 50	%		
Postal Operations Unit	164	52	80	43	22	17	266	42
Network Unit	63	57	46	34	50	21	159	33
Administration	15	39	27	29	1	5	43	29

UNIT	2022						TOTAL NUMBER OF PEOPLE	TOTAL %
	UNDER 30	%	30-50	%	OVER 50	%		
Postal Operations Unit	113	48	48	20	21	9	182	34
Network Unit	44	17	40	16	42	17	126	6
Administration	8	7	19	17	3	3	30	8



SOCIAL RESPONSIBILITY

GRI 2-8; 402-1

OTHER WORKERS

In order to manage the shortage of employees more effectively, Lithuanian Post, in cooperation with temporary employment agencies, hired temporary workers in 2022, who worked a total of 8,659 hours. In 2021, Lithuanian Post temporarily hired workers worked for 66,400 hours. In 2022, a sharp decrease is related to the completed projects – projects for preparation for the abolition of the VAT exemption for smart distribution.

Temporary workers worked with shipment processing, distribution and data entry into the information systems used by the Company. The temporary workers worked in the following positions – distributor and distributor operator.

PERIOD	NUMBER OF TEMPORARY WORKERS	HOURS WORKED BY TEMPORARY WORKERS
2022-05	3	170
2022-06	5	495
2022-07	3	457
2022-08	3	327
2022-09	16	788
2022-10	25	2399
2022-11	21	2099
2022-12	15	1924

LABOUR RELATIONS

When implementing operational changes, the Company complies with the requirements provided for in national legal acts:

- once a calendar year provides information and consults with labour councils and trade unions about the current and future state of the Company's activities, economic situation and labour relations;
- when changing internal policies or other rules related to labour relations and the social and economic situation of employees, informs the labour councils and trade unions

and consults with them no later than 10 working days before the expected changes;

- before making a decision on the termination of an employee's employment contract, the employer must inform the labour councils and trade unions no later than 7 working days and consult with them for at least 10 working days, unless otherwise agreed;
- before making a decision on the reorganization of the Company and other decisions that may significantly affect the organization of work in the enterprise and the

legal status of employees, the enterprise must inform the labour councils and trade unions no later than 5 working days before the consultations, which must last 5 working days, unless agreed otherwise.

Additional notice periods and consultation provisions relating to changes to the remuneration system and conditions, planned structural changes, redundancies and other matters that may have a significant impact on employees are set out in collective agreements.

SOCIAL RESPONSIBILITY

GRI 404-1; 404-2;



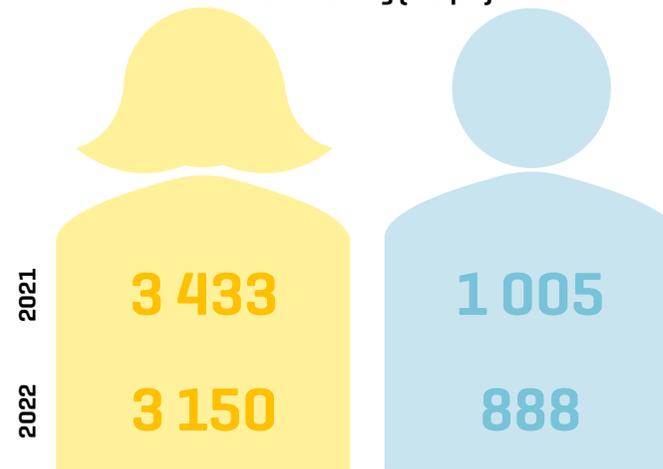
TRAINING AND EDUCATION

Lithuanian Post pays attention to the education of employees – professional mandatory training is organized to consistently raise the qualifications of employees*

INTERNAL TRAINING		EXTERNAL TRAINING		ELECTRONIC TRAINING	
2021	2022	2021	2022	2021	2022
23 programmes	23 programmes	64 programmes	103 programmes	26 programmes	37 programmes

In 2022, Lithuanian Post focused on professional education of employees, anti-corruption awareness, money laundering prevention. Much attention was also paid to the improvement of customer service skills – all employees serving customers in post offices participated in periodic trainings on the services provided by the post office, where the peculiarities of the services provided by the Company were emphasized, the topics of customer service with special needs were discussed and other relevant issues were discussed. In order to improve the efficiency of the Smart Sorting Programme, trainings were organized for employees of postal operations and managers of work centres in working with the smart system and instructions for work after automating work processes.

Number of persons who participated in the training (unique):



	2020	2021	2022
Total number of employees**	4270	3728	3031
Average number of hours per employee	7	9	8
Average number of hours for women	-	-	10
Average number of hours for men	-	-	6

*The Company cannot provide 2020-2021 data on the time allocated for separate training for women and men due to technical limitations of the platform used, therefore, the information is provided from 2022.

**The Company provides the number of employees in the Lithuanian Post Group at the end of the year.

SOCIAL RESPONSIBILITY

GRI 404-1; 404-2; 404-3

	TOP-LEVEL MANAGERS		MIDDLE-LEVEL MANAGERS		SPECIALISTS		EMPLOYEES OF LOGISTICS AND DISTRIBUTION ACTIVITIES		CUSTOMER SERVICE STAFF	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Number of persons who participated in the training [unique]	33	22	94	122	556	589	1003	681	2752	2624
Among them – women	18	10	32	82	148	470	425	322	382	2266
Among them – men	15	12	62	40	408	119	578	359	2370	358

In 2022, the management training program, which has been taking place in the organization since 2019, was continued, and „Feedback“ training was carried out. Considerable attention was paid in 2022 to strengthening cooperation – both within the units and to create commonality between individual units of the Company. With the help of external consultants, the teams' in-

ternal motivation, cooperation, communication, emotional state, and micro-climate were improved. In major Lithuanian cities, first aid courses were organized for employees who wanted to acquire basic first aid skills. The employee-to-employee initiative „Learning together“ continues for the second year. Internal lecturers shared their knowledge with other employees of the

Company, thereby improving their competences as well as those of other employees. Training was held on various topics: privacy in the digital environment, sales and negotiations, customer service standards, organizational culture, reward system, presentation preparation, rhetorical skills, creativity and time management. In 2022, 12 internal lecturers conducted 67 training sessions which were attended by 632 employees.

EMPLOYEE EVALUATION

At the beginning of 2022, managers of all levels participated in the 360* management competence assessment process. In addition, the Company's administration staff, managers and specialists of the Network and Postal operations units, who make up about 13% of all the

Company's employees, participated in the performance evaluation. The volume of employees participating in the performance evaluation has remained unchanged since 2021.

SOCIAL RESPONSIBILITY

GRI 403-1; 403-2; 403-3; 403-4

OCCUPATIONAL HEALTH AND SAFETY



OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

The safety and health requirements of the Company's employees and workers working in accordance with the contractual obligations of service provision are implemented in accordance with the legal acts of the Republic of Lithuania regulating the safety and health of employees. Issues related to the health and safety of employees are among the most important for the Company.

HAZARD IDENTIFICATION, RISK ASSESSMENT AND INCIDENT INVESTIGATION

Most of the Company's employees work in field conditions or in the field of logistics, moving loads manually, driving vehicles, therefore, the Company constantly identifies hazards in its activities and conducts occupational risk assessment of workplaces and investigates incidents related to the possible risk of injuries. For the prevention of occupational risks, the Company purchases and distributes the necessary personal protective equipment (PPE) to employees. The Company's priority is the safety and health of all other employees as well, because working in an office can also pose certain risks to the mental and physical well-being of employees.

Statistics of the occupational risk assessment of workplaces (individual professions by location) (together with studies of psychosocial risk factors of employees):

Occupational risk assessment (workplaces):



After carrying out the occupational risk assessment at the workplaces and determining the tolerable (increased) risk, the Company takes preventive measures to eliminate or reduce the risk as soon as possible. In 2022, the Company paid great attention to the investigation of psychosocial risk factors of employees. From the occupational risk assessment of the above-mentioned 214 workplaces, psychosocial risk factors were assessed in 69 workplaces, i.e., a total of 795 employees of 93 separate units were interviewed. Employees can report the observed risks to the Company's Occupational Safety and Health Committee. Received messages are dealt with immediately upon receipt.

PREVENTIVE HEALTH CHECKS OF EMPLOYEES

Preventive health checks of the Company's employees are carried out regularly, taking into account the established periodicity, i.e., once every two years or once a year for those employees who work directly at customer service points. The employee health check-up service is performed by a health care enterprise in accordance with contractual obligations at the Company's premises. In addition, in the event of a work-related injury, the Company provides insurance benefits to all employees, which can help them take better care of their health and

well-being. In 2022, a total of 1,419 employees underwent preventive health checks at the Company, i.e., almost 300 employees more than in 2021.

EMPLOYEE PARTICIPATION, CONSULTATION AND COMMUNICATION ON OCCUPATIONAL HEALTH AND SAFETY ISSUES

The Company's employees are periodically informed about changes in the field of legislation, preparing new memos, occupational safety and health and fire safety instructions. All legal acts and relevant information are available to the Company's employees on Intranet and in announcements in the Company's internal publication „The Voice of the Post“. In addition, employees are acquainted with the results of workplace occupational risk assessment, work-related injuries investigation materials; are constantly consulted by phone or e-mail about problems that have arisen in the workplace, related to the safety and health of employees. In 2022, new safety memos for 7 workplaces and updated safety memos for 2 workplaces were prepared. In addition, in 2022, following the change in the requirements of methodological recommendations for ergonomic risk factors, 10 worker safety and health instructions were updated. A total of 12 announcements related to the safety and health of employees were posted on Intranet.

SOCIAL RESPONSIBILITY

TRAINING ON ISSUES OF OCCUPATIONAL HEALTH AND SAFETY



The Company's Training Group organizes periodic mandatory training of employees in the electronic training environment on issues of occupational safety and health, fire safety, civil safety, and manages a comprehensive database for monitoring employee training as well.

The occupational safety group and responsible persons of the units organize trainings on occupational safety and fire safety issues, as well as implement training and retraining programmes.

NAME OF TRAINING	THE NUMBER OF EMPLOYEES	
	2021	2022
Fire Safety	325	335
Civil Protection	3 373	3 488
Manual lifting of heavy loads	2 438	2 432
Training in the use of electric forklifts for employees	8	135
Training of the heads of the units on occupational safety and health issues	288	53



PROMOTION OF WORKER HEALTH

After the strict restrictions imposed by the COVID-19 pandemic in 2020-2021, Lithuanian Post returned to normal activity levels in 2022, however, the health of employees remained an important priority. The Company is responsible for ensuring that all employees undergo regular health checks in accordance with national legislation. Main activities in this scope:

HEALTH INSURANCE. The Company has health insurance for all employees who have been working for 1 year

or longer. For the convenience of employees, preventive health check-ups of employees are organized in the work premises during working hours.

TIMELY INVESTIGATION OF EVENTS. When employees have a work-related injury at work, the Company conducts an investigation in accordance with the law and transmits information to the relevant state institutions, so that employees can take advantage of the benefits guaranteed by the state – to receive an insurance benefit.

NATIONAL MOBILITY CHALLENGE. We invited employees to join the National Mobility Challenge and participate in the Organizations Challenge. Lithuanian Post was among the 10 organizations with the most steps – it took the 9th position out of 1,120 organizations that participated in the challenge. 228 employees joined the challenge and together they walked 60,699,203 steps, i.e., they circled the globe 1.2 times.

SOCIAL RESPONSIBILITY

GRI 403-9

WORK-RELATED INJURIES

The Company's goal is to ensure safety at work so that every employee feels valued and safe. For that purpose, all preventive measures are adopted and implemented to ensure the safety of employees.

All employees of the Company are briefed and trained about possible threats, safety and health hazards, employees must stop their work immediately. Employees of the Company must immediately inform their direct manager and the specialists of the Occupational Safety Group about incidents and accidents, who investigate all the circumstances together with the representative of the Company's employees and provide the necessary information to the State Labour Inspectorate of the Republic of Lithuania under the Ministry of Social Security and Labour of the Republic of Lithuania. During the implementation of preventive and educational measures, a steady decrease in work-related accidents has been observed over the past 5 years.

Statistics of work-related accidents and incidents at work and on the way to/from work:

WORK-RELATED INJURIES TYPE	CASES	2021		2022	
			NUMBER PER MILLION HOURS WORKED	CASES	NUMBER PER MILLION HOURS WORKED
Incidents [c.]	20	2,99	18	3,13	
Minor work-related injuries [c.]	65	9,75	68	11,82	
High-consequences work-related injuries [c.]	2	0,3	0	0	
Fatalities [c.]	0	0	0	0	

In total, the Company's employees worked 6,667,427.09 hours in 2021, and 5,750,973.63 hours in 2022.

The most common causes of work-related injuries are:

- when working in outdoor conditions – dog attacks and bites when mailman work in private residential areas, stairwells, as well as slips due to slippery, often snowy, frosty, icy road surfaces, as well as potholed, uneven roads or raised objects (tiles, side-walks) – these events often occur in the dark or after a sudden attack by a wild or domestic dog, when it is not possible to use deterrent measures;
- accidents that occurred while driving a car, the culprits of which are both the Company's employees themselves and the drivers of other vehicles – employees do not always carefully follow the road traffic; careless actions of

other drivers cannot be predicted in advance;

- employees tripping, falling in post or parcel centre premises, logistics centres due to haste, inattention, carelessness – careless actions or beliefs of the employees themselves that there is no risk around them and nothing bad will happen.

Employees who have worked for the Company for more than 1 year are covered by additional health insurance. This insurance applies around the clock – in the event of a work-related injury or injury outside of work, the employee can receive an insurance benefit.



OCCUPATIONAL DISEASES

In 2022, 1 employee was diagnosed with an occupational disease in the Company. Taking into account the doctors' instructions, the workplace was adjusted and conditions were created for the further successful activity of the employee.

SOCIAL RESPONSIBILITY

GRI 405-1; 405-2; 406

DIVERSITY AND EQUAL OPPORTUNITIES



The Company creates an organizational culture based on values and advocates equal rights of employees and equal opportunities at work. The Company does not tolerate any form of harassment, sexual harassment, psychological violence, bullying, discrimination, taking advantage of one's position, etc. In 2022, the Violence and Harassment Prevention Policy was

approved, more about the commitments in the section "Operational policies and commitments", and about the activities and reports of the Trust Line in the section "Anti-corruption and transparency".

The Company is also open to employees with disabilities – there were about 130 such employees at Lithuanian Post in

2022. More about the initiatives aimed at increasing the accessibility of Lithuanian Post can be found in the section "Social integration".

The employee remuneration system is based on the principles of gender equality, therefore, different remuneration for the same type of work is not applicable. For more information, please read the section "Remuneration Policy".

Percentage distribution of employees by gender, age and position in 2021.

2021	AGE OF WOMEN				AGE OF MEN				GENDER	
	17 -24	25 -36	37 -56	57 -76	17 -24	25 -36	37 -56	57 -76	WOMEN	MEN
Chief Executive Officer			100%						100%	
Top-level managers		14%	30%	6%		19%	28%	3%	50%	50%
Middle-level managers	3%	25%	39%	5%	3%	12%	10%	3%	72%	28%
Specialists	4%	31%	40%	20%	1%	1%	3%	2%	93%	7%
Employees of logistics and distribution activities	6%	10%	24%	11%	10%	13%	15%	11%	51%	49%
Customer service staff	2%	14%	52%	31%		0,25%	0,5%	0,25%	99%	1%

2022	AGE OF WOMEN				AGE OF MEN				GENDER	
	17 -24	25 -36	37 -56	57 -76	17 -24	25 -36	37 -56	57 -76	WOMEN	MEN
Chief Executive Officer			100%						100%	
Top-level managers		5%	26%	6%		16%	47%		37%	63%
Middle-level managers		19%	38%	8%	3%	9%	19%	4%	65%	35%
Specialists	4%	22%	36%	13%	2%	11%	10%	3%	75%	25%
Employees of logistics and distribution activities	6%	8%	25%	12%	10%	12%	14%	13%	51%	49%
Customer service staff	2%	12%	46%	26%	1%	2%	5%	6%	86%	14%

SOCIAL RESPONSIBILITY

GRI 405-1; 405-2; 406

AGE, YEARS	2020		2021		2022		CHANGE OVER YEAR	
	THE NUMBER OF EMPLOYEES	COMP. PART, PERCENT	THE NUMBER OF EMPLOYEES	COMP. PART, PERCENT	THE NUMBER OF EMPLOYEES	COMP. PART, PERCENT	EMPLOYEES	PERCENT
under 35	922	21,6	741	19,9	599	20	-142	-24
from 35 till 45	842	19,7	730	19,6	651	21	-79	-12
from 45 till 55	1 163	27,2	1 046	28,1	841	28	-205	-24
from 55 till 60	687	16,1	602	16,2	477	16	-125	-26
over 60	654	15,3	607	16,3	461	15	-146	-32

WORKING EXPERIENCE, YEARS	2020		2021		2022		CHANGE OVER YEAR	
	THE NUMBER OF EMPLOYEES	COMP. PART, PERCENT	THE NUMBER OF EMPLOYEES	COMP. PART, PERCENT	THE NUMBER OF EMPLOYEES	COMP. PART, PERCENT	EMPLOYEES	PERCENT
under 1	543	13	747	20	485	16	-262	-54
from 1 to 5	1 605	38	1 159	31	1 055	35	-104	-10
from 6 to 10	647	15	544	15	464	15	-80	-17
from 11 to 20	800	19	689	19	536	18	-153	-29
from 21 to 30	354	8	320	9	238	8	-82	-34
more than 30	319	8	267	7	251	8	-16	-6

EDUCATION	2020		2021		2022		CHANGE OVER YEAR	
	THE NUMBER OF EMPLOYEES	COMP. PART, PERCENT	THE NUMBER OF EMPLOYEES	COMP. PART, PERCENT	THE NUMBER OF EMPLOYEES	COMP. PART, PERCENT	EMPLOYEES	PERCENT
High	957	22,4	847	22,7	686	23	-161	-23
Tertiary	1 360	31,9	803	21,6	735	24	-68	-9
Secondary	1 830	42,9	1 969	52,8	1 484	49	-485	-33
Basic	121	2,8	107	2,9	77	3	-30	-39
Not provided					47	2		

Traditionally, the postal network in Lithuania is dominated by women, especially in customer service positions [mailman, post office workers]. The Company strives for diversity and hopes that as the volume of letters decreases and shipments increase, the specifics of the job will become more attractive to men as well.

A number of employees have a long working experience in the Company – in 2022, about 34 percent employees worked at Lithuanian Post for more than 10 years.

In 2022, employees with secondary and high education mostly worked at Lithuanian Post. This is mainly influenced by the specifics of the work of mailman, logistics and customer service workers, who make up the majority of the workforce.

REMUNERATION POLICIES

PROCESS TO DETERMINE REMUNERATION

The process to determine remuneration and the Remuneration policy are regulated by the Company's collective agreement approved by the Protocol No. PF-1 of the Lithuanian Post Employees' Conference dated 6th of January 6, 2020.

The process to determine remuneration establishes common and clear principles of compensation for the work of the Company's employees, defines the main provisions of the remuneration system, according to which the remuneration of the Company's employees is determined and changed.

It is aimed that the average remuneration of the Company's positions correspond to the average remunerations of the corresponding positions in the market. It also aims to reduce the pay gap between top management and the lowest paid employees.

The following forms of payment are used in the Company:

- Temporary form of payment for work, when the remuneration depends on the rate of time worked.
- Unit remuneration, where the remuneration depends on the amount of work performed.

- Both forms of payment are combined.

The remunerations of employees may consist of:

- Fixed part (base amount determined for the position level) or unit remuneration.
- Variable part (for achieved goals, the amount depends on the results of the set goals).
- Additional remuneration and allowances.
- Bonus payments (allocated on the initiative of the employer to motivate an employee).

PRINCIPLES OF REMUNERATION POLICY

- internal justice – remuneration differences must be justified, fair and determined by competence and work results;

- external competitiveness – the Lithuanian Post Group aims to make the compensation of its employees competitive with other enterprises operating successfully in the entire market;

- control and information – implementation is accounted for by publicly presenting information about remunerations in accordance with all applicable requirements of legal acts.

The basis of the process to determine remuneration is the position system of Lithuanian Post, which consists of positions divided into position levels. If necessary, positions can be grouped into groups. The Company's

Organizational Development Department is responsible for the management of the position system of Lithuanian Post. After the evaluation of the positions of the top-level managers of the Lithuanian Post Group of Enterprises, their levels are submitted for approval to the Board of the Company of the Lithuanian Post Group of Enterprises. The Executive Officer of the Company approves the levels of positions of other employees of the Lithuanian Post Group of Enterprises.

SOCIAL RESPONSIBILITY

Remuneration policy control

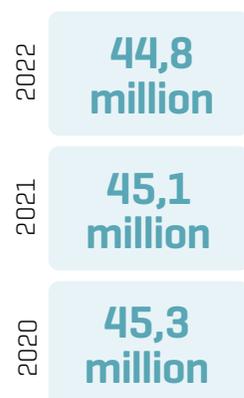
ACTION	MAKES A DECISION
Implementation of position levels and their evaluation system of the Lithuanian Post Group of Enterprise	Organizational Development Department (ODD)
Assignment of employees of the Lithuanian Post Group of Enterprises to groups	Position's evaluation commission
Approval of levels of positions of managers directly subordinate to the Chief Executive Officer	Chief Executive Officer
Approval of levels of positions cuts	The Board
Adoption of the decision on the payment of bonuses and approval of the bonus fund	The Board
Determining the fixed and the variable part of remuneration of the Chief Executive Officer of the Company	Chief Executive Officer in coordination with the Board
Determining the part of the fixed part of remuneration of managers other than the ones subordinate to the Chief Executive Officer	Managers are directly subordinate to the Chief Executive Officer, in coordination with the Chief Executive Officer and ODD
Determination of the fixed part of remuneration of other employees	Direct managers in coordination with senior managers and ODD
Determination of the fixed part of remuneration of employees exceeding the limits of the level cut	The Chief Executive Officer, providing the Board with information on such exemptions once a year

In 2022, 2.6 million EUR were allocated for raising remunerations, the change in remunerations affected more than 80 percent of employees. The total amount of the annual remuneration is presented in the table, more detailed information about the obligations related to employment relations can be found in the explanatory note to the Financial Statements of the Annual Report.

SOCIAL RESPONSIBILITY

GRI 2-21; 405-2

Remuneration Fund
of LP Group



Distribution of employees of the LP group by position and average fixed [assigned] remuneration, EUR

CATEGORY	WOMEN		MEN		TOTAL		THE RATIO OF MEN VS. WOMEN		THE RATIO OF WOMEN VS. MEN	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Chief Executive Officer	8 800	9172	-	-	8 800	9172	-	-	-	-
Top-level managers	4 824	5021	5 053	5372	4 952	5227	1.05:1	1.07:1	0.95:1	0.93:1
Middle-level managers	2 378	2717	2 977	3187	2 572	2863	1.25:1	1.17:1	0.8:1	0.85:1
Specialists	1 296	1497	2 097	2302	1 494	1688	1.62:1	1.54:1	0.62:1	0.65:1
Employees in production positions in the Postal Operations Unit	1 041	1201	1 203	1349	1 123	1277	1.16:1	1.12:1	0.87:1	0.89:1
Employees in production positions in the Network Unit	784	867	730	808	777	857	0.93:1	0.93:1	1.07:1	1.07:1
Total	927	1040	1 278	1419	1 003	1120	1.38:1	1.36:1	0.73:1	0.73:1

REMUNERATION OF THE CHIEF EXECUTIVE OFFICER

The principles of determining the Chief Executive Officer's remuneration and promotion are governed by the Executive Officer's Remuneration Policy approved by the Lithuanian Post Board's Resolution No. 9-23 dated 22nd of June 2022, published on the Company's website.

The remuneration of the Chief Executive Officer is determined by the Board of the Company in accordance with the requirements established by legal acts. The Chief Executive Officer's remuneration consists of:

1. Fixed part of remuneration;
2. Bonus payment.

The Chief Executive Officer can receive an annual bonus, which is awarded in the following order:

1. Each year, the Board of the Company, approves the Company's goals for the following year, and declares the corresponding indicators of the goals are considered the

goals of the Executive Officer of the Company for the upcoming year;

2. each year, the Board decides on an ad hoc basis on the amount of the bonus payments awarded to the Executive Officer, assessing the achievement of the Company's goals according to predetermined indicators for the past year;

3. The bonus payment is awarded to the Executive Officer in compliance with the „ceiling” set by the resolution of the Government of the Republic of Lithuania (no more than 4 monthly salaries). The Company's goals include goals related to sustainable development as well, therefore, the (non)achievement of these goals has a direct impact on the Chief Executive Officer's remuneration.

The Chief Executive Officer received 8,800 EUR/month salary from January to March 2022, and 9,300 EUR/month salary from April 1. In 2022 the Chief Executive Officer of the Company was not awarded a bonus payment.

REMUNERATION OF EMPLOYEES

The employee remuneration system is based on the principles of gender equality, therefore, different remuneration for the same type of work is not applicable. The gender pay gap is fixed due to different qualifications and positions held.

REMUNERATION RATIO (GRI 2-21)	2021	2022
The ratio of the annual remuneration of the person who earns the most in the organization to the average annual remuneration of all employees	-0,06:1	-0,07:1
The percentage increase in the annual remuneration of the person who earns the most in the organization compared to the median increase in the annual remuneration of all employees [ratio]		8,19:1

SOCIAL RESPONSIBILITY

GRI 407; 2-30; 413-2

COOPERATION WITH THE
REPRESENTATIVES OF EMPLOYEES

Lithuanian Post cooperates with two trade union organizations – the Lithuanian Postal Employees Trade Union and the Lithuanian Communications Employees Trade Union. All change projects carried out in the Company are coordinated with trade union representatives and the active Labour Council. In 2022, meetings were held to discuss the changes related to the collective dismissal of employees in the Network Unit, which took place during the introduction of a 5-day work week and the provision of company cars to mail-men. Meetings were also held to discuss other activities carried out by the Company and the influence on work organization.

On the 6th of January 2020, the Collective Agreement was signed, which focuses on the conclusion of employment contracts, employees' work and rest time, employee safety at work, and other relevant work and social conditions for employees. This collective agreement also defines the process to determine remuneration, granting of benefits to employees in the event of an accident, thanking employees for long-term work and other scopes of improvement of working conditions relevant to employees. The Agreement is valid for two years, it was extended on the 30th of December 2022 for another two-year period until the end of 2024. The Collective Agreement is valid for all employees working in the Company.

The Labour Council operating at Lithuanian Post was elected in September 2021, its term of office is three years. The new labour council will be elected at the end of 2024.



SOCIAL RESPONSIBILITY

SOCIAL INTEGRATION



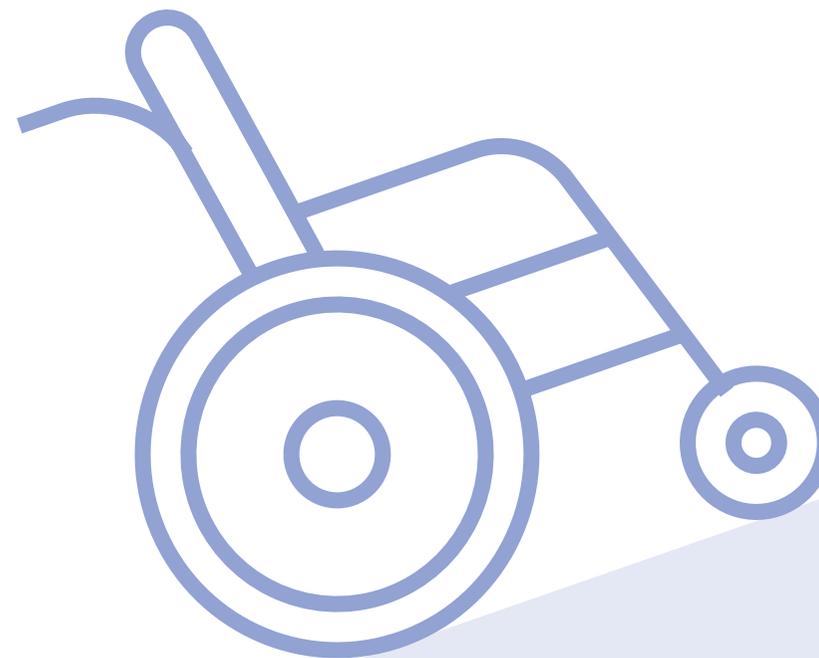
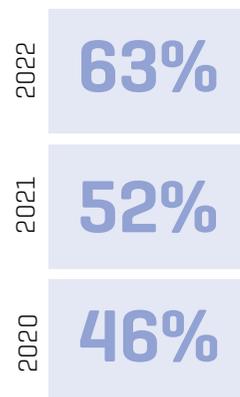
Lithuanian Post promotes social integration, aims to reduce social exclusion and ensure the accessibility of its services to all groups of society. In 2022, we have focused on:

- ensuring accessibility of services for people with disabilities;
- employing people from socially sensitive and vulnerable groups;
- cooperating with other organizations in disseminating relevant information to people from socially sensitive and vulnerable groups to which the Company has access due to the nature of its activities.

ACCESSIBILITY OF INFRASTRUCTURE FOR PERSONS WITH SPECIAL NEEDS

Lithuanian Post continued to renovate post offices to ensure that every customer visiting the post office could use the services comfortably.

ACCESSIBILITY OF POST OFFICES FOR PERSONS WITH PHYSICAL DISABILITIES :



SOCIAL RESPONSIBILITY

Achievements and initiatives contributing to the promotion of social integration:

MEMORANDUM AND ACTION PLAN ON ADAPTATION OF POSTAL SERVICES TO PEOPLE WITH INDIVIDUAL NEEDS

In 2022, the memorandum on the adaptation of vehicles and the physical and informational infrastructure of transport to people with individual needs was updated. In 2021, Lithuanian Post joined the memorandum initiated by the Ministry of Transport and Communications, which commits to ensuring that the services provided by Lithuanian Post are adapted to people with individual needs.

SERVICE PROCEDURE FOR CUSTOMERS WITH SPECIAL NEEDS

In 2022, we were increasing the competence of employees to serve customers with special needs. We have constantly paid attention to this topic in customer service training, as well as created training available to all employees on the electronic training platform. We have integrated the provisions of the service procedure for customers with special needs into the updated Customer Service Standard.

PERSONS WITH DISABILITIES HAVE TRIED „POSTAL“ JOBS

In 2022, we joined the DUOday initiative for the third time, during which companies and organizations invite people with disabilities to try various jobs. On June 2-7, 18th and 19th Klaipėda Post Offices, 3rd and 9th Kaunas Post Offices, 61st Vilnius Post Office, Tilžė Post Office in Šiauliai and the Call Group of the Contact Centre in Vilnius accepted 7 special needs persons to try „postal“ jobs. The guests got acquainted with the services provided by the post office, processed outgoing and incoming packages, tested the process of returning packages, checked prices and affixed them to goods, and also contributed to the performance of other daily tasks. In total, more than 80 enterprises and organizations joined the initiative, which offered people with disabilities to try 150 different job positions.

OTHER ACTIVITIES

Lithuanian Post joined the information campaign „No difference“ initiated by the Department of Disability Affairs at the Ministry of Social Security and Labour, during which employers are encouraged to include people with disabilities in the open labour market and show that there is no difference in people with or without a disability.

SOCIAL RESPONSIBILITY

GRI 413-2

COOPERATION AND SUPPORT INITIATIVES

PUBLIC INITIATIVES AND RELATIONS WITH COMMUNITIES

The principles of the development of relations with society are determined in the Company's sustainable development policy and the Code of Ethics and Conduct. The Company aims to create dialogue and direct contact with society. As a result, implemented operational changes [e.g., post offices being relocated or optimized] are publicly communicated – information is distributed in post offices being closed, meetings are held with local communities, and media reports are issued.

OTHER INITIATIVES

In 2022, Lithuanian Post Office signed a cooperation contract with the Department of Social Services Supervision on joining the social initiative „Family Card” and the Rimantas Kaukėnas Support Fund. Holders of family cards will be able to send parcels through LP EXPRESS postal machines with a 5% discount when forming parcels in the self-service system lpress.lt, and the Rimantas Kaukėnas Support Fund will place 160 donation boxes in post offices. Cooperation with both initiatives will take place throughout 2023.

LP EXPRESS CITY SYMBOLS

From the 1st of May 1 to 31st of October 2022, we have implemented the community involvement initiative „City Symbol”. This initiative is being implemented in two stages – first, communities of 10 cities were invited to propose city symbols that represent them, and then by voting, they decided which symbol the LP EXPRESS post machines in their cities would be decorated with. In total, communities proposed more than 500 words and phrases, all of which were voted for more than 77,000 times. The symbols that received the most votes were illustrated by famous „Gyva grafika” street artists Žygimantas Amelynas and Tadas Šimkus and decorated with illustrations 30 LP EXPRESS post machines throughout Lithuania. The following were chosen as the main symbols of the cities: In Vilnius - Hot Air Balloon, Kaunas - Funicular, Klaipėda - Lighthouse, Šiauliai - Golden Boy, Panevėžys - Old riverbed, Alytus - Little squirrel, Marijampole - Cat Yard, Mažeikiai - Street Gymnastics, Jonaiva - St. John's night celebration and Utena - Baseball. You can learn more about the progress and results of the entire initiative here: <https://www.post.lt/miesto-simbolis>.

SUPPORT TO UKRAINE DURING THE MILITARY CONFLICT

In the context of the military conflict in Ukraine, Lithuanian Post contributed in various ways. We helped to deliver the goods donated by the residents to Ukraine, a total of 100 tons of goods or 18 full trucks were transported. During the year 2022, Lithuanian Post issued a postage stamp „Hug Ukraine” dedicated to the defenders of the freedom of Ukraine, this stamp was also given meaning by the hugging campaign organized near the Ukrainian Embassy to support the country attacked by the aggressor, and the postage stamp „Crowdfunded Bayraktar”, immortalizing the civic initiative, which collected support for the purchase of an unmanned aerial vehicle for Ukraine. Upon appearance of this postage stamp on the market, Lithuanian Post and „Freedom TV” initiated a campaign – they invited to use the postage stamp when writing letters to country leaders and representatives of international institutions. This was to encourage them to take more initiative in contributing to the aid to Ukraine. When buying both of the above-mentioned postage stamps, purchasing stickers, Ukrainian flags, scarves and other goods in the range, customers donated half of the amount to the organization Public Enterprise „Blue/Yellow”, 49.3 thousand EUR were donated in 2022.

OPENING THE NETWORK TO NON-GOVERNMENTAL ORGANIZATIONS

Lithuanian Post invited non-governmental organizations to submit proposals for their products, which could be sold at post offices. After evaluating the proposed products, Lithuanian Post invited 4 non-governmental organizations to cooperate – the Lithuanian National Committee of the United Nations Children's Fund (UNICEF), the Vilnius Archdiocese Caritas Day Centre for Children and Adolescents „The Angel of Hope”, the public institution „Social Innovation Centre” and the community Rotinėnai. From the products offered by the organizations, postcards and handicrafts [hanging toys, braided bracelets, knitted socks and wooden pendants with various symbols] of the organization members were chosen for sale. Colleagues of the Lithuanian Post Office provided consultations to the representatives of the organizations, giving additional knowledge about existing requirements at points of sale, packaging and other subtleties. The sale of NGO products started in October.

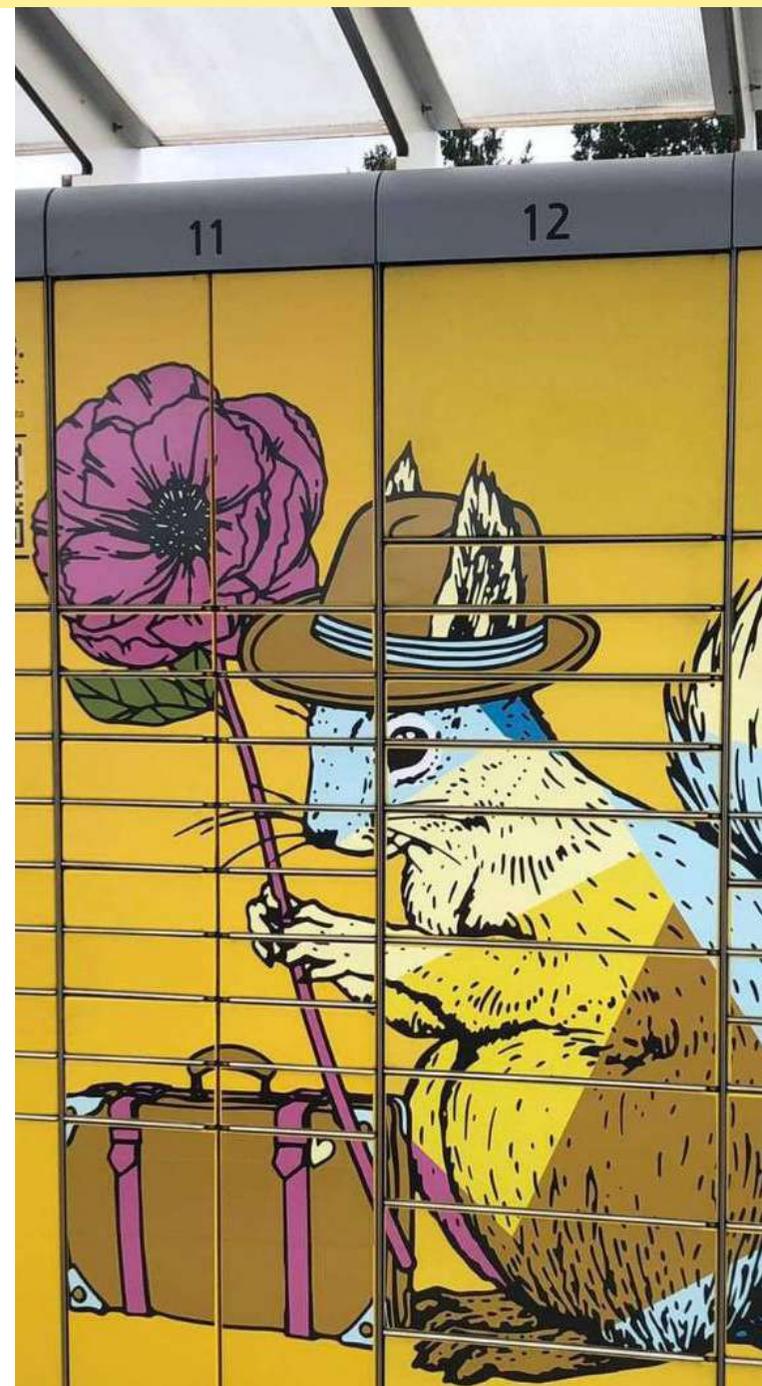


SOCIAL RESPONSIBILITY

RISKS IN THE FIELD OF SOCIAL RESPONSIBILITY

Risks related to social responsibility:

RISK	DESCRIPTION	MANAGEMENT MEASURE
Accidents at work (especially for workers delivering letters and parcels)	Most of the Company's employees work in outdoor conditions or in the field of logistics, moving loads by hand, driving vehicles, and experiencing a greater risk to their health – there is a possibility of catching a cold, overheating or getting into a traffic accident, even if it is the fault of another traffic participant.	Quality work tools and work measures that help prevent or protect in the event of an accident. Periodic coaching and targeted training, process improvement if needed.
The risk of attracting, training, and retaining employees	There is a noticeable shortage of both skilled and unskilled workers in the labour market in Lithuania. Due to the lack of employees, the quality-of-service provision may be disturbed, and substitutability may also be uncertain, competences and knowledge may be lost.	Quality work tools and work measures that help prevent or protect in the event of an accident. Periodic coaching and targeted training, process improvement if needed.
Reputational risk of cooperation with public initiatives or non-governmental organizations	Cooperation with non-governmental organizations or public initiatives may pose significant unforeseen reputational risks, especially misappropriation of funds, discrediting of the NGO/initiative due to violations.	The enterprise's employer proposal and workforce management strategy, appropriate resources are allocated for employee training and competence development.



ECONOMIC RESPONSIBILITY

Lithuanian Post, assuming economic responsibility for its activities, makes decisions that not only promote financial growth and profitability, but also take into account the expectations of stakeholders and contribute to the positive impact of the Company on society and the environment. In addition, the Company implements solutions that ensure operational efficiency and ensuring modern services to customers. The strategic directions of sustainable development in this scope are:

- A sustainable supply chain
- Digitalisation
- Financial stability and resilience

ECONOMIC RESPONSIBILITY

GRI 308-1

FINANCIAL STABILITY AND RESILIENCE

The goal of financial sustainability is to ensure profitable operations. The Company seeks to achieve this by:

- increasing revenue
- changing pricing
- saving and reducing costs.

The Company seeks to increase revenue through the development of e-commerce solutions, which are aimed at the growing market of goods, and by ensuring the quality that customers expect. In 2022, the active development of postal machines was carried out, changes were made to self-service, post offices were modernized, etc.

In 2022, the Company reviewed and updated the scope of provided services and its pricing. View rates for business and private customers. The costs of providing services have changed significantly in recent years. The change in costs is accelerated by the increased costs of settlement between the world's post offices and the costs of transporting parcels, as well as the growing remunerations, necessary investments in technological solutions in order to provide quality services in the future.

The Company manages costs through continuous initiatives to improve the efficiency of operations – aban-

dons unnecessary processes, manual work, continues the work of improving the efficiency of real estate management by better adapting the areas needed for the Company's activities, rents or sells real estate that is not needed for the Company's activities. In addition, improving IT solutions contributes to cost reduction. Today, speed and flexibility in the implementation of innovations are extremely important, however, Lithuanian Post is facing challenges in IT activities, having many different systems created specifically for Lithuanian Post, which lead to a higher risk of errors, and they require expensive maintenance and high development costs as well.



ECONOMIC RESPONSIBILITY

GRI 308-1

SUSTAINABLE SUPPLY CHAIN



When conducting procurements, Lithuanian Post is guided by the normative legal acts applicable to this scope, as well as the recommendations of the Public Procurement Service in ensuring Green Procurement. A sustainable supply chain helps the Company to reduce its impact on the environment, strengthens relations with suppliers, increases the quality of services and protects against risks that may arise from cooperation with organizations that operate inappropriately and in a non-sustainable manner.

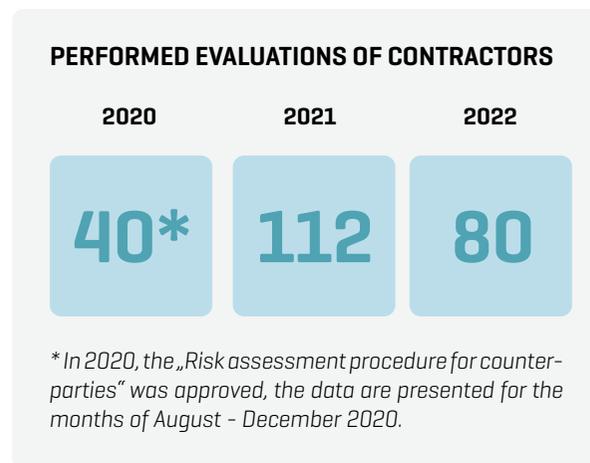
In 2022, the Company paid a lot of attention to the development of green procurement. According to the decision of the Government of the Republic of Lithuania, in 2022, 50% of procurements must be green procurements, and from 2023 – 100%. In 2022, the Company approved its sustainable procurement strategy, shared practical information and organized training for colleagues who make procurements. In 2022, green procurements accounted for 62% of all procurements of the Company, calculated from the value of procurements.

	2020	2021	2022
The ratio of announced public procurements in assessing the value of all procurements	94,3 %	90,8 %	93%
Share of green procurements, calculated from the value of all procurements	3,36 %	1,1 %	62%

Initiatives and practices to help ensure a sustainable supply chain:

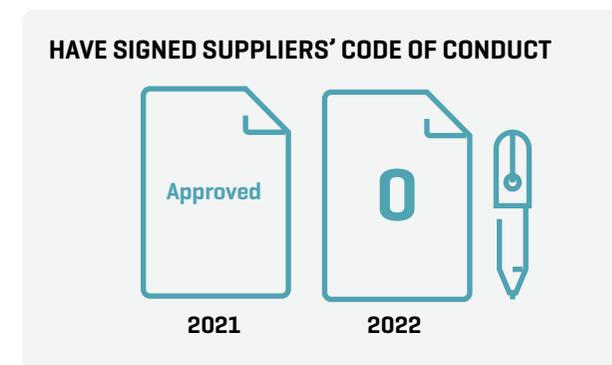
Establishing sustainable criteria. The decision-making committee of the Company, when making decisions on the initiation of procurements, considers alternatives on the basis of sustainable criteria.

Risk assessment of counter-parties. The Company strives for its partners to comply with high transparency and ethical business requirements, therefore it assesses them before entering into transactions in accordance with the counter-party risk assessment procedure. If any form of corruption occurs, the Company has the right to unilaterally terminate the contract with them.



Verification of reliability of suppliers. When purchasing goods, services and works, the Company seeks to do so from reliable and honest suppliers. All suppliers of public procurement contracts with a higher value [above 30,000 EUR VAT exclusive] are verified for criminal records, debts, proper performance of contracts with other organizations and other information important to the Company.

Suppliers' Code of Conduct. In 2021, the Company's Suppliers' Code of Conduct was approved, which reflects the Company's aspiration to have a sustainable supply chain and familiarizes suppliers with the expectations placed on them in the scopes of social, environmental protection and economic responsibility. In 2022, the Company set aside a transitional period to familiarize suppliers with the content of the code of conduct, suppliers will be asked to sign the code of conduct in its entirety from 2023.



ECONOMIC RESPONSIBILITY

DIGITALISATION



Optimizing, automating and digitizing operations is one of the strategic objectives of Lithuanian Post.

During 2022, the Company continued work in the field of process automation, digitization and robotization. In the field of robotization, intensive activities were carried out in 2021, when 26 processes were robotized, and in 2022, the main focus was on the improvement of robotization processes – new solutions that make

it easier to create, implement, maintain and evaluate the benefits created, 5 processes were newly robotized. The main directions in which robotization took place are the reduction of administrative work, better allowing to abandon routine work, data analytics, and improving customer experience.

In order to ensure a broad systemic approach to system development, Lithuanian Post updated the Busi-

ness Development Committee and the decision-making process for system development. This centralized decision-making system allows to manage the needs of system development according to the organization's priorities, to determine the boundaries between the capabilities of system developers and the needs of initiators, and to direct Company resources more appropriately.

Other initiatives and achievements:

DOCUMENT MANAGEMENT SYSTEM

The updated Document Management System, which is currently implementing improvements for all employees of the Lithuanian Post Office – increases accessibility to the document management system and allows for faster familiarization with documents. It also allowed the integration of external processes in addition to internal processes, for example, the integrated management and signing of external electronic documents.

MOBILE POTMAN INFORMATION SYSTEM

Implemented improvements to reduce the amount of paper used for notices, daily tasks and processes, and data accuracy improvements that allow mailman to complete daily tasks faster.

LP EXPRESS AUTONOMOUS POST MACHINE

In 2022, Lithuanian Post was the first in Lithuania to test a new generation post machine, which allows services to be provided even closer to the population. The LP EXPRESS ECO post machine does not require an electricity or internet connection, therefore it can be quickly moved to meet the changing needs of customers.

SELF-SERVICE CHANGES

The Company aims to improve the customer experience, therefore, it constantly makes changes to LP Express self-service, for example, in 2022, the speed of self-service, the shipment declaration form, and other improvements were made.

ECONOMIC RESPONSIBILITY

COMPLIANCE WITH THE PROVISIONS OF THE TRANSPARENCY GUIDELINES

ITEM OF THE DESCRIPTION OF THE GUIDELINES FOR ENSURING THE TRANSPARENCY OF THE ACTIVITIES OF STATE-OWNED ENTERPRISES (ACCORDING TO THE VERSION OF 30TH OF APRIL 2021)	DISCLOSURE	EXPLANATION
Chapter II. Disclosure of state-owned enterprise information		
5. The following data and information must be published on the website of the state-owned enterprise:		
5.1. name;	Yes	
5.2. code and register where data about the company is collected and stored;	Yes	
5.3. registered office [address];	Yes	
5.4. legal status, if the state-owned enterprise is being restructured, reorganized [indicate the method of reorganization], liquidated, bankrupt or bankrupted;	Yes	
5.5. the name of the institution representing the state and a link to its website;	Yes	Information is published on www.post.lt
5.6. operational objectives, vision and mission;	Yes	
5.7. structure;	Yes	
5.8. data of the executive officer;	Yes	
5.9. data of the chairman and members of the board, if the board is formed according to the articles of association;	Yes	
5.10. data of the chairman and members of the supervisory board, if a supervisory board is formed according to the statutes;	Irrelevant	
5.11. names of committees, data of their chairpersons and members, if committees are formed;	Yes	

ECONOMIC RESPONSIBILITY

ITEM OF THE DESCRIPTION OF THE GUIDELINES FOR ENSURING THE TRANSPARENCY OF THE ACTIVITIES OF STATE-OWNED ENTERPRISES (ACCORDING TO THE VERSION OF 30TH OF APRIL 2021)	DISCLOSURE	EXPLANATION
5.12. the sum of the nominal values of shares owned by the state (in euro to the nearest euro cent) and the share (percentage) in the authorized capital of the state-owned company;	Yes	
5.13. special obligations implemented, which are determined according to the recommendations approved by the Minister of Economy and Innovation of the Republic of Lithuania: must be indicated the purpose of the special obligations, the state budget allocations allocated for their implementation in the current calendar year and the legal acts by which the state-controlled enterprise is entrusted with the implementation of the special obligation, determined conditions for the implementation of the special obligation and [or] regulated pricing;	Yes	
5.14. information about social responsibility initiatives and measures, important ongoing or planned investment projects.	Yes	
6. In order to publicize the professionalism of the management and supervisory bodies established in state-owned enterprises, as well as the committee members, the following data of the persons specified in sub-clauses 5.8-5.11 of the Description must be published: name, surname, date of commencement of current positions, other current management positions in other legal entities, education, qualification, professional experience. If the person specified in sub-clauses 5.9-5.11 of the Description is elected or appointed as an independent member, this must be additionally indicated in addition to his data.	Yes	
7. The following documents must be published on the website of the state-owned enterprise:		Information is published on www.post.lt
7.1. articles of association;	Yes	
7.2. a letter from the institution representing the state regarding the establishment of the state's goals and expectations in the state-owned enterprise;	Yes	
7.3. operational strategy or its summary in cases where the operational strategy contains confidential information or information that is considered to be a commercial [production] secret;	Yes	
7.4. a document establishing the remuneration policy, which includes the determination of the remuneration of the executive officer of the state-owned enterprise and the remuneration of the members of the collegial bodies and committees formed in the state-owned enterprise, described in more detail in the Code of Corporate Governance;	Yes	
7.5. annual and interim reports of a state-owned company, annual and interim activity reports of a state-owned enterprise for a period of at least 5 years;	Yes	
7.6. sets of annual and interim financial statements for a period of at least 5 years and the findings of the auditor regarding the annual financial statements.	Yes	

ECONOMIC RESPONSIBILITY

ITEM OF THE DESCRIPTION OF THE GUIDELINES FOR ENSURING THE TRANSPARENCY OF THE ACTIVITIES OF STATE-OWNED ENTERPRISES [ACCORDING TO THE VERSION OF 30TH OF APRIL 2021]	DISCLOSURE	EXPLANATION
8. If the state-owned company is the parent company, the structure of the group of enterprises must be published on its website, as well as the data of subsidiaries and subsequent subsidiary companies specified in sub-clauses 5.1-5.3 of the Description, website addresses, the share of shares owned by the parent company [in percentage] in their authorized capital, as well as annual consolidated financial statements and consolidated annual reports.	Yes	Information is published on www.post.lt
9. If the state-owned company is a participant of legal entities other than those specified in clause 8 of the Description, the data specified in sub-clauses 5.1-5.3 of the Description of those legal entities and their website addresses must be published on its website.	Irrelevant	
91. If the company is a subsidiary company of a state-owned company or a subsidiary company of a subsequent rank, the data specified in sub-clauses 5.1-5.3 of the Description of the parent company and a link to the website of the parent company must be published on the website.	Irrelevant	
10. If the data, information and documents specified in clauses 5 and 6, sub-clauses 7.1-7.4, clauses 8, 9 and 1 of the Description have changed or been published as incorrect, they must be changed immediately on the website as well.	Yes	Changed information and documents are updated immediately
11. The set of annual financial reports of the state-owned enterprise, the annual report of the state-owned company, the annual activity report of the state-owned enterprise, as well as the findings of the auditor regarding the annual financial statements of the state-owned enterprise must be published on the website of the state-owned enterprise within 10 business days from the approval of the set of annual financial statements of the state-owned enterprise.	Yes	Documents are published on the website within a set time-limit
12. The sets of interim financial statements of the state-owned enterprise, interim reports of the state-owned company and interim activity reports of the state-owned enterprise must be published on the website of the state-owned enterprise no later than 2 months after the end of the reporting period.	Yes	Documents are published on the website within a set time-limit
13. The documents specified in clause 7 of the Description must be published in PDF format and technical possibilities must be created to print them.	Yes	PDF documents are published
Chapter III Preparation of sets of financial statements, reports and activity reports		
14. State-owned enterprises manage their accounting in such a way as to ensure the preparation of financial statements in accordance with international accounting standards.	Yes	The Company handles accounting in accordance with IFRS
15. In addition to the set of annual financial statements, a state-owned company prepares a set of 6-month interim financial statements, and a state-owned enterprise prepares sets of 3, 6 and 9-month interim financial statements.	Yes	The Company prepares interim financial statements for a period of 6 months

ECONOMIC RESPONSIBILITY

ITEM OF THE DESCRIPTION OF THE GUIDELINES FOR ENSURING THE TRANSPARENCY OF THE ACTIVITIES OF STATE-OWNED ENTERPRISES (ACCORDING TO THE VERSION OF 30TH OF APRIL 2021)	DISCLOSURE	EXPLANATION
16. A state-owned company classified as a public interest enterprise according to the Law on the Audit of Financial Statements of the Republic of Lithuania, in addition to the annual report, additionally prepares a 6-month interim report. A state enterprise classified as a public interest enterprise according to the Law on the Audit of Financial Statements of the Republic of Lithuania, in addition to the annual activity report, additionally prepares a 6-month interim activity report.	Yes	The Company prepares an interim report for a period of 6 months
17. In the annual report of a state-owned company or the annual activity report of a state-owned enterprise, in addition to the content requirements provided for in the Law on Financial Reporting of Companies of the Republic of Lithuania or the Law on State and Municipal Enterprises of the Republic of Lithuania, the following information must be provided:		
17.1. a brief description of the state-owned enterprise's business model;	Yes	
17.2. information about important events that took place during and after the financial year [before the preparation of the annual report or the annual activity report] and that were of fundamental importance to the activities of the state-owned enterprise;	Yes	
17.3. the results of the implementation of the goals provided for in the strategy of the state-owned enterprise;	Yes	
17.4. indicators of profitability, liquidity, asset turnover, debt;	Yes	
17.5. performance of special obligations;	Yes	Information provided in the annual report
17.6. implementation of the investment policy, ongoing and planned investment projects as well as investments during the reporting year;	Yes	
17.7. implementation of the risk management policy applied in the state-owned enterprise;	Yes	
17.8. implementation of dividend policy in state-owned companies;	Yes	
17.9. implementation of remuneration policy;	Yes	
17.10. total annual remuneration fund, average monthly remuneration according to current position and/or units;	Yes	
17.11. information on compliance with the provisions of Chapters II and III of the Description: it shall be indicated how they are implemented, which provisions are not complied with, and an explanation is given as to why.	Yes	

ECONOMIC RESPONSIBILITY

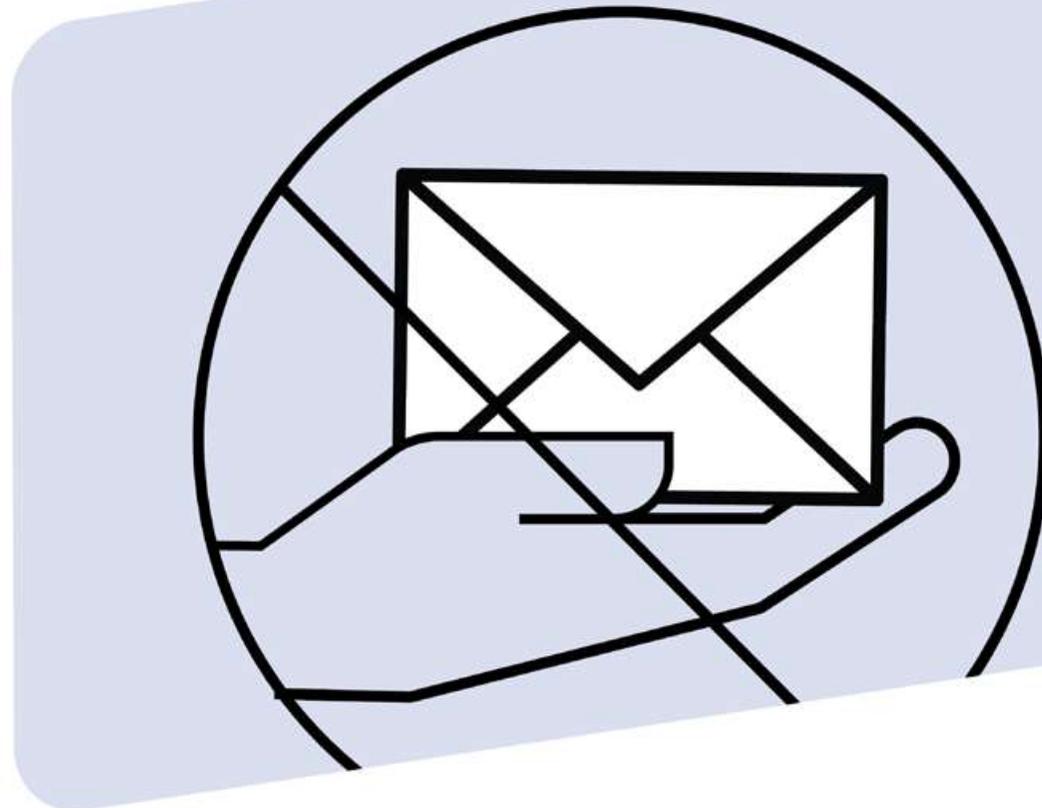
ITEM OF THE DESCRIPTION OF THE GUIDELINES FOR ENSURING THE TRANSPARENCY OF THE ACTIVITIES OF STATE-OWNED ENTERPRISES (ACCORDING TO THE VERSION OF 30TH OF APRIL 2021)	DISCLOSURE	EXPLANATION
18. State-owned companies and state enterprises, which are not required to prepare a social responsibility report, it is recommended to provide information related to environmental, social and personnel, human rights, anti-corruption and bribery issues in the annual report or annual activity report, respectively.	Yes	The Company prepares a Sustainable Development Report [integrated into the annual report]
19. If the information specified in clause 17 of the Description is considered a commercial [production] secret or confidential information of the state-owned enterprise, the state-owned Company may not disclose such information, however, the state-owned company's annual report or the state-owned company's annual activity report must indicate that this information is not disclosed, and the reason for non-disclosure is given.	Yes	Information provided in the annual report
20. The annual report of a state-owned company or the annual activity report of a state-owned enterprise may contain other information not specified in this Description.	Yes	The annual report contains other information as well
21. A state-owned company, which is a parent company, in its consolidated annual report, and if it is not required by law to prepare a consolidated annual report, in its annual report presents the structure of the group of enterprises, as well as the data, specified in sub-clauses 5.1-5.3 of the Description, of each subsidiary company and subsequent subsidiary companies, share of owned shares [percentage] in the authorized capital of the subsidiary Company, financial and non-financial performance results of the financial year. If a state-owned company, which is the parent Company, prepares a consolidated annual report, it prepares consolidated annual report, the requirements of clause 17 of the Description shall apply mutatis mutandis.	Yes	Information provided in the annual report
22. The state-owned company's interim report or state-owned enterprise's interim activity report contains a brief description of the state-owned enterprise's business model, analysis of the financial performance of the reporting period, information on important events that occurred during the reporting period, as well as indicators of profitability, liquidity, asset turnover, debt and their changes compared to the corresponding period of the previous year.	Yes	Information provided in the annual report

ANTI-CORRUPTION AND TRANSPARENCY



Transparent and high-standard behaviour is an integral part of Lithuanian Post activities. The management of the Company's activities is subject to high transparency requirements and responsible, open and ethical market activity is encouraged. The Company contributes to the improvement of the reputation of state-owned enterprises, in its activities it is guided by the principle of Zero tolerance for corruption and the inevitability of liability. Obligations related to anti-corruption activities are outlined in the publicly announced Anti-corruption Policy of the Company.

The Company aims to meet the standard of the Anti-corruption Management System, the expectations set by the shareholder and become an example for others regarding the creation of an anti-corruption culture, therefore, each year it not only implements new anti-corruption measures, strengthens, and improves existing ones, but also engages in various initiatives. In 2021, the Company joined the „Transparency Academy“ initiative initiated by the President of the Republic of Lithuania and organized by the Special Investigations Service, and in 2022 actively participated in the Academy's activities – participated in discussions, prepared reports, and shared targeted experience with colleagues from other institutions.



ECONOMIC RESPONSIBILITY

GRI 205-1

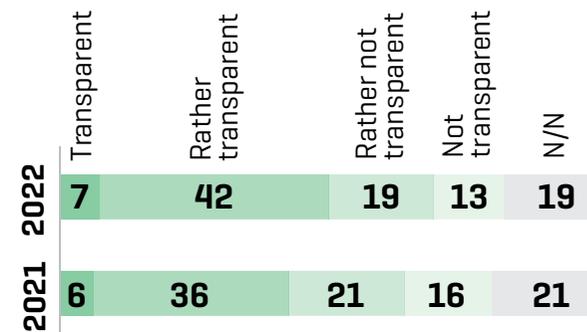
ETHICS AND ANTI-CORRUPTION TRENDS

The Company has approved the Code of Ethics and Conduct, which aims to ensure that employees and business partners comply with the highest transparency requirements.

The main bodies of the formation and implementation of the anti-corruption management system are the Board of the Company, the Audit and Risk Management Committee, the Company's chief Executive Officer, the Safety and Prevention Department and the employee performing the anti-corruption compliance function, managers of other functions and fields.

The main strategic documents necessary for the creation of a corruption-resistant environment – Anti-cor-

ruption policy and programme, action plan, planned directions and indicators, named goals – were prepared in 2021. Therefore, in 2022, Lithuanian Post focused mainly on the implementation of the policy and programme. The consistent focus on ethics and anti-corruption gave a positive result – according to the data of a representative survey of Lithuanian residents in 2022 conducted by the research company „Spinter research”, 49 percent of respondents consider the Company to be transparent, or rather transparent, which is even seven percentage points more than in 2021. The achievement of the indicators and their maintenance in the management of corruption risks had a significant impact on the purposeful implementation of the measures assigned to each task and the monitoring of their evaluation criteria.



The activities of the Lithuanian Post Office are considered transparent / rather transparent by the respondents with the highest education, the highest incomes and persons who have sufficient information about the activities of the Ministry of Transport and Communications and the activities of enterprises, institutions and companies assigned to its regulatory area.

ANTI-CORRUPTION TRENDS	EVALUATION CRITERIA	2020	2021	2022
Increase operational transparency and openness to customers, the public and other stakeholders	"Trust Line" has received confirmed reports regarding possible cases of corruption	13 %	2 %	6 %
	Residents who believe that the Company is very corrupt	12 %	7 %	13 %
Increase employees' anti-corruption awareness, maintaining a high level of intolerance of dishonest behaviour among employees	Employees who know about the anti-corruption measures implemented in the Company	83 %	70 %	70 %
	Employees who know who in the Company should be notified of potential violations	89 %	95 %	91 %
	Employees who do not justify dishonest behaviour when performing assigned duties, in case of non-compliance with legal acts, which lead to the emergence of corruption	98 %	97 %	96 %
Continuously improve the processes designed to support the anti-corruption management system and other operational processes of the company where there is a high probability of the occurrence of corruption, applying a preventive approach to corruption risks	Employees who felt a positive impact in the Company during the last year	79 %	84 %	74 %

A SYSTEM OF MEASURES FOR CREATING A CORRUPTION-RESISTANT ENVIRONMENT

A SYSTEM OF MEASURES FOR CREATING A CORRUPTION-RESISTANT ENVIRONMENT

Corruption risk assessment

Ensuring personnel reliability

Raising anti-corruption awareness

Corruption prevention measures

Creating an open and trust-based organizational culture

ECONOMIC RESPONSIBILITY

GRI 205-1

CORRUPTION RISK ASSESSMENT

The management of corruption risks is carried out taking into account the requirements of the international anti-corruption management system standard and legal acts. Corruption risk assessment is carried out in 3 directions.

1

COMPANY'S RISK
MANAGEMENT SYSTEM

In order to eliminate and reduce possible identified risks of **financial crimes, bribery, graft, influence trading, nepotism, illegal, prior agreements, inappropriate gifts, conflicts of interest, dishonest, unethical behaviour and abuse of authority**, the Company conducts a corruption risk assessment in all fields of its activities and provides measures to reduce identified risk factors.

2

DUE DILIGENCE

Due diligence is a process that aims to:

- assess the nature and extent of the counter-party's risk and help the Company make a decision related to a specific contract and counter-party.
- assess the suitability of the candidate to occupy the relevant positions in the Company.
- assess the compliance of a specific transaction, project or field of activity with external and/or internal legal acts.

3

CORRUPTION RISK
ANALYSIS

The analysis of the Company's activities from an anti-corruption point of view is carried out by SIS according to the procedure established by the Government.

ECONOMIC RESPONSIBILITY

GRI 308-1; 2-15

ENSURING PERSONNEL RELIABILITY

The purpose of the process of checking the suitability of candidates for the respective positions is to ensure that persons of impeccable reputation who meet the requirements established by the Company and imposed on the Company in legal acts are admitted to the Company and work in the Company, in order to avoid possible financial, legal or reputational damage and the risk of conflicts of public and private interests, which may arise from the employment of a person who has provided false information about themselves and/or who does not meet the requirements established by the Company and imposed on the Company in legal acts.

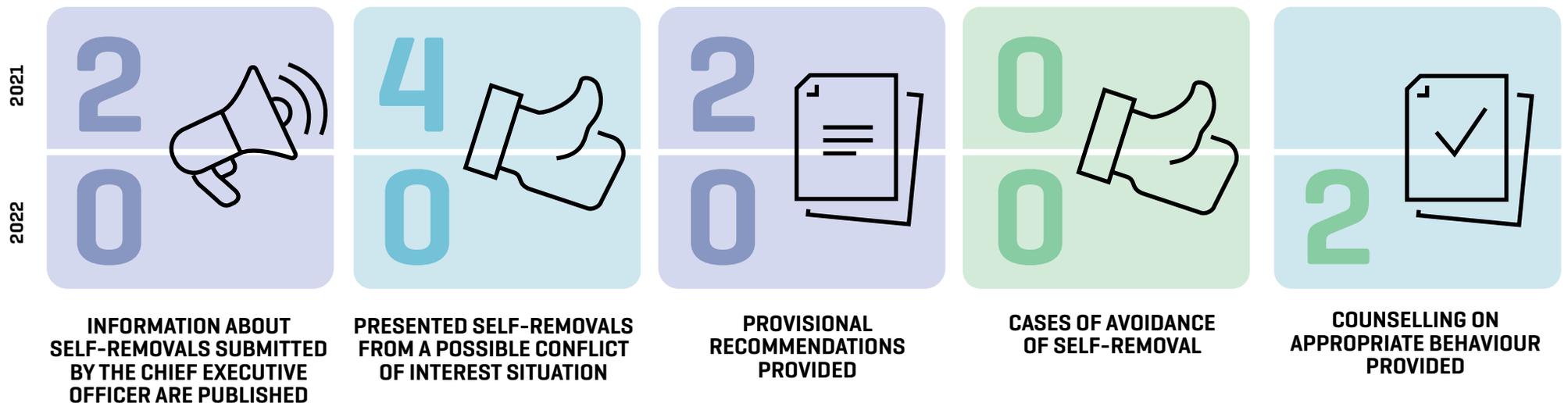
In 2022, the description of the candidate screening procedure was approved, which clearly provides for positions that require screening, evaluation criteria and further actions regarding the management of the identified risks. In 2022, 1197 selected candidates were checked.

Special attention is paid to the coordination and control of public and private interests. The Company and its employees publicly and honestly declare their private interests, avoid potential conflict of interest situations, and remove themselves when they occur. Decisions in the Company are made impartially and objectively, without prejudices and personalities, taking into account infor-

mation based on facts and data. Alignment of public and private interests is defined in the Anti-corruption Policy and the Description of the procedure for the alignment and control of public and private interests.

The Company carries out preliminary, current and subsequent control of conflicts of interest, reminds employees declaring private interests about the obligation to submit the declarations, update the data, conducts training, prepares memos and provides other educational information. Self-removals submitted by the chief Executive Officer are published on the website in the Public and Private Interests section. The opt-outs of members of the Board are not made public.

Statistics of public and private interests



ECONOMIC RESPONSIBILITY

GRI 308-1; 205-2

RAISING ANTI-CORRUPTION AWARENESS

1

INFORMING THROUGH INTERNAL INFORMATION CHANNELS

The anti-corruption policy of the Company was approved by the resolution of the Board. In 2022, the members of the Board of the Company were acquainted with the requirements of the Law on the Coordination of Public and Private Interests.

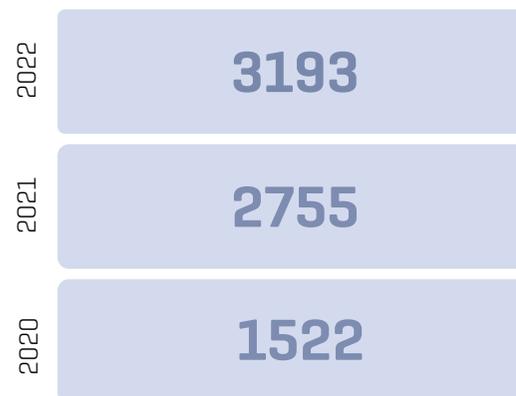
The anti-corruption policy and the internal documents of the Company implementing it are relevant and apply to all employees of the Company. The Company's employees are regularly acquainted with the Company's anti-corruption policy and implemented corruption prevention measures.

2

TRAINING PROGRAMME AND TARGETED TRAINING

An anti-corruption awareness training programme has been prepared for all employees, according to which employees take a test. The anti-corruption awareness training programme is mandatory for all employees who have computerized workplaces and is organized every year. In 2022, 89% of employees took part in it. Targeted internal trainings or external trainings are also implemented for responsible persons, such as managers and employees who participate in public procurement processes and/or those responsible for the administration of contracts, additional trainings related to risk management in these areas are carried out as well.

Employees who participated in anti-corruption awareness training programme



3

ANONYMOUS SURVEY OF EMPLOYEES' TOLERANCE FOR CORRUPTION

Each year, an anonymous survey of employees is organized regarding manifestations of corruption in the Company, the purpose of which is to assess the effectiveness of the anti-corruption management system. Each year, the goal is to have as many participating employees as possible.

In 2022, as many as 732 company employees participated in the survey and answered the questions, which is 34% more than in 2021. The 2022 survey, compared to previous years, was distinguished by the extremely active participation of colleagues working in the wider post network – as many as 77% of such colleagues. In 2022, 92% of employees agreed with the opinion that Lithuanian Post is not affected by corruption, in 2021, 97% of employees supported this opinion, in 2020 – 87%.

According to the results of the 2022 survey:

98%

of employees stated that they do not know of a single case where an employee at the Lithuanian Post took an unreasonable compensation during the past year;

95%

stated that corruption is not tolerated in the company;

94%

of employees who had an opinion on the public procurement process stated that the public procurement process is organized transparently;

84%

of employees stated that if they noticed corruption at work, they would report it to the responsible persons.



ECONOMIC RESPONSIBILITY

GRI 2-26; 205-3

OTHER CORRUPTION PREVENTION MEASURES

Gift Policy

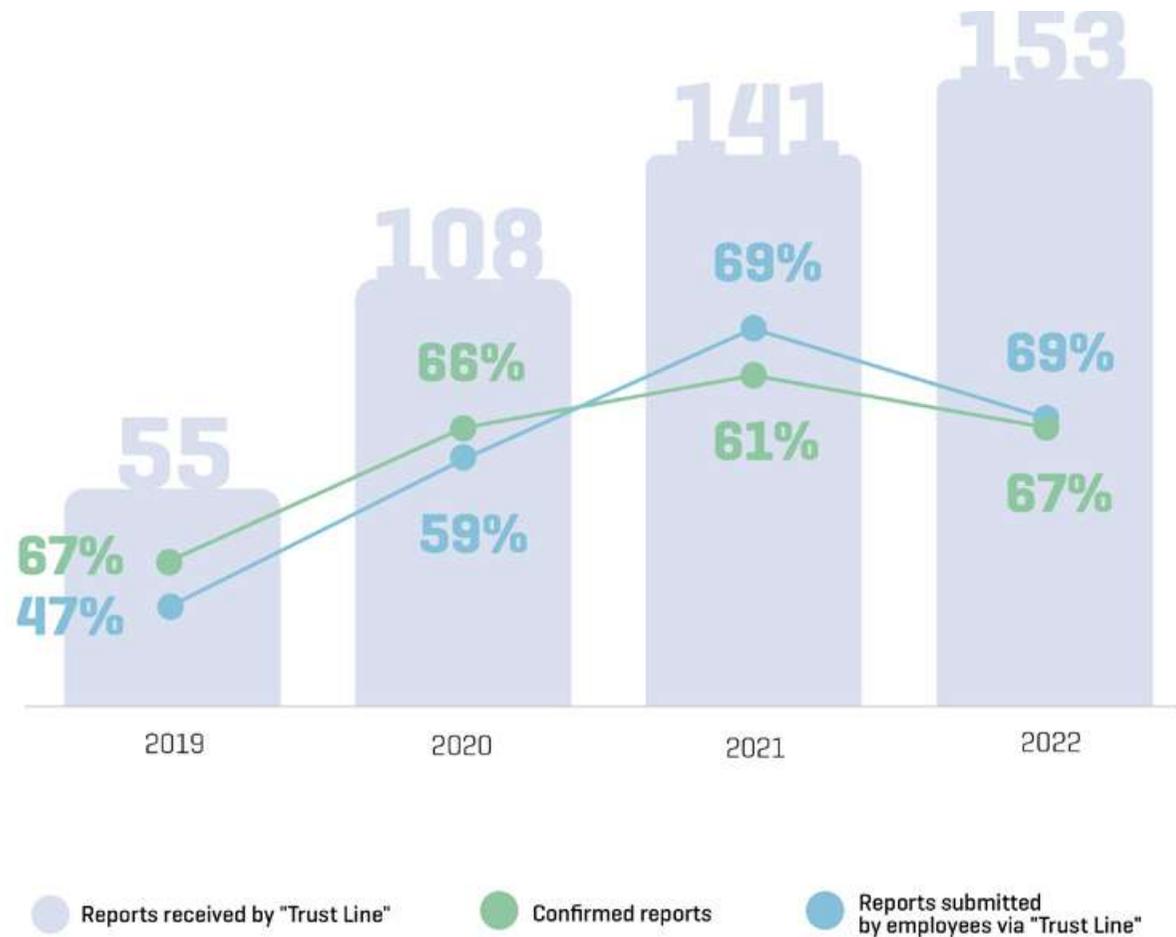
The Company has approved a clear procedure for giving and accepting gifts. The Company does not provide or accept any gifts or services that do not comply with international protocol, traditions, are not intended for representation or are unacceptable according to legislation.

In 2022, the contracts concluded by the Company were supplemented with a provision regarding the contractor's obligation to uphold the values provided for in the Supplier's Code of Conduct, which is published on the website of the public liability company at www.post.lt.

Trust Line and conducting investigations

The Company has created an internal notification channel – the Trust Line, through which both employees and other stakeholders can report committed, ongoing and future violations in the Company. Investigations are carried out for each report, and suggestions and recommendations for process improvement and risk management are provided after the investigations are completed. If necessary, cooperation with law enforcement authorities is carried out. Each year, the number of messages to the Trust Line from employees increases [see figure].

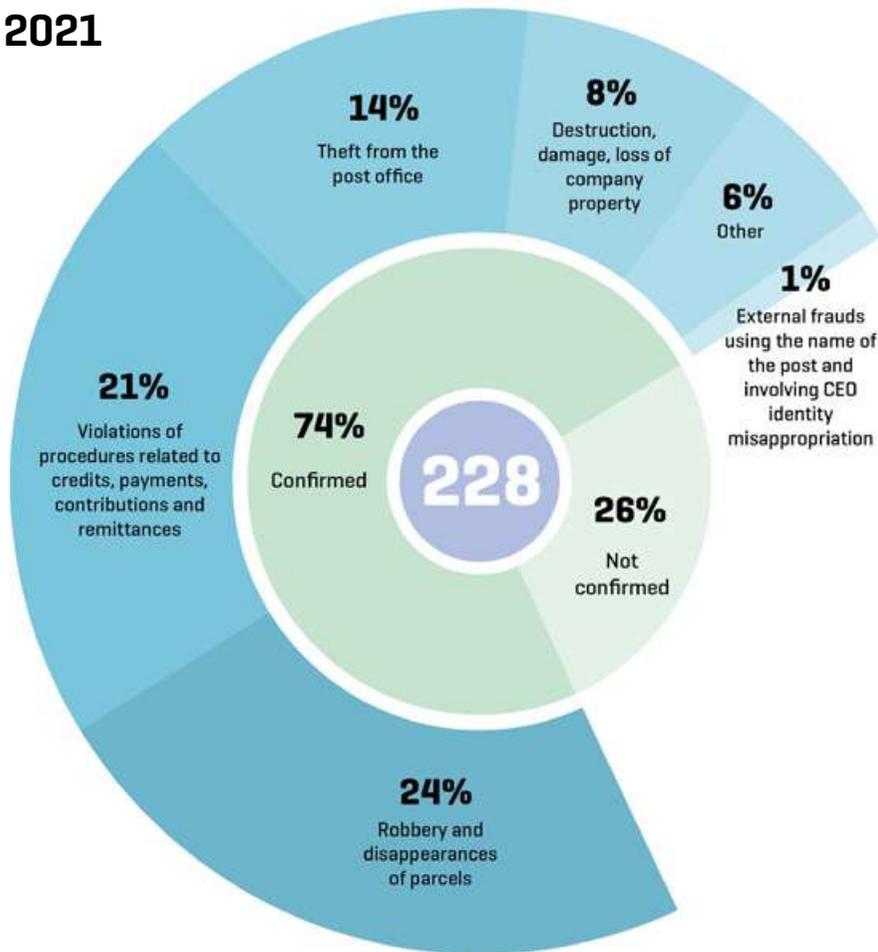
In 2022, 12 reports received were possibly related to violations of the law of a corrupt nature, i.e., illegal use of the company's assets, 10 cases were confirmed, in 8 cases labour disciplinary procedures were initiated, in 1 case a recommendation on appropriate behaviour was provided, and in 1 case a pre-trial investigation was initiated and started at a law enforcement institution.



* Violation of the law of a corrupt nature - an administrative offence, a violation of work duties or an official misconduct committed by abusing authority and directly or indirectly seeking benefits for oneself or another person, as well as a criminal act of a corrupt nature.

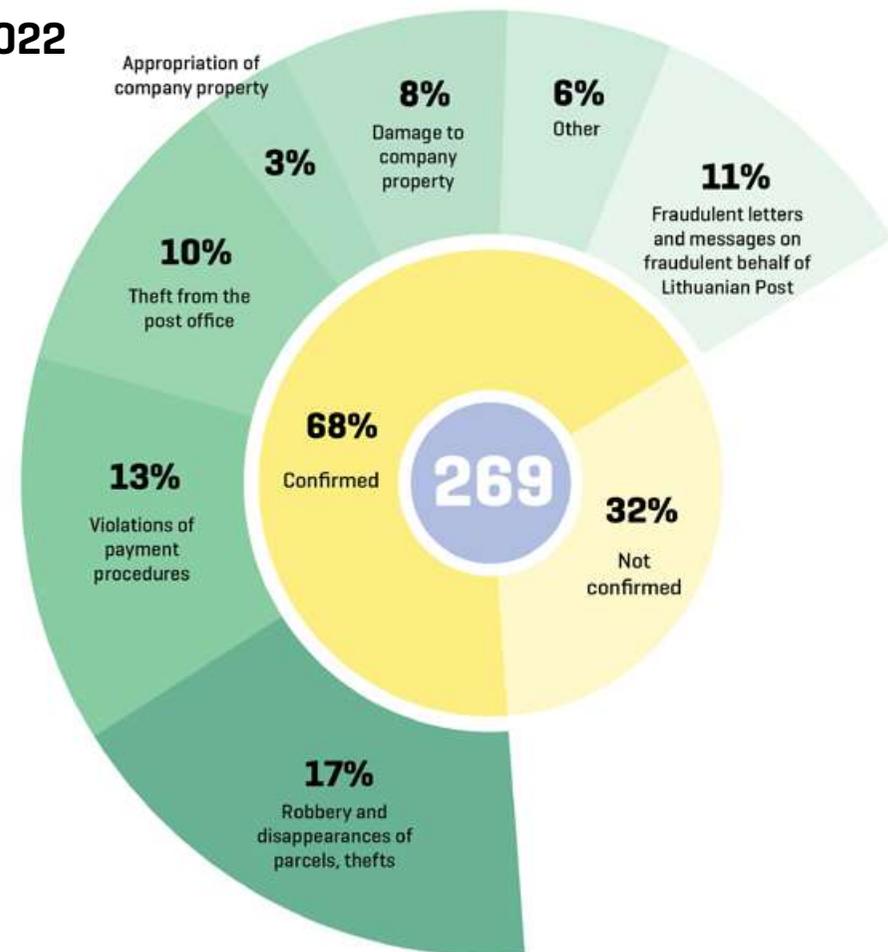
ECONOMIC RESPONSIBILITY

2021



Investigations are carried out not only on the basis of information received by the Trust Litne, but also on the initiative of the Department of Safety and Prevention as well as on reports received from other institutions or through other channels. In 2022, 269 investigations regarding illegal actions of employees and other per-

2022



sons were conducted, of which 68% were confirmed (see Figure). 49% of confirmed violations occurred due to the fault of other persons, 38% due to the fault of employees and in 12% of cases the guilty person was not identified.

In 2022, there was a decrease in illegal cases related to the theft, disappearance and theft of parcels, as well as improper payment of benefits, however, there was an increase in cases of theft from post offices and a significant increase in cases related to fraudulent letters and messages from persons not directly related to Lithuanian Post.

ECONOMIC RESPONSIBILITY

GRI 418-1; 2-27

PERSONAL DATA PROTECTION

Effective protection of personal data is one of the most important scopes of sustainable development for the Company's stakeholders. Personal data protection at Lithuanian Post is carried out in accordance with the EU General Data Protection Regulation and other legal acts in this scope, the internal audit periodically performs control of the implementation, providing reports and recommendations.

In 2022, the Company continued to pay attention to the development of employees' competencies in the field of personal data processing and protection. The Company

has appointed a Data Protection Officer, the Company also has an information security expert. The main information for customers about the processing of their personal data is provided in the Privacy Notice of the Lithuanian Post, which is periodically reviewed and updated at the locations of service provision. The Privacy Notice of Lithuanian Post is published on the organization's website www.lietuvospastas.lt/privatumo-pranesimas.

In 2022, no significant violations of personal data protection were detected in the Company's activities.

COMPLIANCE WITH LAWS AND REGULATIONS

Each year, the Company is inspected by different supervisory authorities. The Company's activities are supervised by the Management Coordination Centre, the Ministry of Transport and Communications, the State Data Protection Inspectorate, as well as inspections provided for by law, such as scheduled inspections by the Depart-

ment of Fire Protection and Rescue in working order at service delivery locations.

During 2022, the supervisory authorities did not impose any significant impact measures on the Company, and during this year, no decisions were made in the courts regarding the Company's activities.



ECONOMIC RESPONSIBILITY

RISKS IN THE FIELD OF ECONOMIC RESPONSIBILITY

RISKS	DESCRIPTION	MANAGEMENT MEASURE
Cyber, social engineering attacks, data theft, leakage	Lithuanian Post manages a lot of user data, which can be leaked or stolen due to human or system error. In addition, with the increase in various malicious activities and propaganda, there is a risk that the Company may become the object of a cyber-attack.	Constant updating of information systems, checking of known vulnerabilities, limiting critical systems, improving the competencies of responsible employees.
Risk of corrupt activities	The Company may face the risk of a corrupt violation or conflict of interest, abuse of the position held, undeclared conflicts of interest, gifts.	Strengthening of existing control mechanisms, implementation of anti-corruption and coordination and control policy of public and private interests. The operation of the Trust Line is strengthened, the internal culture of employees is strengthened, the Company's Code of Ethics.
Goods and services that do not meet the requirements of green procurement	Not many suppliers are ready to offer goods and services that meet the requirements of green procurement, there is a risk of purchasing a low-quality product/service that do not meet the requirements, suppliers may seek to make a profit in illegal ways.	Communicate about ongoing public procurements, publish the public procurement plan, monitor market changes.
Tiekėjo darnumo rizika	Pasirinktas tiekėjas gali nesilaikyti pašto nustatytų etiškos veiklos principų ir taip pakenkti mūsų reputacijai, finansiniams rezultatams, paslaugų kokybei.	Įgyvendinti Tiekėjų etikos kodekso nuostatas, vykdyti nuolatinę komunikaciją su tiekėjais apie lūkesčius, atlikti patikrinimus, esant rimtiems pažeidimams - nutraukti sutartį su tiekėju.



MEMBERSHIP IN ORGANIZATIONS



The membership of Lithuanian Post in international postal organizations ensures the Company's international cooperation opportunities, is important in developing international cooperative relations, sharing good practices and innovations that the Company can apply in its operations to improve the services it provides.

Postal unions

Lithuanian Post represents Lithuania in the main international postal organizations, uniting the post offices of neighboring countries and postal operators around the world. The Republic of Lithuania has

been a member of the Universal Postal Union (UPU) since 1992. The UPU provider Lithuanian Post is the obliged operator, which the Republic of Lithuania has notified to the UPU. The parent Company Lithuanian Post is a member of the European Postal Operators Association „PostEurop“, one of the regional unions of the UPU (www.posteurop.org), and the Baltic Postal Union (hereinafter referred to as the BPU). The Company participates in the activities of the International Postal Corporation, as well as the Nordic Postal Union and BPU Service Quality Improvement Committee.

Other memberships

Lithuanian Post joined the United Nations Global Compact in 2021. The goal of the „Global Compact“ initiative is to encourage business enterprises and non-governmental organizations to act responsibly and adhere to 10 principles in the fields of human rights, labour, environmental protection and anti-corruption.

With the help of the „Global Compact“, the United Nations encourages organizations to achieve the goals of the 2030 Agenda for Sustainable Development as well.



MAIN PLANS FOR 2023-2025

In 2023, the Company will continue to implement changes and initiatives that will help achieve the set goals by 2025. Main plans for 2023:

Renovate the Company's car fleet – use less polluting official transport in major cities, as well as prepare electrification plans for the Company's car fleet

Reduce the quantity and volume of single-use products consumed in daily activities

Consistently improve the working conditions of employees

Carry out an analysis of the physical and transitional risks of climate change and prepare a management plan

Install a solar power plant on the roof of the Vilnius logistics centre

To prepare and implement an Equal Opportunities Policy and activity improvement plan

Ensure full accessibility of the Company's infrastructure to persons with special needs

DISCLOSURE OF THE OBJECTIVES OF THE UN GLOBAL COMPACT

Lithuanian Post joined the members of the United Nations Global Compact in 2021. By becoming a member of this agreement, the Company committed to submit annual reports on compliance with the 10

main principles of the international agreement and to set even more ambitious goals for the implementation of a sustainable food value chain.

DOMAIN	PRINCIPLE	ANNUAL REPORT PAGE
Human Rights	To support and respect the protection of internationally proclaimed human rights	76, 86, 90, 93-95, 101-102
	To make sure that business activities are not complicit in human rights abuses.	100, 122
Labour force	Uphold the freedom of association and the effective recognition of the right to collective bargaining	101
	Support the elimination of all forms of forced and compulsory labour	90
	Support the effective abolition of child labour	90, 108
	Eliminate discrimination in respect of employment and occupation	96-97, 100, 102
Environmental Protection	Apply preventive measures ensuring environmental protection	80-82
	Take initiatives to increase responsibility in the field of environmental protection	83
Anti-corruption	To promote the development and dissemination of environmentally friendly technologies	109
	Fight all forms of corruption, including extortion and bribery	115-119



LIST OF GRI INDICATORS

NUMBER OF GRI INDICATOR	TITLE OF THE GRI INDICATOR	PAGE OF THE ANNUAL REPORT OR SUSTAINABLE DEVELOPMENT REPORT
GRI 2: GENERAL DISCLOSURES 2021		
2-1	Organizational details	13
2-2	Entities included in the organization's sustainability reporting	70
2-3	Reporting period, frequency and contact point	70
2-4	Restatements of information	70
2-5	External assurance	70
2-6	Activities, value chain and other business relationships	42
2-7	Employees	87
2-8	Workers who are not employees	90
2-9	Governance structure and composition	17
2-10	Nomination and selection of the highest governance body	15
2-11	Chair of the highest governance body	17
2-12	Role of the highest governance body in overseeing the management of impacts	75
2-13	Delegation of responsibility for managing impacts	75
2-14	Role of the highest governance body in sustainability reporting	70
2-15	Conflicts of interests	118
2-16	Communication of critical concerns	22
2-17	Collective knowledge of the highest governance body	15
2-18	Evaluation of the performance of the highest governance body	15
2-19	Remuneration policies	20
2-20	Process to determine remuneration	98
2-21	Annual total compensation ratio	100
2-22	Statement on sustainable development strategy	5
2-23	Policy commitments	76
2-24	Embedding policy commitments	76
2-25	Processes to remediate negative impacts	51
2-26	Mechanisms for seeking advice and raising concerns	120
2-27	Compliance with laws and regulations	122
2-28	Membership in associations	124
2-29	Approach to stakeholder engagement	73
2-30	Collective bargaining agreements	101
GRI 3: MATERIAL TOPICS 2021		
3-1	Process to determine material topics	74
3-2	List of material topics	74
3-3	Management of material topics	74
GRI 205: ANTI-CORRUPTION 2016		
205-1	Operations assessed for risks related to corruption	116-117
205-2	Communication and training about anti-corruption policies and procedures	119
205-3	Confirmed incidents of corruption and actions taken	121

LIST OF GRI INDICATORS

GRI 302: ENERGY 2016

302-1	Energy consumption within the organisation	79
302-3	Energy intensity	79

GRI 305: EMISSIONS 2016

305-1	Direct (Scope 1) GHG emissions	78
305-2	Energy indirect (Scope 2) GHG emissions	78
305-3	Other indirect (Scope 3) GHG emissions	78
305-4	GHG emissions intensity	78

GRI 306: WASTE 2020

306-1	Waste generation and significant waste-related impacts	80
306-2	Management of significant waste-related impacts	80
306-3	Waste generated	80

GRI 401: EMPLOYMENT 2016

401-1	New employee hires and employee turnover	88
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	90

GRI 402: LABOUR/MANAGEMENT RELATIONS

402-1	Minimum notice periods regarding operational changes	90
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GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018

403-1	Occupational health and safety management system	93
403-2	Hazard identification, risk assessment, and incident investigation	93
403-3	Occupational health services	94
403-4	Worker participation, consultation, and communication on occupational health and safety	93

403-5	Worker training on occupational health and safety	94
403-6	Promotion of worker health	94
403-9	Work-related injuries	95

GRI 404: TRAINING AND EDUCATION 2016

404-1	Average hours of training per year per employee	91
404-2	Programmes for upgrading employee skills and transition assistance programmes	91
404-3	Percentage of employees receiving regular performance and career development reviews	92

GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016

405-1	Diversity of governance bodies and employees	96
405-2	Ratio of basic salary and remuneration of women to men	100

GRI 406: NON-DISCRIMINATION 2016

406-1	Incidents of discrimination and corrective actions taken	96
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GRI 408: CHILD LABOR PREVENTION 2016

408-1	Evaluation of activities and suppliers in order to ensure the prevention of child labor	90; 108
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GRI 413: LOCAL COMMUNITIES 2016

413-2	Operations with significant actual and potential negative impacts on local communities	114
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GRI 418: CUSTOMER PRIVACY 2016

418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	122
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ISSUE OF POSTAGE STAMPS

ISSUE OF MEANS OF POSTAL PREPAYMENT

Lietuvos Paštas issues annually up to 27 new means of postal prepayment. Lietuvos Paštas, as the UPS provider, has the obligation to issue and withdraw from circulation the means of postal prepayment, as defined in the Lithuanian Postal Law [Article 16(2)(5)].

The subject matters of the issued means of postal prepayment are selected in accordance with section II of the Rules on the issue, withdrawal from circulation and accounting for means of postal prepayment, as approved on 30 April 2013 by Order No 3-258 of the Minister of Transport and Communications of the Republic of Lithuania. The draft postage stamps are selected and printed according to sections III and IV of the Order.

In 2022, 22 new means of postal prepayment were put into circulation (20 postage stamps, 2 souvenir sheets).

Seeking to increase awareness of its postage stamps and promote public interest in the means of postal prepayment, the Company implemented the following initiatives:

- As Russia's war against Ukraine continues the Lithuanian society has demonstrated unity and support for Ukraine's fight against the invaders with the issue of two postage stamps – To Ukraine's Freedom Fighters and The Crowdfunded Bayraktar. A half of the price of these postage stamps is allocated to the organisation supporting Ukraine Mėlyna ir Geltona Vėžlė [Blue/Yellow].

- For the first time after the restoration of the independence of Lithuania the joint issue of stamps with Luxembourg Post was issued. The sheet of postage stamps was dedicated to Kaunas and Esch-sur-Alzette, the two cities that shared the title of the European Capital of Culture in 2022.

- The commemoration and promotion of the Lithuanian culinary heritage was continued with the issue of a postage stamp dedicated to the Lithuanian tree cake Šakotis.

More details on Lietuvos Paštas philately activities and plans can be found [here](#).



Chief Executive Officer

Rolandas Zukas



CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	NOTES	YEAR ENDED 31 DECEMBER			
		GROUP		COMPANY	
		2022 (RESTATED*)	2021	2022 (RESTATED*)	2021
Revenue from contracts with customers	3	93 724 693	99 215 202	93 724 693	99 215 202
Other income	4, 23	19 752 047	11 980 724	19 752 047	11 980 724
		113 476 740	111 195 927	113 476 740	111 195 927
Employee-related expenses		(45 995 721)	(46 909 011)	(45 990 509)	(46 903 799)
Expenses of cross-border postal services and settlements with foreign post offices		(23 744 664)	(32 362 045)	(23 744 664)	(32 362 045)
Depreciation and amortisation expenses of non-current assets		(7 527 831)	(7 358 181)	(7 530 538)	(7 361 429)
Cost of goods held for resale and services		(2 605 862)	(3 457 165)	(2 605 862)	(3 457 165)
Impairment of financial assets	12, 15	(377 827)	(1 279 924)	(377 827)	(1 211 886)
Expenses of utility services		(2 895 588)	(2 167 302)	(2 895 588)	(2 167 302)
Short-term lease of motor vehicles and related expenses		(3 084 195)	(2 340 347)	(3 084 195)	(2 340 347)
Expenses of consumables and raw materials		(3 269 725)	(2 763 758)	(3 269 725)	(2 763 758)
Property repair and maintenance expenses		(3 231 271)	(3 510 922)	(3 231 271)	(3 510 922)
Taxes [other than income tax]		(1 773 238)	(629 790)	(1 773 238)	(629 790)
Communication expenses		(656 775)	(916 539)	(656 775)	(916 539)
Impairment/[reversal of impairment] of other assets	9	-	(116 267)	-	(116 267)
Other expenses	5	(13 075 585)	(13 142 247)	(13 075 531)	(13 142 194)
		(108 238 281)	(116 953 496)	(108 235 722)	(116 883 441)
Other gain/[loss]	6	279 490	(884 715)	279 490	(884 715)
Operating profit/[loss]		5 517 949	(6 642 284)	5 520 508	(6 572 229)

	NOTES	YEAR ENDED 31 DECEMBER			
		GROUP		COMPANY	
		2022 [RESTATED*]	2021	2022 [RESTATED*]	2021
Finance income	7	1 598	8 105	1 598	8 105
Finance [costs]	7	(522 553)	(895 713)	(522 553)	(895 713)
Profit/[loss] before income tax		4 996 994	(7 529 892)	4 999 553	(7 459 837)
Income tax	26	(159 026)	1 084 813	(159 026)	1 084 813
Profit/[loss] for the period		4 837 968	(6 445 079)	4 840 527	(6 375 024)
Other comprehensive income/(expenses)					
Other comprehensive income/(expenses) that will be subsequently reclassified to profit or loss		-	-	-	-
Other comprehensive income/(expenses) that will not be subsequently reclassified to profit or loss		-	-	-	-
Total comprehensive income/(expenses) for the period		4 837 968	(6 445 079)	4 840 527	(6 375 024)

*See note 2.28 for details regarding the restatement as a result of an error

The accompanying notes form an integral part of these financial statements.
 These financial statements were approved and signed on May 9th 2023 by:

Rolandas Zukas
 Chief Executive Officer



[signature]

Viktoras Baltuškonis
 Director of the Finance
 and Administration Division



[signature]

Sandra Putrimaitė
 Head of the Accounting Department,
 Chief Accountant



[signature]

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

	NOTES	YEAR ENDED 31 DECEMBER			
		GROUP		COMPANY	
		2022 [RESTATED*]	2021	2022 [RESTATED*]	2021
ASSETS					
Non-current assets					
Intangible assets	8	4 289 365	4 331 668	4 289 365	4 331 668
Property, plant and equipment	9	38 437 135	42 068 791	38 437 135	42 071 496
Right-of-use assets	10	13 592 741	16 610 304	13 592 741	16 610 304
Investment property	11	546 769	898 135	546 769	898 135
Non-current financial assets	12	71 102	77 764	76 894	83 556
Deferred income tax assets		-	124 614	-	124 614
		56 937 112	64 111 276	56 942 904	64 119 773
Current assets					
Inventories	13	3 322 678	3 825 868	3 322 678	3 825 868
Trade receivables	14	10 827 674	14 743 201	10 827 674	14 743 201
Contract assets	15	4 401 185	9 569 943	4 401 185	9 569 943
Prepayments, deferred expenses	16	1 705 946	1 743 249	1 705 922	1 743 225
Other amounts receivable	17	9 838 469	4 594 402	9 838 469	4 548 620
Cash and cash equivalents	18	33 891 993	25 539 029	33 817 397	25 504 962
		63 987 945	60 015 692	63 913 325	59 935 819
Non-current assets held for sale	9	957 911	34 164	957 911	34 164
		64 945 857	60 049 857	64 871 237	59 969 984
Total assets		121 882 968	124 161 133	121 814 141	124 089 757

YEAR ENDED 31 DECEMBER

	NOTES	GROUP		COMPANY	
		2022 (RESTATED*)	2021	2022 (RESTATED*)	2021
EQUITY					
Share capital	19	32 791 579	32 791 579	32 791 579	32 791 579
Legal reserve	20	290	861 544	-	861 254
Other reserves	20	-	-	-	-
Retained earnings/(deficit)		[703 207]	[6 402 431]	[771 301]	[6 473 082]
Total equity		32 088 662	27 250 692	32 020 278	27 179 751
LIABILITIES					
Non-current liabilities					
Borrowings	21	11 666 667	14 000 000	11 666 667	14 000 000
Lease liabilities	22	9 474 846	13 398 941	9 474 846	13 398 941
Long-term employee benefits	24	214 066	135 635	214 066	135 635
Grants and subsidies	25	139 313	175 286	139 313	175 286
Deferred income tax liability	26	34 412	-	34 412	-
		21 529 304	27 709 862	21 529 304	27 709 862
Current liabilities					
Borrowings	21	2 333 333	2 333 333	2 333 333	2 333 333
Current portion of lease liabilities	22	3 963 362	3 396 944	3 963 362	3 396 944
Trade payables		24 881 158	19 010 745	24 881 158	19 010 745
Contract liabilities	27	14 384 514	14 881 596	14 384 514	14 881 596
Accrued expenses	28	18 698 027	25 303 393	18 698 027	25 303 393
Current portion of long-term employee benefits	24	382 894	346 473	382 894	346 473
Income tax	26	-	-	-	-
Other amounts payable	29	3 621 713	3 928 094	3 621 269	3 927 659
		68 265 002	69 200 578	68 264 558	69 200 143
Total liabilities		89 794 307	96 910 440	89 793 863	96 910 005
Total equity and liabilities		121 882 968	124 161 133	121 814 141	124 089 757

*See note 2.28 for details regarding the restatement as a result of an error

The accompanying notes form an integral part of these financial statements.

These financial statements were approved and signed on May 9th 2023 by:

Rolandas Zukas
Chief Executive Officer



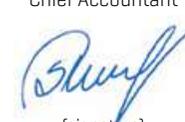
[signature]

Viktoras Baltuškonis
Director of the Finance
and Administration Division



[signature]

Sandra Putrimaitė
Head of the Accounting Department,
Chief Accountant



[signature]

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

	NOTES	YEAR ENDED 31 DECEMBER			
		GROUP		COMPANY	
		2022 [RESTATED*]	2021	2022 [RESTATED*]	2021
Cash flows from operating activities					
Profit/(loss) for the period		4 837 968	(6 445 079)	4 840 527	(6 375 024)
Adjustments for non-cash items:					
Income tax	26	-	(615 690)	-	(615 690)
Depreciation and amortisation	8, 9, 10, 11, 25	7 528 046	7 358 247	7 530 751	7 361 496
(Gain)/loss on disposal of property, plant and equipment	4, 11	(5 702 931)	(4 358 914)	(5 702 931)	(4 358 914)
Write-off and change in impairment of property, plant and equipment, property, plant and equipment held for sale and non-current intangible assets	8, 9	(761 972)	133 674	(761 972)	133 674
Change in right-of-use assets/liabilities	10	278	(118 558)	278	(118 558)
Change in impairment of trade receivables, non-current receivables and inventories	13, 14	386 874	1 202 352	386 874	1 202 352
Change in impairment of loans granted and investment in the subsidiary	12	-	-	-	-
Increase/(decrease) in long-term employee benefits	24	114 852	(5 660)	114 852	(5 660)
Change in provisions	29	(290 000)	(247 000)	(290 000)	(247 000)
Change in deferred income tax	26	159 026	(469 123)	159 026	(469 123)
Elimination of results of financing activities	7	509 898	537 152	509 898	537 152
		6 782 039	(3 028 599)	6 787 303	(2 955 295)

	NOTES	YEAR ENDED 31 DECEMBER			
		GROUP		COMPANY	
		2022 (RESTATED*)	2021	2022 (RESTATED*)	2021
Changes in working capital:					
(Increase)/decrease in inventories	13	501 518	[194 987]	501 518	[194 987]
(Increase)/decrease in trade receivables	14	4 954 860	[2 668 096]	4 954 860	[2 668 096]
(Increase)/decrease in other receivables, prepayments and deferred expenses	16, 17	[5 200 102]	[947 101]	[5 245 885]	[1 015 139]
Change in contract assets	15	4 929 222	9 048 352	4 929 222	9 048 352
Increase/(decrease) in trade payables		5 870 413	831 005	5 870 413	831 005
Increase/(decrease) in other payables, advance amounts received	29	[16 381]	3 013 685	[16 390]	3 013 250
Change in accrued expenses/contract liabilities	27, 28	[7 102 447]	10 672 846	[7 102 447]	10 672 846
Income tax paid	26	-	-	-	-
Net cash inflow from operating activities		10 719 121	16 727 105	10 678 594	16 731 936
Cash flows from investing activities					
(Acquisition) of non-current assets	8, 9	[4 322 877]	[6 108 109]	[4 322 877]	[6 108 110]
Disposal of non-current assets	9, 11, 14	8 860 347	7 316 555	8 860 347	7 316 555
(Increase)/decrease in investments in other entities and undertakings	12	-	-	-	-
Interest received	7	1 035	3 767	1 035	3 767
Net cash (outflow) from investing activities		4 538 505	1 212 213	4 538 505	1 212 212

	NOTES	YEAR ENDED 31 DECEMBER			
		GROUP		COMPANY	
		2022 [RESTATED*]	2021	2022 [RESTATED*]	2021
Cash flows from financing activities					
Proceeds from borrowings		-	3 000 000	-	3 000 000
(Repayments) of borrowings		(2 333 333)	(1 166 667)	(2 333 333)	(1 166 667)
Lease (payments)		(4 060 399)	(3 462 044)	(4 060 399)	(3 462 044)
Interest (paid) on lease payments	7	(366 283)	(484 585)	(366 283)	(484 585)
Interest (paid) to credit institutions		(144 649)	(75 073)	(144 649)	(75 073)
Net cash (outflow) from financing activities		(6 904 665)	(2 188 369)	(6 904 665)	(2 188 369)
Net increase/(decrease) in cash flows		8 352 961	15 750 949	8 312 434	15 755 779
Cash and cash equivalents in the beginning of the period		25 539 029	9 788 081	25 504 962	9 749 183
Cash and cash equivalents at the end of the period		33 891 993	25 539 030	33 817 396	25 504 962

*See note 2.28 for details regarding the restatement as a result of an error

The accompanying notes form an integral part of these financial statements.

These financial statements were approved and signed on May 9th 2023 by:

Rolandas Zukas
Chief Executive Officer



[signature]

Viktoras Baltuškonis
Director of the Finance
and Administration Division



[signature]

Sandra Putrimaitė
Head of the Accounting Department,
Chief Accountant



[signature]

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

GROUP	NOTES	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY				
		SHARE CAPITAL	LEGAL RESERVE	OTHER RESERVES	RETAINED EARNINGS	TOTAL
Balance at 1 January 2021		32 791 579	861 544	-	42 648	33 695 771
Profit/(loss) for the period		-	-	-	[6 445 079]	[6 445 079]
Other comprehensive income/(expenses)		-	-	-	-	-
Total comprehensive income		-	-	-	[6 445 079]	[6 445 079]
Balance at 31 December 2021		32 791 579	861 544	-	[6 402 431]	27 250 692
Balance at 1 January 2022		32 791 579	861 544	-	[6 402 431]	27 250 692
Use of legal reserve		-	[861 254]	-	861 254	-
Profit/(loss) for the period (restated*)		-	-	-	4 837 968	4 837 968
Other comprehensive income/(expenses)		-	-	-	-	-
Total comprehensive income (restated*)		-	-	-	4 837 968	4 837 968
Balance at 31 December 2022 (restated*)		32 791 579	290	-	[703 207]	32 088 662

COMPANY	NOTES	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY				
		SHARE CAPITAL	LEGAL RESERVE	OTHER RESERVES	RETAINED EARNINGS	TOTAL
Balance at 1 January 2021		32 791 579	861 254	-	[98 060]	33 554 773
Profit/(loss) for the period		-	-	-	[6 375 022]	[6 375 022]
Other comprehensive income/(expenses)		-	-	-	-	-
Total comprehensive income		-	-	-	[6 375 022]	[6 375 022]
Balance at 31 December 2021		32 791 579	861 254	-	[6 473 082]	27 179 751
Balance at 1 January 2022		32 791 579	861 254	-	[6 473 082]	27 179 751
Use of legal reserve		-	[861 254]	-	861 254	-
Profit/(loss) for the period (restated*)		-	-	-	4 840 527	4 840 527
Other comprehensive income/(expenses)		-	-	-	-	-
Total comprehensive income (restated*)		-	-	-	4 840 527	4 840 527
Balance at 31 December 2022 (restated*)		32 791 579	-	-	[771 301]	32 020 278

*See note 2.28 for details regarding the restatement as a result of an error

The accompanying notes form an integral part of these financial statements.

These financial statements were approved and signed on May 9th 2023 by:

Rolandas Zukas
Chief Executive Officer



[signature]

Viktoras Baltuškonis
Director of the Finance
and Administration Division



[signature]

Sandra Putrimaitė
Head of the Accounting Department,
Chief Accountant



[signature]

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Lietuvos Paštas AB (the “Company”) is a public limited liability company registered in the Republic of Lithuania. The address of its registered office is as follows:

J. Balčikonio g. 3,
 Vilnius,
 Lietuva.

The Company started its activities on 2 January 1992 and was named State Enterprise Lietuvos Paštas. Based on Order No 3-587 On the Reorganisation of State-Owned Enterprise Lietuvos Paštas into Public Limited Liability Company Lietuvos Paštas issued on 23 December 2005, the Ministry of Transport and Communications transformed State-Owned Enterprise Lietuvos Paštas to Public Limited Liability Company Lietuvos Paštas starting from 3 January 2006. The Group is engaged in the provision of universal, other postal, courier, printing, consultation, financial and similar services.

As at 31 December 2022, the Company’s share capital was divided into 113 074 410 shares with a nominal value of EUR 0.29 each [31 December 2021: EUR 0.29]. The Company has not acquired any own shares, all its shares are ordinary and fully paid. All shares of the Company are owned by the State represented by the Ministry of Transport and Communications of the Republic of Lithuania.

The Company has no branches.

As at 31 December 2022, the Group consisted of Lietuvos Paštas AB and its wholly owned subsidiaries: Lietuvos Pašto Finansinės Paslaugos UAB and LP Mokėjimų Sprendimai UAB.

Information on subsidiaries as at 31 December 2022:

	LP Mokėjimų Sprendimai UAB	Lietuvos Pašto Finansinės Paslaugos UAB
Country	Lithuania	Lithuania
Ownership interest held by the Company	100%	100%
Investment [carrying amount in EUR]	2 896	2 896
Profit/[loss] for 2022	(74 502)	0
Equity at 31 December 2022	(2 086 493)	1 510
Profile of activities	Consulting services	Under liquidation

As at 31 December 2022, the number of the Group’s employees was 3 031 [31 December 2021: 3,728].

The Company’s management approved these financial statements on 9 May 2023. The shareholder of the Company has a statutory right to approve or not to approve these financial statements and to request that management prepare a new set of financial statements.

War in Ukraine in 2022 had no significant impact on accounting estimates and assumptions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Group’s/Company’s principal accounting policies applied in the preparation of the Group’s/Company’s financial statements for the year 2022 are set out below.

2.1 BASIS OF PREPARATION

These Group’s consolidated and Company’s separate financial statements and certain notes herein have been restated to correct misstatements and reissued and supersede consolidated and separate financial statements version previously issued and dated 31 March 2023 for the year ended 31 December 2022, which were not approved by the Company’s shareholders. The Group concluded that its previously issued audited financial statements and related notes contained a material error relating to the recognition of the universal postal service loss compensation receivable.

Following the above the Company issues these restated financial statements to reflect correction of error [Note 2.28] in these consolidated and separate financial statements prepared for the year ended 31 December 2022. In these financial statements the figures in the statements of financial position, statements of comprehensive income, statements of cash flows and other relevant explanatory notes are presented as corrected and restated.

The Group’s/Company’s financial statements as at 31 December 2022 have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union [EU].

These financial statements comprise the Group's consolidated financial statements and the Company's separate financial statements prepared under the historical cost basis.

Adoption of new and/or revised IFRSs and interpretations of the International Financial Reporting Interpretations Committee (IFRIC)

There were no changes in the accounting policies of the Group/Company, except for the following new IFRS and/or amendments to them adopted as from 1 January 2022:

Covid-19-Related Rent Concessions – Amendments to IFRS 16 [issued on 31 March 2021 and effective for annual periods beginning on or after 1 April 2021]. In May 2020 an amendment to IFRS 16 was issued that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19, resulting in a reduction in lease payments due on or before 30 June 2021, was a lease modification. An amendment issued on 31 March 2021 extended the date of the practical expedient from 30 June 2021 to 30 June 2022. These amendments had no material impact on the Group's and the Company's financial statements.

Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 [issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022].

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The proceeds from selling such items, together with the costs of producing them, are now recognised in profit or loss. An entity will use IAS 2 to measure the cost of those items. Cost will not include depreciation of the asset being tested because it is not ready for its intended use. The amendment to IAS 16 also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. An asset might therefore be capable of operating as intended by management and subject to depreciation before it has achieved the level of operating performance expected by management.

The amendment to IAS 37 clarifies the meaning of 'costs to fulfil a contract'. The amendment explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract; and an allocation of other costs that relate directly to fulfilling. The amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract.

IFRS 3 was amended to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. Prior to the amendment, IFRS 3 referred to the 2001 Conceptual Framework for Financial Reporting. In addition, a new exception in IFRS 3 was added for liabilities and contingent liabilities. The exception

specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37 or IFRIC 21, rather than the 2018 Conceptual Framework. Without this new exception, an entity would have recognised some liabilities in a business combination that it would not recognise under IAS 37. Therefore, immediately after the acquisition, the entity would have had to derecognise such liabilities and recognise a gain that did not depict an economic gain. It was also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.

The amendment to IFRS 9 addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to either third parties or the lender. Under the amendment, costs or fees paid to third parties will not be included in the 10% test.

Illustrative Example 13 that accompanies IFRS 16 was amended to remove the illustration of payments from the lessor relating to leasehold improvements. The reason for the amendment is to remove any potential confusion about the treatment of lease incentives.

IFRS 1 allows an exemption if a subsidiary adopts IFRS at a later date than its parent. The subsidiary can measure its assets and liabilities at the carrying amounts that would be included in its parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. IFRS 1 was amended to allow entities that have taken this IFRS 1 exemption to also measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. The amendment to IFRS 1 extends the above exemption to cumulative translation differences, in order to reduce costs for first-time adopters. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

The requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41 was removed. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

Based on the Company's and the Group's assessment, these amendments have no significant impact on the financial statements.

The following standards, amendments and interpretations were endorsed by the European Union, but not yet effective and not early adopted by the Group/Company:

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies [issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023]. IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment provided the definition of material accounting policy information. The amendment also clarified that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. The amen-

dment provided illustrative examples of accounting policy information that is likely to be considered material to the entity's financial statements. Further, the amendment to IAS 1 clarified that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support this amendment, IFRS Practice Statement 2, 'Making Materiality Judgements' was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The Group/Company are currently assessing the impact of the amendments on the financial statements.

Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023). The amendment to IAS 8 clarified how companies should distinguish changes in accounting policies from changes in accounting estimates. The Group/Company are currently assessing the impact of the amendments on the financial statements.

Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023). The amendments to IAS 12 specify how to account for deferred tax on transactions such as leases and decommissioning obligations. In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations – transactions for which both an asset and a liability are recognised. The amendments clarify that the exemption does not apply and that entities are required to recognise deferred tax on such transactions. Amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. Based on the Company's and the Group's assessment, these amendments will have no significant impact on the financial statements.

IFRS 17 "Insurance Contracts" (issued on 18 May 2017, amended on 1 January 2021 and effective for annual periods beginning on or after 1 January 2023). IFRS 17 replaces IFRS 4, which has given companies dispensation to carry on accounting for insurance contracts using existing practices. As a consequence, it was difficult for investors to compare and contrast the financial performance of otherwise similar insurance companies. IFRS 17 is a single principle-based standard to recognise, measure, present and disclose all types of insurance contracts, including reinsurance contracts that an insurer holds. The standard requires to apply similar principles to reinsurance contracts and investment contracts with the discretionary participation features.

Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023). Amendments to IFRS 17 (issued on 9 December 2021 and effective for annual periods beginning on or after 1 January 2023). The amendments include a number of clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and transition. The management believes the amendments to IFRS 17 will have no impact on the Group's/Company's financial statements since they are not engaged in insurance activities.

Other new standards, amendments and interpretations effective for annual periods beginning on or after 1 January 2023 that have not yet been endorsed by the European Union and have not been adopted when preparing these financial statements, are believed to be not relevant for the Company or to have no significant impact on the Company.

2.2 PRESENTATION CURRENCY

Amounts shown in these financial statements are presented in the national currency of the Republic of Lithuania, the euro [EUR].

The Group's/Company's functional currency is the euro. Foreign currency transactions are initially measured using the functional currency at the date of the transaction. Financial assets and liabilities denominated in foreign currencies are translated into the functional currency at the date of the statement of financial position using the exchange rate prevailing at the date of the statement of financial position.

The exchange rate of the euro in relation to other currencies is announced daily by the Bank of Lithuania.

2.3 CONSOLIDATION

The Group's consolidated financial statements cover Lietuvos Paštas AB and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year, using consistent accounting policies.

Subsidiaries are consolidated from the date on which effective control is transferred to the Company and cease to be consolidated from the date on which control is transferred out of the Group. All intercompany transactions, balances and unrealised gains or losses on transactions between the Group companies are eliminated. Equity and net result attributable to non-controlling interests are shown separately in the statement of financial position and statement of comprehensive income.

Subsidiaries are all entities that the Company:

- has power over the investee (i.e., has existing rights that give it the current ability to direct the relevant activities);
- has exposure, or rights, to variable returns from its involvement with the investee;
- has the ability to use its power over the investee to affect the amount of the investor's returns.

2.4 BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition-date fair value and the amount of any minority interest in the acquiree. In each business

combination, the acquirer measures the minority interest in the acquiree either at the fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are written off by including them in administrative expenses.

If a business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree is re-measured at fair value at the acquisition date through the statement of comprehensive income. Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent re-measurements of the contingent consideration, which is deemed to be an asset or liability, at the fair value will be recognised in accordance with IFRS 9 either in profit or loss or as a change in other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill is recognised at cost and is measured as the excess of the consideration transferred, including recognised minority interest, over the net value of assets acquired and liabilities assumed.

If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the statement of comprehensive income. After the initial recognition, goodwill is carried at acquisition cost, less any accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquired entity are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2.5 USE OF SIGNIFICANT JUDGEMENTS AND ACCOUNTING ESTIMATES IN PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and costs and contingencies. The areas where estimates are significant to the financial statements include:

- impairment of assets [Notes 2.11, 2.12, 2.23, 8, 9, 11, 12, 13, 14, 15 and 17];
- useful lives of assets [Notes 2.8, 2.9, 2.10, 8, 9 and 10];
- deferred income tax [Notes 2.13 and 26];

- recognition of accrued revenue/contract assets [Notes 2.6 and 15, 27];
- recognition of accrued expenses [Notes 2.7 and 28];
- estimation of amount receivable from compensation for services of delivery of periodicals to subscribers in rural areas [Note 17];
- recognition of loss compensation of postal services with regulated prices [notes 2.6, 4]
- assessment of IFRS 16 adoption impact [Notes 2.1, 10 and 22].

Future events may cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements when determinable.

2.6 REVENUE RECOGNITION

The Group/Company renders postal services under contracts with customers or under no contracts. When there is no contract for a private customer, the customer uses the universal postal service with regulated prices, the tariffs for which are approved by the Lithuanian Communications Regulatory Authority in accordance with the Lithuanian Postal Law. The contractual customers use the postal services with unregulated prices, the tariffs for which are set directly by the Group/Company, and these activities are not subject to regulatory restrictions imposed by the Lithuanian Communications Regulatory Authority in respect of the services with regulated prices.

The Group/Company recognises revenue in order to reflect the transfer of promised goods or services to buyers at an amount that reflects the consideration that the Group/Company expects to receive in exchange for those goods and services, less value added tax, discounts and returns. The Group/Company recognises revenue on the basis of this main principle in the following sequence:

Step 1 – identification of the contract(s) with the customer. A contract is an agreement between two or more parties that creates enforceable rights and obligations.

Step 2 – identification of performance obligations identified in the contract, i.e., obligations identified in the contract to transfer goods or services to the buyer. If these goods or services can be separated, such obligations are considered as performance obligations that are accounted for separately.

Step 3 – determination of the transaction price. The transaction price is the amount of consideration identified in the contract that the Group/Company expects to receive in exchange for the transfer of goods or services to the buyer. The transaction price may be comprised of a fixed amount of the consideration paid by the buyer, however, sometimes it can also include a variable consideration or a consideration other than cash. The transaction price is adjusted in view of the

time value of money, if the contract contains a significant financing component and also based on any consideration payable to the buyer.

Step 4 – allocation of the transaction price to the performance obligations identified in the contract. The Group/Company usually allocates the transaction price to each performance obligation on the basis of relative stand-alone selling prices of each good or service promised to be transferred under the contract. If data on stand-alone selling prices is not observable in the market, the Group/Company estimates the stand-alone selling price.

Step 5 – recognition of revenue upon the satisfaction of the performance obligation by the Group/Company. The Group/Company recognises revenue when it satisfies the performance obligation by transferring promised goods or services to the buyer, i.e. when the buyer acquires control of those goods or services. The recognised amount of revenue is equal to the amount which is allocated to the satisfied performance obligation. Performance obligation can be satisfied at a point in time or over time.

Revenue is recognised when the amount of revenue can be measured reliably and when the Group/Company is likely to obtain the economic benefits associated with the transaction, and specific criteria have been met for each type of revenue as described below. The Group/Company relies on historical results, taking into account the type of the customer, the type of the transaction and features of each agreement.

Recognition of revenue from contracts with customers:

Revenue from postal services to Lithuanian customers

Revenue is recognised on an accrual basis, i.e. it is recorded when earned, irrespective of the moment of cash receipts. Revenue from the provision of postal and other services is recognised after the service is rendered, when the outcome of the service provision can be estimated reliably. When services are rendered for longer than one reporting period under the existing service provision contract, revenue is allocated on a proportionate basis to those periods when the relevant services have been rendered.

Revenue/expenses from postal services to foreign post offices

A part of the Group's/Company's activities is based on international agreements, which regulate the rules for the issue and settlement of accounting documents for postal services provided. Based on these agreements, the Group/Company submits and reconciles actual parcel data, which comprises the quantities of postal services provided/received and amounts receivable/payable, with buyers/suppliers of postal services (foreign post offices) after the end of the quarter, usually during 2–3 months. Actual data on the quantities of provided/received postal correspondence delivery services is submitted and reconciled with the buyers/suppliers of postal services (foreign post offices) after the end of the quarter, usually during 2–3 months. The calculation of actual amounts receivable/payable for postal correspondence is performed after six months following the end of the reporting period, when the actual fees become known. The actual fees are based on the service quality surveys and are determined for individual countries when almost a year passes after the reporting date. The Group/Company accrues revenue that is recognised as contract assets in the statement of financial position. A contract asset is the right to considera-

tion in exchange for goods or services that have been transferred to the customer. If the Group/Company transfers goods or services to a customer before a customer pays for them or before the due settlement date, the contract asset is accounted for at the amount equal to conditional consideration earned. When calculating accrued revenue for services rendered, the Group/Company assesses the actual volume of services rendered/received and the latest effective prices and statistical data on service volumes.

Revenue from courier and parcel locker services to Lithuanian customers

Revenue is recognised on an accrual basis, i.e. it is recorded when earned, irrespective of the moment of cash receipts.

When services are rendered for longer than one reporting period in accordance with the existing contract on the provision of services, revenue is allocated on a proportionate basis to those periods when the relevant services have been rendered.

Revenue from sale of goods

The Group/Company sells retail goods where the Group/Company acts in the capacity of owner, and consigned goods where the supplier acts in the capacity of owner. In case of goods where the Group/Company acts in the capacity of owner, they are accounted for in the statement of financial position and revenue is recognised when goods are transferred to a customer. After the sale of consigned goods, commission income is recognised.

Recognition of other income:

Rental income from leased assets is accounted for on a straight-line basis over the term of the lease. Interest, lease and other income is recognised on an accrual basis. Interest on late payment is recognised as income only upon receipt.

Dividend income from investments is recognised when shareholders obtain the right to receive the payment (when it is highly probable that future economic benefits will flow to the Group/Company and the amount of revenue can be reliably measured).

Financing components

The Group and the Company neither have nor expect any contracts with customers under which the period between delivery of goods or services and settlement by customers would be longer than one year. For this reason, the Group and the Company do not account for a financing component separately. Although international settlements with foreign post operators for cross-border postal services take longer than one year, as most of the invoices for the previous reporting year are received in the middle of the next reporting year (the reconciliation of dispatched/received quantities and calculation of final tariffs take a substantial period of time to complete), the Group/Company considers this to be a well-established practice in this industry and does not treat it as a financing component. In cases when the financial asset is recovered over the period longer than 12 months, the receivable amount is discounted to the present value at the market interest rate, and the difference between the non-discounted and discounted amounts is recognised as interest income.

Compensation for loss incurred from delivery of periodicals to subscribers in rural areas

The Government has set the tariffs for the delivery of periodicals to subscribers in rural areas that are lower than the cost of this service. The Lithuanian Postal Law allows compensating the difference between such costs and the tariffs from the state budget under the procedure established by the Government. Every six months, the Company estimates the amount of loss incurred from delivery of periodicals to subscribers in rural areas and when assessing the receivable amount of compensation, it includes a part or all of the amount in the receivable consideration only to the extent that it is highly probable that the amount of compensation for recognised loss will not be materially reduced when the uncertainty related to a variable consideration is subsequently resolved. The Company classifies the compensation for loss incurred from the delivery of periodicals to subscribers in rural areas as other income in the statement of comprehensive income.

Compensation for loss incurred from postal service with regulated prices

The Company is committed to ensuring uninterrupted provision of universal postal service (UPS), and the service tariffs must be affordable to all users of the postal services. Every six months, based on the UPS cost accounting rules, the Company makes estimates and analyses loss incurred from provision of mandatory service. In case the UPS tariffs set by the Government for the Company are lower than the cost of this service, the difference between the costs and the tariffs is compensated under the procedure and terms set by the Government, as prescribed in the Lithuanian Postal Law. Company recognises the compensation for the loss incurred from postal services with regulated prices in the statement of comprehensive income as Other income, when calculation of the loss is verified and approved by the Communications Regulatory Authority and the Minister for Transport and Communications, as being an unreasonably large financial burden for the Company.

Criteria for revenue recognition

Under IFRS 15, revenue is recognised at the amount equal to the transaction price when certain performance obligations established in the contract are fulfilled, however, any components of a variable consideration are recognised when it is highly probable that the latter revenue will not be reversed.

2.7 RECOGNITION OF EXPENSES

Expenses are recognised on an accrual basis during the reporting period when income related to these expenses is earned, regardless of the timing of the cash payments. Expenditure incurred during the reporting period, which cannot be attributed directly to income earned and which will not generate any income in future reporting periods, are recognised as expenses when incurred.

Expenses are typically measured at the amount paid or payable, net of VAT. When a long term of settlement is established and no interest is charged, expenses are determined by discounting the amount of settlement at the market interest rate.

2.8 INTANGIBLE ASSETS OTHER THAN GOODWILL

Acquisitions of intangible assets are stated at cost, less subsequent accumulated amortisation and impairment loss. Value added tax expenses directly related to the acquisition of assets, which are not refundable under the Law on Value Added Tax, are added to the cost of intangible assets acquired. Amortisation is recognised in the statement of comprehensive income on a straight-line basis over the useful life of 3-10 years.

Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The useful lives, residual values and amortisation method are reviewed annually to ensure that they are consistent with the expected pattern of economic benefits from intangible assets.

The Group/Company does not have any intangible assets (other than goodwill) with indefinite useful life.

2.9 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at acquisition cost less subsequent accumulated depreciation and accumulated impairment loss.

The initial value of property, plant and equipment comprises acquisition cost including non-refundable acquisition taxes and all directly attributable costs associated with preparation for use or transportation to the place of use of assets concerned. Value added tax expenses directly related to the acquisition of assets, which are not refundable under the Law on Value Added Tax, are added to the value of property, plant, and equipment. For the purpose of the statement of comprehensive income, repair and maintenance costs incurred after the item of property, plant and equipment was put into operation are usually recognised during the period when such costs arose.

Construction in progress is stated at cost. Construction in progress comprises the cost of building, constructions and facilities and other directly attributable costs. Construction in progress is not depreciated until the completion of construction and putting of the assets into exploitation.

When property is retired or otherwise disposed, the cost and related depreciation are removed from the financial statements and any related gains or losses are determined by comparing proceeds with the net book value of the assets disposed and are included in the statement of comprehensive income.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate the cost of each asset to their net book value over their estimated useful lives, as follows:

Buildings	15 - 80 years
Machinery and equipment	6 - 15 years
Motor vehicles	10 years
Computer hardware	3 - 7 years
Communication equipment	3 - 15 years
Furniture	10 years
Other fittings, fixtures, tools and equipment	6 - 10 years
Other property, plant and equipment	4 - 10 years

The useful lives, residual values and depreciation method are reviewed annually to ensure that they are consistent with the expected pattern of economic benefits from property, plant and equipment.

2.10 INVESTMENT PROPERTY

The Group's/Company's investment property represents real estate held to earn rental income. Investment property at the Group/Company is property leased under one or more operating lease agreements if the area leased accounts for more than 20% of the total area of property. Investment property is stated at acquisition cost less accumulated depreciation and recognised impairment loss. The initial value of investment property comprises its purchase price, including non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repair and maintenance costs incurred after the investment property has been brought to its working condition are normally charged to the statement of comprehensive income in the period when such costs are incurred. Depreciation is calculated on a straight-line basis to write-off the cost of each item of investment property to its net book amount over the estimated useful life of 15 to 80 years.

The carrying amount of the investment property is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset [calculated as the difference between the net disposal proceeds and the carrying amount of the asset] is included in the statement of comprehensive income in the year in which the asset is derecognised. Transfers to and from investment property are made only when there is an evidence of change in an asset's intended use.

2.11 IMPAIRMENT OF ASSETS

Impairment of non-financial assets

Other assets are assessed for impairment when events and circumstances indicate that the value of assets may not be recoverable. Where the carrying amount of an asset exceeds its

recoverable amount, impairment is accounted for in the statement of comprehensive income. A reversal of an impairment loss recognised in prior periods is recorded when there is an indication that the impairment loss recognised for the asset no longer exists or has materially decreased. Reversal is accounted for in the statement of comprehensive income under the same line item as impairment loss.

2.12 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability;
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The Group/Company must have access to the principal or the most advantageous market.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Fair values of financial assets and financial liabilities is obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

The Group/Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2 – valuation techniques for which the lowest level inputs that are significant to the fair value measurement are observable in the market either directly or indirectly;

Level 3 – valuation techniques for which the lowest level inputs that are significant to the fair value measurement are unobservable in the market.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group/Company determines whether transfers have occurred between the levels in the hierarchy by re-assessing categorisation [based on the lowest level input that is significant to the fair value measurement as a whole] at the end of each reporting period.

Impairment of amounts receivable from the foreign post offices is assessed individually for each

customer [a foreign post office]. Impairment is assessed by multiplying two components: i) a projected probability of default and ii) expected losses in the event of default. When calculating the value of the projected probability of default, the Group and the Company consider that the price of credit default swaps (CDS) of a specific party indicates probability that the insolvency event will occur. If there are no readily available prices of CDS, the price of CDS is attributed according to the credit rating assigned by the credit rating agency Moody's to the country in which a foreign post office operates. If Moody's has not assigned the credit rating to a specific country, the highest CDS price available in the market is attributed. When calculating the value of expected losses in the event of default, the Group and the Company refer to the category to which bonds of the state, in which the foreign post office operates, are attributed. Bonds are classified into investment-grade or speculative-grade bonds. The grades are attributed according to the lowest rating of one of three rating agencies (Standard & Poor's, Moody's, Fitch). The Group and the Company assume that expected losses in the event of default represent 75% of the total final settlement amount when government bonds are attributed to the investment grade, and 100% when government bonds are attributed to the speculative grade.

Valuations are performed by the management and in order to disclose information about fair value, it established classes of assets and liabilities based on the nature, characteristics and risks as well as the above fair value hierarchy level of assets and liabilities.

2.13 INCOME TAX

Income tax charge is based on profit for the year and considers deferred taxation. Income tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity, in which case the tax is also recognised directly in equity.

Lithuanian companies are subject to income tax rate of 15%.

Tax losses may be carried forward for an indefinite period, except for losses incurred as a result of disposal of securities and/or derivative financial instruments. Such carrying forward is disrupted if the Group's/Company's entity changes its activities due to which these losses were incurred, except when the Group's/Company's entity does not continue its activities due to reasons which do not depend on the entity itself. The losses from disposal of securities and/or derivative financial instruments can be carried forward for 5 consecutive years and only be used to reduce the taxable income earned from the transactions of the same nature. With effect from 1 January 2014, tax losses available for carry forward can be used to reduce taxable income of the current tax year by maximum 70%.

Deferred taxes are calculated using the balance sheet liability method. Deferred tax represents a net tax effect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts reported in the financial statements. Deferred tax assets and liabilities are measured using a tax rate that is expected to be used when deferred tax assets are realised or deferred tax liability is settled taking account of tax rates enacted or substantially enacted at the date of the statement of financial position.

Deferred tax assets are recognised in the statement of financial position to the extent that the management expects to utilise such assets in the near future taking into consideration forecasts of taxable profit. When it is probable that a portion of deferred tax will not be utilised, this portion of deferred tax is not recognised in the financial statements. Deferred income tax assets are not recognised against unused possible income tax reliefs.

2.14 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale are measured at the lower of the carrying amount and fair value less costs to sell. A non-current asset is classified as held for sale if its carrying amount is recovered principally through a sale transaction rather than through continuing use. This requirement is met only when the sale is highly probable and the asset is fully ready for immediate sale. Essential conditions of a probable sale are the shareholder's approved decision to sell and the signing of a non-cancellable purchase agreement with the buyer of non-current assets. Depreciation of a non-current asset ceases at the date that the asset is classified as held for sale.

If the Group's/Company's asset classified as held for sale no longer meets the criteria described above, the Group/Company ceases to classify such asset as held for sale and measures such asset at the lower of a net book value before reclassification to assets held for sale by taking into consideration any adjustments for depreciation, amortisation or revaluation that would have been accounted for if the asset was not classified as held for sale, and its recoverable amount estimated after deciding not to sell the asset. Adjustments to the carrying amount of assets that are no longer classified as held for sale are accounted for in profit or loss of the reporting period.

2.15 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses. Cost is determined using the first-in, first-out (FIFO) method. The cost of inventories comprises purchase price, transportation, other costs directly attributable to the cost of inventories and taxes other than those subsequently recoverable by the Group/Company from the state authorities. Inventories that are no longer expected to be realised are written off.

2.16 FINANCIAL ASSETS

Initial recognition and measurement of financial assets

On initial recognition, financial assets are classified as subsequently measured at amortised cost, at fair value through other comprehensive income, or at fair value through profit or loss.

The classification of financial assets on initial recognition depends on the contractual nature of the cash flows of the financial asset and the Company's business model for managing financial assets. Except for trade receivables that do not have a significant financing component, the Company initially recognises financial assets at fair value, plus, in case of financial assets not measured at fair value through profit or loss, transaction costs. Trade receivables that do not include a significant financing component are measured at the transaction price determined in accordance with IFRS 15.

For a financial asset to be designated and measured at amortised cost or fair value through other comprehensive income, cash flows arising from the financial asset should comprise solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is called the SPPI test and is performed for each financial instrument.

The Company's business model for managing financial assets indicates how the Company manages its financial assets to generate cash flows. The business model determines whether cash flows will be generated by collecting contractual cash flows, by selling the financial asset or by using both options.

Ordinary purchases or sales of financial assets are recognised on the trade date, i.e. the date on which the Company commits to purchase or sell the financial asset.

Subsequent measurement

After initial recognition, the Company measures financial assets at:

- Amortised cost (debt financial instruments);
- Fair value through other comprehensive income when accumulated profit or loss is transferred to profit or loss upon derecognition (debt financial instruments). As at 31 December 2022 and 2021, the Company had no such financial instruments;
- Fair value through other comprehensive income when accumulated profit or loss is not transferred to profit or loss upon derecognition (equity instruments). As at 31 December 2022 and 2021, the Company had no such financial instruments;
- Fair value through profit or loss. As at 31 December 2022 and 2021, the Company had no such financial instruments.

Financial assets measured at amortised cost (debt financial instruments)

This category is the most relevant to the Company/Group. The Company/Group measures finan-

cial assets at amortised cost provided that both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised cost are subsequently recorded using the effective interest method (EIR) less impairment losses. Gains or losses are recognised in the statement of comprehensive income when the asset is derecognised, replaced or impaired.

The Company's financial assets measured at amortised cost comprise cash and cash equivalents, trade receivables, other current and non-current receivables and loans granted.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised (i.e., it is derecognised from the statement of financial position of the Company) when:

- the contractual rights to receive cash flows from the financial asset have expired; or
- the Company has transferred the contractual rights to receive cash flows from financial assets; or assumed a liability to pay all cash flows received to the third party under the transfer agreement without a significant delay and

a) the Company has transferred substantially all the risks and rewards of ownership of the transferred financial asset; or

b) the Company has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, but has transferred control of that financial asset.

When the Company transfers the contractual rights to receive cash flows from a financial asset or concludes a disposal agreement with a third party, it is assessed whether and to what extent the Company retains the risks and rewards of ownership of the financial asset. When the Company neither transfers nor retains substantially all the risks of rewards of ownership of the financial asset and does not transfer control of the asset, the asset continues to be recognised to the extent of the Company's continuing involvement in the asset. In such a case, the Company also recognises related liabilities. The transferred asset and related liabilities are measured on the basis of the rights and liabilities retained by the Company.

When the transferred asset related to the Company becomes a guarantee, the portion under control is measured at the lower of the carrying amount of the asset and the maximum amount that the Company may be required to pay [the amount of the guarantee].

Impairment of financial assets

The Company recognises expected credit losses (ECL) for all debt financial instruments that are not measured at fair value through profit or loss. ECL are based on the difference between the contractual cash flows receivable and cash flows expected to be received by the Company discounted at an approximate original effective interest rate. ECL are recognised in three stages.

For credit exposures whose credit risk has not increased significantly since initial recognition, ECL are calculated for credit losses arising from default events that may occur within the next 12 months [12-month ECL]. Credit exposures for which there has been a significant increase in credit risk since initial recognition, impairment is provided for the amount of credit losses expected to occur within the remaining life of the credit exposure, irrespective of the timing of default [lifetime ECL].

The Group/Company uses the simplified approach to calculate ECL for trade receivables and assets arising from contracts with customers. Therefore, the Group/Company does not observe changes in credit risk, but recognises impairment at each reporting date on the basis of lifetime ECL. The Company uses a matrix of expected loss rates, which is based on the historical credit loss analysis and adjusted to reflect future factors specific to borrowers and economic environment. When there is objective evidence of impairment of an unquoted equity instrument that is not measured at fair value because fair value cannot be measured reliably, the amount of the loss is measured as the difference between the carrying amount and the present value of estimated cash flows discounted using a market return rate for similar financial assets.

2.17 CASH AND CASH EQUIVALENTS

Cash comprises cash on hand and cash at bank. Cash equivalents represent short-term highly liquid investments easily convertible to a known amount of cash. The maturity of such investments does not exceed three months and the risk of changes in their value is quite low.

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits in current bank accounts, and other highly liquid short-term investments.

2.18 BORROWINGS

Borrowings are initially recorded at the fair value of proceeds received, net of transaction costs. Subsequently, they are carried at amortised cost and the difference between proceeds received and the amount to be repaid over the term of the debt is recorded in profit or loss of the reporting period [except for the capitalised part, see information below]. Borrowings are recognised as non-current when the financing agreement signed prior to the date of approval of the statement of financial position provides for a long-term nature of liability at the date of the statement of financial position.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their

intended use or sale, are added to the cost of those assets. Other borrowing costs are recognised as expenses as incurred. Borrowing costs include interest and other expenses related to the borrowing of funds. At the option of the Group/Company, after the completion of the construction/acquisition of the targeted assets targeted borrowings are not converted into general borrowings, therefore, related borrowing costs are not capitalised.

2.19 LEASES

Where the Group and the Company are lessees

Under the requirements of IFRS 16, the Group/Company recognises right-of-use assets and lease liabilities for all types of lease with the term longer than 12 months, except for the cases when the value of assets transferred under the lease contract is low. Based on the management's judgement, this value is equal to EUR 1,000.

At the date of initial recognition, the lessee measures lease liabilities at the present value of lease payments not paid, including the following payments:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under the residual value guarantees;
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The right-of-use assets are recognised at the amount equal to the lease liabilities, adjusted for any related lease prepayments. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

Lease payments are discounted using the interest rate implicit in the lease if that rate is readily determinable. If that rate is not readily determinable, the lessee uses the lessee's incremental borrowing rate.

The interest rate implicit in the lease is the rate of interest that causes the present value of the lease payments and the unguaranteed residual value to equal the sum of the fair value of the underlying asset and any initial direct costs of the lessor.

Lease liabilities are measured at amortised cost using the effective interest rate treated as equal to the discount rate applied in discounting lease payments. Interest expenses related to lease liabilities are calculated on the outstanding balance of the lease liability allocated over the lease term and recognised through profit or loss.

At initial recognition, the cost of right-of-use assets comprises:

- the amount of the initial measurement of the present value of the lease liability;

- any lease payments at the commencement date or prior to it less any lease incentives received;
- any initial direct costs incurred by the lessee; and
- estimate of the asset's recovery costs.

Subsequently, the lessee measures the right-of-use assets at cost less all accumulated depreciation and all accumulated impairment losses. If the ownership right of the leased assets is transferred to the lessee by the end of the lease term or the price of the right-of-use assets indicates that the lessee will exercise the option to purchase, the lessee calculates the depreciation of the right-of-use assets from the commencement date until the end of the useful life of the leased assets. Otherwise, the lessee calculates the depreciation of the right-of-use assets from the commencement date until the earlier of these dates: the end of the useful life of the right-of-use assets or the end of the lease term.

The depreciation period of the right-of-use assets is 1-12 years.

Payments related to short-term lease or lease of assets, the lease price of which changes depending on the variable inputs set out in the contracts (mileage, number of hours), are recognised as expenses through profit or loss under the straight-line basis. Short-term lease is the lease that has a lease term of 12 months or less.

Operating lease – where the Group/Company is a lessor

Leases where the Group/Company retains all the risks and rewards of ownership of the leased item are classified as operating leases. Initial direct cost incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as lease income. Lease payments are recognised as income during the period in which it is earned.

2.20 GRANTS AND SUBSIDIES

Grants and subsidies [hereinafter 'grants'] received in the form of non-current assets or intended to purchase, construct or otherwise acquire non-current assets are defined as asset-related grants. Assets received free of charge are also allocated to this group of grants. The amount of the grants related to assets is recognised as income in the financial statements over the period of depreciation of the assets associated with this grant. In the statement of comprehensive income, depreciation expense account is decreased by the amount of grant amortisation.

Grants received as a compensation for the expenses or unearned income of the current or previous reporting period, also, all the grants, which are not grants related to assets, are defined as grants related to income. The income-related grants are recognised as used in parts to the extent of the expenses incurred during the reporting period or unearned income to be compensated by that grant.

2.21 FINANCIAL LIABILITIES

Initial recognition and measurement

On initial recognition, financial liabilities are classified as financial liabilities measured at fair value through profit or loss, borrowings and amounts payable. All financial liabilities are initially recognised at fair value and, in case of borrowings and amounts payable, directly attributable transaction costs are deducted. The Company's financial liabilities include trade and other payables, borrowings, including overdrafts and finance lease liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading and financial liabilities classified as measured at fair value through profit or loss on initial recognition.

Financial liabilities are classified as held for trading if they are incurred with a repurchase purpose in the near future. This category also includes derivative financial instruments of the Company that are not classified as hedges within the scope of IFRS 9. Separate embedded derivatives are also classified as held for trading unless they are classified as effective hedging instruments. Gain or loss resulting from financial liabilities held for trading is recognised in the statement of comprehensive income. As at 31 December 2022 and 2021, the Group/Company had no derivative financial instruments.

Liabilities measured at amortised cost

This category is the most relevant to the Company. After initial recognition, borrowings and other amounts payable are accounted for at amortised cost using the effective interest rate [EIR] method. Gains and losses are recognised in the statement of comprehensive income when liabilities are derecognised, as well as through the amortisation process.

Amortised cost is calculated by reference to the discount or premium on acquisition, as well as taxes or costs that are an integral part of the EIR. EIR amortisation is included in financing costs in the statement of comprehensive income.

Derecognition

A financial liability is derecognised when the obligation under the liability is settled, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability. The difference between the respective carrying amounts is recognised in the statement of comprehensive income.

Off-setting of financial instruments

Financial assets and financial liabilities are set off and the net amount presented in the statement of financial position when there is an enforceable right to set off the recognised amounts and when there is intention to settle on a net basis, i.e. to realise the asset and settle the liability simultaneously.

2.22 LONG-TERM EMPLOYEE BENEFITS

Each employee of retirement age who terminates his/her employment with the companies of the Group/Company upon retirement is entitled to receive a one-off payment equal to 2 monthly salaries as stipulated in the Lithuanian Labour Code.

The current year cost of employee benefits is expensed immediately in the statement of comprehensive income. The past service cost is recognised as an expense in equal instalments over the average period until the benefits become vested. Gain or loss resulting from changes in employee benefits [decrease or increase] is recognised immediately in the statement of comprehensive income.

Employee benefit obligation is calculated with reference to actuarial valuations using the projected unit credit method. Liability is recognised in the statement of financial position and it reflects the present value of these benefits at the date of the preparation of the statement of financial position. The present value of employee benefit obligation is determined by discounting the estimated future cash flows using the interest rates set for government bonds denominated in the same currency as the benefits and with a maturity similar to the expected timing of benefits settlement. Actuarial gains and losses are recognised immediately in the statement of comprehensive income.

2.23 INVESTMENTS IN SUBSIDIARIES

In the Company's separate financial statements, investments in subsidiaries are stated at acquisition cost. The cost of investments is reduced by the amount of impairment. Such impairment is assessed and accounted for each investment separately.

2.24 PROVISIONS

Provisions are recognised when the Group/Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be

required to settle the obligation; and the amount can be reliably estimated. Expenses related to the accounting of provisions are recognised in the statement of comprehensive income. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as borrowing costs.

2.25 CONTINGENCIES

Contingent liabilities are not recognised in the financial statements, except for contingent liabilities related to business combinations. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognised in the financial statements but disclosed when an inflow of income or economic benefits is probable.

2.26 EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period that provide additional information about the Group's/Company's position at the date of the statement of financial position [adjusting events] are reflected in the financial statements. Events after the reporting period other than adjusting events are disclosed in the notes to the financial statements when such events are significant.

2.27 INTER-COMPANY OFFSETTING

When preparing the financial statements, assets and liabilities, as well as revenue and expenses are not set off, except for the cases when a certain IFRS specifically permits or requires such set-off.

2.28 CORRECTION OF MATERIAL ERROR

In April 2023 the Group discovered material error relating to the recognition of the universal postal service [UPS] loss compensation receivable for the UPS loss incurred providing services during 2022.

IAS 20 para. 7 states that government grants shall not be recognised until there is reasonable assurance that [a] the entity will comply with the conditions attaching to them; and [b] the grants will be received.

The UPS loss compensation mechanism is regulated by Universal Postal Service Loss Compensation Rules approved by the Government of the Republic of Lithuania on 10 April 2013. The rules foresee that the loss should be compensated, if the Communications Regulatory Authority (CRA) determines that [a] the fulfilment of the obligation to provide universal postal service was unprofitable for the provider (the loss is incurred and accurately calculated) and [b] constituted an unreasonably large financial burden. While the Management of the Company accurately calculated the estimated loss for the services provided during 2022 in the amount of EUR 4 820 thousand, the probability to receive the compensation is not reasonably certain before CRA concludes that this loss was an unreasonably large financial burden for the Company. The latter determination by CRA will be based on objective and subjective criteria that are out of Company's control.

Based on the above Management believes that criteria for the recognition of government grant in relation to loss incurred during 2022 were not met as of 31 December 2022 and therefore Other income should be reversed. When correcting this error Other income of EUR 4 820 thousand was derecognised in the statements of comprehensive income for the year ended 31 December 2022, respectively reducing Non-current financial assets by the same amount. Together with this adjustment related current and deferred income tax corrections were made in 2022. See table below for the correction of an error.

Compensation for UPS loss incurred in 2021 remains recognized as Other income in the statements of comprehensive income for the year ended 31 December 2022, because on 29 December 2022 loss compensation was approved by CRA as being an unreasonably large financial burden for the Company.

The error has been corrected by restating each of the affected consolidated and separate financial statements line items as follows:

CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME (EXTRACT)

	YEAR ENDED 31 DECEMBER					
	GROUP			COMPANY		
	2022	DECREASE	2022 (RESTATED)	2022	DECREASE	2022 (RESTATED)
Other income	24 572 296	(4 820 249)	19 752 047	24 572 296	(4 820 249)	19 752 047
Operating income	118 296 989	(4 820 249)	113 476 740	118 296 989	(4 820 249)	113 476 740
Operating profit/(loss)	10 338 198	(4 820 249)	5 517 949	10 340 757	(4 820 249)	5 520 508
Profit/(loss) before income tax	9 817 243	(4 820 249)	4 996 994	9 819 802	(4 820 249)	4 999 553
Income tax gain (expense)	(467 073)	308 047	(159 026)	(467 073)	308 047	(159 026)
Profit/(loss) for the period	9 350 170	(4 512 202)	4 837 968	9 352 729	(4 512 202)	4 840 527
Total comprehensive income/(expenses) for the period	9 350 170	(4 512 202)	4 837 968	9 352 729	(4 512 202)	4 840 527

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION (EXTRACT)

	AT 31 DECEMBER					
	GROUP			COMPANY		
	2022	DECREASE	2022 [RESTATED]	2022	DECREASE	2022 [RESTATED]
ASSETS						
Non-current assets						
Non-current financial assets	4 891 351	(4 820 249)	71 102	4 897 143	(4 820 249)	76 894
	61 757 361	(4 820 249)	56 937 112	61 763 153	(4 820 249)	56 942 904
Total assets	126 703 217	(4 820 249)	121 882 968	126 634 390	(4 820 249)	121 814 141
EQUITY						
Retained earnings/(deficit)	3 808 995	(4 512 202)	(703 207)	3 740 901	(4 512 202)	(771 301)
Total equity	36 600 864	(4 512 202)	32 088 662	36 532 480	(4 512 202)	32 020 278
LIABILITIES						
Non-current liabilities						
Deferred income tax liability	342 459	(308 047)	34 412	342 459	(308 047)	34 412
	21 837 351	(308 047)	21 529 304	21 837 351	(308 047)	21 529 304
Total liabilities	90 102 354	(308 047)	89 794 307	90 101 910	(308 047)	89 793 863
Total equity and liabilities	126 703 217	(4 820 249)	121 882 968	126 634 390	(4 820 249)	121 814 141

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS (EXTRACT)

	YEAR ENDED 31 DECEMBER					
	GROUP			COMPANY		
	2022	DECREASE	2022 [RESTATED]	2022	DECREASE	2022 [RESTATED]
Cash flows from operating activities						
Profit/(loss) for the period	9 350 170	(4 512 202)	4 837 968	9 352 729	(4 512 202)	4 840 527
Adjustments for non-cash items:						
Change in deferred income tax	467 073	(308 047)	159 026	467 073	(308 047)	159 026
	11 602 288	(4 820 249)	6 782 039	11 607 552	(4 820 249)	6 787 303
Changes in working capital:						
(Increase)/decrease in other receivables, prepayments and deferred expenses	(10 020 351)	4 820 249	(5 200 102)	(10 066 134)	4 820 249	(5 245 885)

The correction further affected some of the amounts disclosed in notes 4, 12, 26, 19, 30 and 31.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS. SALES REVENUE

REVENUE FROM CONTRACTS WITH CUSTOMERS BY TYPE:

		AT 31 DECEMBER	
		GROUP/COMPANY	
		2022	2021
Postal services with unregulated prices		35 341 466	35 384 300
Postal services with regulated prices	(a)	11 059 273	12 454 135
Services to foreign post offices	(b)	5 552 139	12 326 726
Financial services	(c)	10 837 954	6 600 375
Courier services		19 810 799	19 855 095
Retail and commission trade	(d)	4 550 523	5 313 771
Delivery of periodicals to subscribers		2 696 708	2 739 030
Intermediation services	(e)	601 327	927 645
Other services		3 274 505	3 614 126
Total		93 724 693	99 215 202

a) Revenue from postal services with regulated prices decreased compared to 2021 mostly due to lower volume of domestic postal traffic.

b) Revenue from services to foreign post offices declined by 55% due to a significantly lower volume of inbound postal traffic, mainly from China, Singapore, Great Britain, Luxembourg.

c) Revenue from financial services increased compared to 2021 due to higher revenue from delivery and payment of retirement pensions. Lietuvos Paštas was awarded a contract by Sodra for delivery of allowances and benefits, and as from January 2022, pensions, other allowances and benefits are delivered to customers residing in the areas served by 42 Sodra units.

d) Revenue from retail and commission trade decreased due to closure of post offices, optimisation of delivery circumstances, withdrawal of Russian and Belarus goods from trade.

e) Revenue from intermediation services decreased due to lower volume of intermediation in crediting.

REVENUE FROM CONTRACTS WITH CUSTOMERS BY GEOGRAPHICAL REGION:

		AT 31 DECEMBER					
		2022			2021		
		Lithuania	European Union	Other countries	Lithuania	European Union	Other countries
Postal services with unregulated prices	a)	28 740 935	6 519 327	81 204	24 220 074	9 443 150	1 721 076
Postal services with regulated prices		11 059 273	-	-	12 454 135	-	-
Services to foreign post offices		-	4 414 916	1 137 223	-	8 637 952	3 688 774
Financial services		10 826 982	10 774	198	6 588 223	10 382	1 770
Courier services		18 405 624	996 168	409 007	18 111 313	877 836	865 946
Retail and commission trade		4 533 918	16 605	-	5 300 576	13 195	-
Delivery of periodicals to subscribers		2 696 708	-	-	2 739 030	-	-
Intermediation services		374 768	226 227	332	467 674	458 450	1 521
Other services		3 222 025	47 680	4 800	2 604 333	678 116	331 677
Total		79 860 232	12 231 697	1 632 764	72 485 357	20 119 081	6 610 764

a) Revenue from domestic postal services increased due to changes in tariffs. Revenue from postal traffic in EU decreased due to 60.4% lower ETOE as well as lower flow of parcels and letters.

4. OTHER INCOME

	AT 31 DECEMBER	
	GROUP/COMPANY	
	2022 (RESTATED*)	2021
Rental income	242 488	278 535
Compensation for loss incurred from delivery of periodicals to subscribers (a)	8 976 401	7 222 166
Compensation for loss incurred from postal services with regulated prices (b)	4 963 626	-
Gain on disposal of non-current assets – net (c)	5 400 137	4 358 914
Other income	169 395	121 110
Total	19 752 047	11 980 724

5. OTHER EXPENSES

	AT 31 DECEMBER	
	GROUP/COMPANY	
	2022	2021
External postal delivery services	6 383 855	6 501 331
Expenses related to postal operations (a)	1 564 596	1 254 442
Short-term lease and maintenance of premises (b)	851 283	329 130
Advertising and representation	427 494	454 086
Cash collection and escort fee (c)	940 871	604 855
Consulting, audit and security expenses (d)	433 228	670 036
Bank charges (e)	362 707	500 653
Insurance services (f)	217 981	50 644
Office supplies	115 936	146 612
Write-off expenses of inventories, amounts receivable, prepayments	202 504	205 992
Other expenses (g)	1 575 078	2 424 415
Total	13 075 531	13 142 194

a) As the Company fulfils its obligation to deliver periodicals to subscribers in rural residential areas, it incurs losses that are compensated by the State. Losses arise from the fact that the highest tariffs for the delivery of periodicals to subscribers in rural areas approved by the Government of the Republic of Lithuania are significantly lower compared to cost of the service. Since losses arise from restriction imposed on the price of the service resulting in collection of insufficient revenue to cover the losses, the Company presents the compensation for loss incurred from delivery of periodicals to subscribers as other income in the statement of comprehensive income.

b) The Company's commitment to provide universal postal service (UPS) has a significant impact on the Company's performance, and accordingly, if the provision of the UPS becomes a large financial burden for the Company, the loss incurred in relation to the provision of the UPS is compensated from the state budget in accordance with the established procedure. Considering the expected cash flows from compensation, the receivable compensation is discounted to present value using the discount rate of 3.4% based on yields from short-term government securities. Compensation for postal services with regulated prices [EUR 4 963 626] for 2021 is recognized as other income in the statement of comprehensive income of 2022. It was the first time that UPP compensation was approved on December 29, 2022 by the Communications Regulatory Authority for the year 2021 as being unreasonably large financial burden. The Company, after evaluating the UPS loss compensation terms, recognised UPS compensation receivable for 2021 [planned to be received in December 2023] as short-term other receivables.

*See note 2.28 for details regarding the restatement as a result of an error.

While the Management of the Company calculated the estimated loss for the universal postal services provided during 2022 in the amount of EUR 4 820 thousand, the probability to receive the compensation is not reasonably certain before CRA concludes that this loss was an unreasonably large financial burden for the Company. The latter determination by CRA will be based on objective and subjective criteria that are out of Company's control, therefore no loss compensation for 2022 period is recognised in these financial statements.

c) Net result of disposal of non-current assets represents a difference between proceeds and expenses of disposal of non-current assets, whose increase in 2022 mainly due to the transmission of Kaunas and Klaipėda central post buildings to the Ministry of Culture of the Republic of Lithuania for the public needs. Net result of the transmission of mentioned buildings is EUR 3 354 801.

a) Expenses related to postal operations increased due to higher expenses of servicing the parcel lockers as a result of network development, and technical maintenance expenses of distribution equipment.

b) Expenses of short-term lease and maintenance of premises increased due to recatogarisat of some long-term leases into short-term leases, under which the lease right to underlying assets is not capitalised as assets, but rather recognised as lease expenses.

c) Cash collection and escort fee expenses increased due to higher volume of delivery of pensions and other benefits as from 2022.

d) Consulting, audit and security expenses decreased due to lower expenses of consulting and legal services.

e) Bank charges decreased due to lower volume of bank transfers.

f) Expenses of insurance services increased due to voluntary health insurance offered to employees as from 2022.

g) Other expenses decreased due to accumulated compensation in 2021 in relation to the lease contract for Kaunas logistics centre, the termination of which resulted in signing of the Peaceful Settlement on 22 December 2021 between Istanas UAB, Lietuvos Paštas AB and the Prosecutor General's Office of the Republic of Lithuania, defending public interest, based on which Lietuvos Paštas AB was committed to pay the compensation set in the Peaceful Settlement and carry out the necessary repairs of premises. Note 28 reveals a decrease in accumulated costs, as in 2021 costs were accrued for the termination of the lease agreement for the Kaunas Logistics Center premises, including the repair work of this property.

6. OTHER GAIN/(LOSS)

	AT 31 DECEMBER	
	GROUP/COMPANY	
	2022	2021
Foreign exchange income	3 163 083	367 420
Foreign exchange expenses	(2 883 592)	(1 252 135)
Total	279 490	(884 715)

Positive foreign exchange effect on the financial performance was driven by fluctuations of EUR to USD exchange rate in the course of 2022. On 31 December 2022 1 EUR was equal to 1.066 USD, on 31 December 2021 - 1.13 USD.

7. FINANCE INCOME AND COSTS

	AT 31 DECEMBER	
	GROUP/COMPANY	
	2022	2021
Interest income	1 035	3 767
Interest on late payment	462	2 800
Other finance income	102	1 538
Total finance income	1 598	8 105
Interest on bank overdraft and borrowings	(a) [144 649]	[56 333]
Interest on lease liabilities	(b) [366 283]	[828 848]
Other finance costs	[11 621]	[10 532]
Total finance costs	(522 553)	(895 713)

a) Interest expenses increased in 2022 due to increase in 6-month Euribor interest rate on borrowings from the Nordic Investment Bank.

b) In 2022, interest on lease liabilities was calculated on the outstanding debt for right-of-use assets in the reporting year, whereas in 2021 higher interest on lease liabilities was calculated on the outstanding debt due to change of accounting tool for right-of-use assets.



8. INTANGIBLE ASSETS

GROUP	PATENTS AND LICENSES	PREPAYMENTS	COMPUTER SOFTWARE	PROJECTS IN PROGRESS	TOTAL
Year ended 31 December 2021					
Net book amount at 1 January 2021	150 139	1	1 090 738	1 742 645	2 983 523
Additions	12 001	-	788 758	554 835	1 355 594
Reclassification between groups	-	-	2 354 690	(1 993 813)	360 877
Write-offs	-	-	-	-	-
Impairment	-	-	-	-	-
Amortisation charge	(46 509)	-	(321 818)	-	(368 327)
Net book amount at 31 December 2021	115 631	1	3 912 368	303 667	4 331 667
At 31 December 2021					
Acquisition cost	840 126	373	11 249 831	1 542 889	13 633 219
Accumulated impairment	-	(372)	(1 406 079)	(1 239 222)	(2 645 673)
Accumulated amortisation	(724 495)	-	(5 931 383)	-	(6 655 878)
Net book amount	115 631	1	3 912 368	303 667	4 331 668
Year ended 31 December 2022					
Net book amount at 1 January 2022	115 631	1	3 912 368	303 667	4 331 667
Additions	55 675	-	439 128	176 596	671 399
Reclassification between groups	-	-	92 372	(92 372)	-
Write-offs	-	-	(1 713)	-	(1 713)
Impairment	-	-	-	-	-
Amortisation charge	(48 293)	-	(663 695)	-	(711 988)
Net book amount at 31 December 2022	123 013	1	3 778 460	387 891	4 289 365
At 31 December 2022					
Acquisition cost	895 801	373	11 770 405	1 627 113	14 293 692
Accumulated impairment	-	(372)	(1 406 079)	(1 239 222)	(2 645 673)
Accumulated amortisation	(772 788)	-	(6 585 866)	-	(7 358 654)
Net book amount	123 013	1	3 778 460	387 891	4 289 365

COMPANY	PATENTS AND LICENSES	PREPAYMENTS	COMPUTER SOFTWARE	PROJECTS IN PROGRESS	TOTAL
Year ended 31 December 2021					
Net book amount at 1 January 2021	150 139	1	1 090 738	1 742 645	2 983 523
Additions	12 001	-	788 758	554 835	1 355 594
Reclassification between categories	-	-	2 354 690	[1 993 813]	360 877
Write-offs	-	-	-	-	-
Impairment	-	-	-	-	-
Amortisation charge	[46 509]	-	[321 817]	-	[368 326]
Net book amount at 31 December 2021	115 631	1	3 912 369	303 667	4 331 668
At 31 December 2021					
Acquisition cost	840 126	373	10 609 959	607 357	12 057 815
Accumulated impairment	-	[372]	[766 207]	[303 690]	[1 070 269]
Accumulated amortisation	[724 495]	-	[5 931 384]	-	[6 655 879]
Net book amount	115 631	1	3 912 368	303 667	4 331 667
Year ended 31 December 2022					
Net book amount at 1 January 2022	115 631	1	3 912 368	303 667	4 331 667
Additions	55 675	-	439 128	176 596	671 399
Reclassification between categories	-	-	92 372	[92 372]	-
Write-offs	-	-	[1 713]	-	[1 713]
Impairment	-	-	-	-	-
Amortisation charge	[48 293]	-	[663 695]	-	[711 988]
Net book amount at 31 December 2022	123 013	1	3 778 460	387 891	4 289 365
At 31 December 2022					
Acquisition cost	895 801	373	11 130 533	691 581	12 718 288
Accumulated impairment	-	[372]	[766 207]	[303 690]	[1 070 269]
Accumulated amortisation	[772 788]	-	[6 585 866]	-	[7 358 654]
Net book amount	123 013	1	3 778 460	387 891	4 289 365

Amortisation charges of intangible assets are included in depreciation and amortisation charges of non-current assets in the Group/Company's statement of comprehensive income.

Additions under Projects in progress include intangible assets acquired but not brought into use yet - Business Management System upgrading [P] Rivilė integration programming, BKIS integration programming, Shopify plugin for self-service system].

9. PROPERTY, PLANT AND EQUIPMENT

GROUP	BUILDINGS AND STRUCTURES	PLANT AND MACHINERY	MOTOR VEHICLES	OTHER PROPERTY, PLANT AND EQUIPMENT	CONSTRUCTION WORK IN PROGRESS	TOTAL
Year ended 31 December 2021						
Net book amount at 1 January 2021	23 844 700	7 640 815	438 950	3 720 178	7 253 202	42 897 845
Additions	-	1 321 065	-	1 356 234	2 226 176	4 903 475
Disposals	(2 072 792)	(137 299)	(7 679)	(6 135)	-	(2 223 905)
Write-offs	-	(14 755)	-	(2 652)	-	(17 407)
Reclassified from investment property	81 997	-	-	-	-	81 997
Impairment	-	(107 363)	-	(8 904)	-	(116 267)
Reclassification between categories	-	7 361 354	-	111 136	(7 833 368)	(360 878)
Reclassified to assets held for sale	(34 164)	-	-	-	-	(34 164)
Depreciation charge	(494 474)	(1 143 361)	(104 356)	(1 319 714)	-	(3 061 905)
Net book amount at 31 December 2021	21 325 267	14 920 456	326 915	3 850 143	1 646 010	42 068 791
At 31 December 2021						
Acquisition cost	36 403 583	19 988 999	2 072 798	10 060 816	1 646 010	70 172 206
Accumulated depreciation	(10 554 403)	(4 957 002)	(1 745 883)	(6 201 769)	-	(23 459 057)
Accumulated impairment	(4 523 913)	(111 541)	-	(8 904)	-	(4 644 358)
Net book amount at 31 December 2021	21 325 267	14 920 456	326 915	3 850 143	1 646 010	42 068 791
Year ended 31 December 2022						
Net book amount at 1 January 2022	21 325 267	14 920 456	326 915	3 850 143	1 646 010	42 068 791
Additions	9 437	2 277 177	-	797 450	603 131	3 687 195
Disposals	(3 985 778)	(59 195)	(7 681)	(5 048)	-	(4 057 702)
Write-offs	(33)	(20 570)	-	(73 975)	-	(94 578)
Reclassified from investment property	88 097	-	-	-	-	88 097
Impairment	-	-	-	-	-	-
Reclassification between categories	32 258	2 023 638	-	-	(2 056 162)	(266)
Reclassified to assets held for sale	(99 382)	-	-	-	-	(99 382)
Depreciation charge	(434 798)	(1 430 597)	(101 446)	(1 188 180)	-	(3 155 021)
Net book amount at 31 December 2022	16 935 068	17 710 909	217 788	3 380 390	192 979	38 437 135
At 31 December 2022						
Acquisition cost	28 053 068	23 674 055	1 581 984	10 312 706	192 979	63 814 792
Accumulated depreciation	(8 295 461)	(5 951 520)	(1 364 196)	(6 923 413)	-	(22 534 590)
Accumulated impairment	(2 822 539)	(11 626)	-	(8 903)	-	(2 843 068)
Net book amount at 31 December 2022	16 935 068	17 710 909	217 788	3 380 390	192 979	38 437 135

COMPANY	BUILDINGS AND STRUCTURES	PLANT AND MACHINERY	MOTOR VEHICLES	OTHER PROPERTY, PLANT AND EQUIPMENT	CONSTRUCTION WORK IN PROGRESS	TOTAL
Year ended 31 December 2021						
Net book amount at 1 January 2021	23 844 700	7 640 815	438 950	3 726 131	7 253 202	42 903 798
Additions	-	1 321 065	-	1 356 234	2 226 176	4 903 475
Disposals	(2 072 792)	(137 299)	(7 679)	(6 135)	-	(2 223 905)
Write-offs	-	(14 755)	-	(2 652)	-	(17 407)
Reclassified from investment property	81 997	-	-	-	-	81 997
Impairment	-	(107 363)	-	(8 904)	-	(116 267)
Reclassification between categories	-	7 361 354	-	111 136	(7 833 368)	(360 878)
Reclassified to assets held for sale	(34 164)	-	-	-	-	(34 164)
Depreciation charge	(494 474)	(1 143 361)	(104 356)	(1 322 962)	-	(3 065 153)
Net book amount at 31 December 2021	21 325 267	14 920 456	326 915	3 852 848	1 646 010	42 071 496
At 31 December 2021						
Acquisition cost	36 403 583	19 988 999	2 072 798	10 073 809	1 646 010	70 185 199
Accumulated depreciation	(10 554 403)	(4 957 002)	(1 745 883)	(6 212 057)	-	(23 469 345)
Accumulated impairment	(4 523 913)	(111 541)	-	(8 904)	-	(4 644 358)
Net book amount at 31 December 2021	21 325 267	14 920 456	326 915	3 852 848	1 646 010	42 071 496
Year ended 31 December 2022						
Net book amount at 1 January 2022	21 325 267	14 920 456	326 915	3 852 848	1 646 010	42 071 496
Additions	9 437	2 277 177	-	797 450	603 131	3 687 195
Disposals	(3 985 778)	(59 195)	(7 681)	(5 048)	-	(4 057 702)
Write-offs	(33)	(20 570)	-	(73 975)	-	(94 578)
Reclassified from investment property	88 097	-	-	-	-	88 097
Impairment	-	-	-	-	-	-
Reclassification between categories	32 258	2 023 638	-	-	(2 056 162)	(266)
Reclassified to assets held for sale	(99 382)	-	-	-	-	(99 382)
Depreciation charge	(434 798)	(1 430 597)	(101 446)	(1 190 885)	-	(3 157 726)
Net book amount at 31 December 2022	16 935 068	17 710 909	217 788	3 380 390	192 979	38 437 135
At 31 December 2022						
Acquisition cost	28 053 068	23 674 055	1 581 984	10 312 706	192 979	63 814 792
Accumulated depreciation	(8 295 461)	(5 951 520)	(1 364 196)	(6 923 413)	-	(22 534 590)
Accumulated impairment	(2 822 539)	(11 626)	-	(8 903)	-	(2 843 068)
Net book amount at 31 December 2022	16 935 068	17 710 909	217 788	3 380 390	192 979	38 437 135

In 2022, depreciation charges of the Group's property, plant and equipment amounted to EUR 3 155 021 (2021: EUR 3 061 905). In 2022, depreciation charges of the Company's property, plant and equipment amounted to EUR 3 157 726 (2021: EUR 3 065 153). In the Group's/ Company's statement of comprehensive income, depreciation charges of property, plant and equipment are included in depreciation and amortisation of non-current assets.

In 2022, the Company's internally created and capitalised property, plant and equipment (automated letter distribution equipment) amounted to EUR 2 023 902 (2021: EUR 6 898 847). This amount is reclassified from construction in progress. In 2022, the renovation of the premises in Šiauliai (Vytauto Str. 42) was completed, therefore, the amount of renovation accumulated in construction in progress was reclassified to buildings and structures.

As at 31 December 2022, the Company's buildings with the net book value of EUR 10 183 878 were pledged to the Nordic Investment Bank as collateral under the long-term targeted loan agreement (31 December 2021: EUR 10 453 650).

The Company tested its property, plant and equipment and intangible assets to see whether their carrying amount as at 31 December 2022 was not higher than the recoverable amount. The recoverable amount of property, plant and equipment and intangible assets was calculated with reference to the value in use. The value in use is estimated by discounting the future cash flows to present value at discount rate of 5.50% after taxes, (at 31 December 2021: 7.29% before taxes), which is based on current situation in the market and time value of money. As a result, it was established that the carrying amount of property, plant and equipment and intangible assets was not higher than the recoverable amount.

As at 31 December 2022, the Company's construction in progress amounted to EUR 192 982. It includes postal terminal equipment, renovation of post offices in Jonava and Venta.

The most significant part of the amount of long-term assets for sale consists of the sale transaction of real estate (address: V. Kudirkos Str. 39, Druskininkai) terminated on 2 December 2022, therefore, the book value of this real estate is recorded in the group of non-current assets held for sale. In addition, on 29 December 2022, the transaction of premises sale (address: Taikos Str. 101A, Klaipėda) was concluded and the book value of this non-current asset was transferred to the group of non-current assets held for sale.



10. RIGHT-OF-USE ASSETS

GROUP/COMPANY	LAND	BUILDINGS AND STRUCTURES	PLANT AND MACHINERY	MOTOR VEHICLES	OTHER PROPERTY, PLANT AND EQUIPMENT	TOTAL
Year ended 31 December 2021						
Net book amount at 1 January 2021	1 286 001	13 256 059	8 017	2 521 487	22 898	17 094 461
New contracts signed, repriced	755 974	2 030 704	464	892 430	124 610	3 804 182
Contracts terminated	(176 765)	(158 857)	-	-	-	(335 622)
Depreciation charge	(558 727)	(2 589 402)	(8 481)	(746 182)	(49 924)	(3 952 716)
Net book amount at 31 December 2021	1 306 482	12 538 504	0	2 667 735	97 584	16 610 304
Year ended 31 December 2022						
Net book amount at 1 January 2022	1 306 482	12 538 504	0	2 667 735	97 584	16 610 304
New contracts signed, repriced	934 258	3 430 364	16 293	2 942 057	57 653	7 380 625
Contracts terminated [a]	(138 374)	(6 539 806)	-	-	-	(6 678 180)
Depreciation charge	(645 341)	(1 956 391)	(9 728)	(1 061 884)	(46 664)	(3 720 008)
Net book amount at 31 December 2022	1 457 026	7 472 671	6 565	4 547 908	108 572	13 592 741

a) The most significant part of the right-of-use assets of the terminated contracts is the lease agreement of the Kaunas Logistics Center terminated in 2022.

Right-of-use assets are attributed to the category of Land, i.e. the right to the location where the parcel lockers are built. The category of Buildings and structures represents the lease right to premises designated for the Company's operating activities; the category of Plant and machinery represents the lease of card readers.



11. INVESTMENT PROPERTY

GROUP/COMPANY	BUILDINGS
Year ended 31 December 2021	
Net book amount at 1 January 2021	1 946 059
Reclassified to property, plant and equipment	(81 997)
Disposals	(938 685)
Depreciation charge	(27 242)
Net book amount at 31 December 2021	898 135
At 31 December 2021	
Acquisition cost	1 462 382
Impairment	(139 670)
Accumulated depreciation	(424 577)
Net book amount at 31 December 2021	898 135

GROUP/COMPANY	BUILDINGS
Year ended 31 December 2022	
Net book amount at 1 January 2022	898 135
Reclassified to property, plant and equipment	(88 097)
Disposals	(250 550)
Depreciation charge	(12 719)
Net book amount at 31 December 2022	546 769
At 31 December 2022	
Acquisition cost	981 612
Impairment	(86 689)
Accumulated depreciation	(348 154)
Net book amount at 31 December 2022	546 769

Investment property comprises office buildings rented out to legal entities and individuals. It also includes property that is not used in the operating activities, however, capital appreciation is expected from this property upon its disposal. Investment property-related expenses for 2022 comprising depreciation charges are included in depreciation and amortisation of non-current assets in the statement of comprehensive income and amount to EUR 12 719 [2021: EUR 27 242].

The fair value of investment property as at 31 December 2022 and 2021 approximates its carrying amount.

12. NON-CURRENT FINANCIAL ASSETS

	AT 31 DECEMBER			
	GROUP		COMPANY	
	2022 (RESTATED*)	2021	2022 (RESTATED*)	2021
Investments in subsidiaries	-	-	23 543	23 543
Loans to subsidiaries	-	-	1 951 072	1 951 072
Investments in other entities, undertakings	60 000	60 000	60 000	60 000
Amounts receivable after one year	166 639	180 676	166 639	180 676
	226 639	240 676	2 201 254	2 215 292
-Impairment of loans granted to subsidiaries	-	-	(1 951 072)	(1 951 072)
-Impairment of investments in subsidiaries	-	-	(17 751)	(17 751)
-Impairment of amounts receivable after one year	(155 537)	(162 912)	(155 537)	(162 912)
Total non-current financial assets	71 102	77 764	76 894	83 556

The Company is a partner [owner] of public institution Mobility Innovation Centre. The total amount of contributions is EUR 60,000. All partners [owners] of the public institution have one vote each, irrespective of the amount of the contribution made by the partners [owners].

*See note 2.28 for details regarding the restatement as a result of an error.

13. INVENTORIES

	AT 31 DECEMBER	
	GROUP/COMPANY	
	2022	2021
Inventories and consumables	167 104	220 605
Philately production	32 736	33 697
Goods for resale	3 143 449	3 590 505
	3 343 289	3 844 807
Write-down allowance	(20 611)	(18 939)
Total inventories	3 322 678	3 825 868

The write-down allowance for the Group's/Company's inventories amounted to EUR 20 611 as at 31 December 2022 [31 December 2021: EUR 18 393]. The change in the write-down allowance for inventories in the years 2022 and 2021 was included in other expenses in the Group's/Company's statement of comprehensive income.

The cost of inventories written off and goods sold was accounted for in the Group's/Company's statement of comprehensive income. In 2022, the cost of goods sold was EUR 2 613 207, the value of fuel consumed was EUR 2 562 375, the cost of other inventories was EUR 371 800. In 2021, the cost of goods sold was EUR 3 421 701, the value of fuel consumed was EUR 1 928 553, the cost of other inventories was EUR 425 262.

In 2022, the Group/Company had inventories held on consignment for the amount of EUR 215 213 [2021: EUR 453 248] and these inventories were not accounted for in the statement of financial position.

14. TRADE RECEIVABLES

		AT 31 DECEMBER	
		GROUP/COMPANY	
		2022	2021
Trade receivables – gross	a)	11 205 332	9 149 293
Receivables from foreign post offices – gross	b)	268 786	6 094 685
		11 474 118	15 243 978
Impairment of trade receivables		(622 715)	(469 254)
Impairment of receivables from foreign post offices		(23 729)	(31 523)
Total impairment		(646 444)	(500 777)
Total trade receivables		10 827 674	14 743 201

a) The increase in trade receivables at the end of 2022 was due to the fact that the central post offices of Kaunas and Klaipėda in December 2022 were handed over to the public needs of the Ministry of Culture of the Republic of Lithuania, for which part of the payment (EUR 1 185 000) was received at the beginning of 2023.

b) In 2022, receivables from foreign post offices decreased compared to 2021 due to fall in income from foreign post offices and the specifics of settlements. The biggest influence on the decrease in indebtedness of foreign post offices in 2022 was the decrease of EUR 2 302 598 in receivables from China Post, after covering them with the advances received from China Post for letter correspondence services as homogeneous assets and liabilities.

Trade receivables for services rendered in the domestic market are non-interest bearing and are normally settled within the term of 30 days. The settlement term for invoices agreed with the buyers of cross-border services is 6 weeks.

The Group/Company calculated impairment for trade receivables based on the historical loss analysis for the previous 24 months. The Group/Company believes that historical loss information is a sufficient basis for determining expected credit losses on amounts receivable, as the Group's/Company's client risk profile and the Group's/Company's crediting practices have not changed significantly over the years.

The Group/Company calculated impairment for receivables from foreign post offices by grouping foreign post offices according to the credit ratings of the countries in which the foreign post offices operate. The Group/Company believes the grouping of the post offices by credit rating grade is a sufficient basis for evaluating credit quality and determining expected credit losses on amounts receivable. Receivables from foreign post offices by credit rating grade (after impairment) are presented in the table below.

RECEIVABLES FROM FOREIGN POST OFFICES BY CREDIT RATING GRADE

	AT 31 DECEMBER	
	GROUP/COMPANY	
	2022	2021
Investment	211 060	5 950 741
Speculative	33 997	112 421
Total	245 057	6 063 162

CHANGE IN IMPAIRMENT OF TRADE RECEIVABLES:

	GROUP/COMPANY
Balance at 31 December 2020	511 543
Impairment charge for the year	12 444
Bad debts recovered (written off) during the year	[23 210]
Balance at 31 December 2021	500 777
Reversal of impairment for the year	259 752
Bad debts recovered (written off) during the year	[114 085]
Balance at 31 December 2022	646 444

The change in impairment of trade receivables was included in impairment [reversal of impairment] of financial assets in the Group's/Company's statement of comprehensive income.

For the assessment of impairment for trade receivables, individual debts of the customers were grouped by days past due. Having calculated the ECLs based on the expected credit loss rates, the ageing analysis of trade receivables as at 31 December 2022 and 2021 is as follows:



THE AGEING ANALYSIS OF TRADE RECEIVABLES:

GRUPĖ/BENDROVĖ	CURRENT	TRADE RECEIVABLES PAST DUE					TOTAL
		UP TO 30 DAYS	30-60 DAYS	60-90 DAYS	90-180 DAYS	MORE THAN 180 DAYS	
At 31 December 2021							
Trade receivables – gross	7 808 429	631 243	136 946	24 201	26 965	521 509	9 149 293
Expected loss rate [%]	0.00469%	0.1340%	2.982%	12.860%	52.880%	85.634%	
Impairment of trade receivables	(366)	(846)	(4 083)	(3 112)	(14 259)	(446 588)	(469 254)
	7 808 063	630 397	132 863	21 089	12 706	74 922	8 680 039
At 31 December 2022							
Trade receivables – gross	8 142 433	1 728 358	415 476	251 295	186 762	481 008	11 205 332
Expected loss rate [%]	0.00294%	0.1227%	3.113%	21.530%	55.436%	93.509%	
Impairment of trade receivables	(239)	(2 121)	(12 934)	(54 103)	(103 534)	(449 784)	(622 715)
	8 142 194	1 726 237	402 542	197 192	83 229	31 225	10 582 616

Trade receivables from the buyers who are involved legal disputes with the Group/Company or have the status of a company undergoing bankruptcy or liquidation, are subject to a 100% impairment. Trade receivables with settlement terms depending on the date of agreement with the counterparties on the quantity of services rendered, are assessed for impairment individually.

The Company considers that the borrower is in default in relation to financial assets if the contractual payments are past due more than 30 days, or when there are indications that the borrower or a group of borrowers is experiencing serious financial difficulties, fails to settle the liabilities, likely to initiate bankruptcy or reorganisation procedures, and in cases where the observed data suggests a decline in future cash flows, such as changes in past due patterns or changes in economic conditions that correlate with the incidents of default. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. The cooperation agreement with the debt recovery company was signed in 2021.



15. CONTRACT ASSETS

	AT 31 DECEMBER	
	GROUP/COMPANY	
	2022	2021
Accrued revenue from foreign post offices	5 955 612	10 884 834
Impairment of accrued revenue from foreign post offices (a)	(1 554 427)	(1 314 891)
Total contract assets	4 401 185	9 569 943

a) As at 31 December 2022 accrued revenue from foreign post offices decreased compared to 31 December 2021 mostly due to lower accrued revenue from post offices in Belgium and Germany.

The Group/Company operates on the basis of international agreements defining the rules for settlements and for issuing the accounting documents for postal services rendered. Based on these agreements, the Group/Company actually reconciles the actual shipment data, including the volume of postal services rendered and receivable amounts, only in the next year after the date of the statement of financial position. The Group/Company accrues revenue that is shown as contract assets in the statement of financial position. The contract assets is a right to consideration in return for goods or services transferred to a customer. If the Group/Company transfers goods or services to a customer before a customer pays for them or before the due settlement date, the contract asset is accounted for at the amount equal to the consideration earned, which is conditional, and is reduced by the amount of the advance amount received from a customer. When calculating accrued revenue for services rendered, the Group/Company assesses the actual volume of services rendered/received, the last known effective prices and the statistical data on service volume.

Under the line item contract assets, the Company presented accrued revenue from foreign post offices by deducting from it the advance amounts received from the same international partners for the same services rendered.

The Group/Company calculated impairment for accrued revenue from foreign post offices by grouping the foreign post offices according to the credit ratings of the countries in which the foreign post offices operate.

16. PREPAYMENTS, DEFERRED EXPENSES

	AT 31 DECEMBER	
	GROUP/COMPANY	
	2022	2021
Deferred expenses (a)	213 532	833 541
Prepayments for services (b)	1 491 060	818 141
Prepaid income tax	1 331	91 543
Total	1 705 922	1 743 225

The Group/Company believes that the grouping of the post offices by credit rating grades is a sufficient basis for evaluating credit quality and determining expected credit losses on accrued revenue. Accrued revenue from foreign post offices by credit rating grade (after impairment) is presented in the table below. When calculating impairment for accrued revenue from foreign post offices, the Group/Company also assesses the risk arising from prescription. It is considered that accrued revenue from foreign post offices recognised two years ago have a 8% likelihood of non-recovery, those recognised three years ago have a 50% likelihood of non-recovery, those recognised four years ago have a 75% likelihood of non-recovery, and those recognised five or more years ago have a 100% likelihood of non-recovery.

In addition, having assessed the risks relating to unilateral decision of the Chinese post in 2021, impairment of EUR 1 268 312 for accrued revenue was recognised in 2021, thereby reducing the liabilities of the Chinese post to the Lithuanian post.

ACCRUED REVENUE FROM FOREIGN POST OFFICES BY CREDIT RATING GRADE:	AT 31 DECEMBER	
	GROUP/COMPANY	
	2022	2021
Investment	4 061 470	9 230 328
Speculative	339 715	339 615
Total	4 401 185	9 569 943

IMPAIRMENT CHANGE OF ACCRUED REVENUE FROM FOREIGN POST OFFICES	GROUP/COMPANY	
Balance at 31 December 2020		84 833
Depreciation calculated per year		1 230 058
Balance at 31 December 2021		1 314 891
Depreciation calculated per year		239 536
Balance at 31 December 2022		1 554 427

a) The expenses for the coming periods at end of 2022 are lower than the ones at the end of 2021, because in 2021 the costs of renting licenses for the year 2022 were paid, and in 2022 there was no such payment.

b) Prepayments as at 31 December 2022 increased compared to 31 December 2021 due to cross-border postal services. The foreign post offices (designated operators) may request to make prepayments in relation to cross-border postal services in accordance with the provisions of the Universal Postal Union Convention and related regulations.

The line item of prepayments for services in the statement of financial position as at 31 December 2022 excludes prepayments made to foreign post offices (designated operators) in relation to cross-border postal services when those prepayments were made to the same foreign post offices for the same services, similarly as in accrued expenses in the part of liabilities. Those prepayments are netted against accrued expenses as homogeneous assets and liabilities.

17. OTHER AMOUNTS RECEIVABLE

		AT 31 DECEMBER			
		GROUP		COMPANY	
		2022	2021	2022	2021
Compensation receivable for loss incurred from delivery of periodicals to subscribers	(a)	4 712 177	3 683 232	4 712 177	3 683 232
Compensation receivable for loss incurred from postal services with regulated prices	(b)	4 963 626	-	4 963 626	-
Prepayments to the budget		-	45 782	-	-
Other amounts receivable		162 666	865 388	162 666	865 388
Total		9 838 469	4 594 402	9 838 469	4 548 620

MOVEMENT IN COMPENSATIONS RECEIVABLE FOR LOSS INCURRED FROM DELIVERY OF PERIODICALS TO SUBSCRIBERS:

	COMPENSATION FOR LOSS INCURRED FROM DELIVERY OF PERIODICALS TO SUBSCRIBERS
Amount receivable at 31 December 2020	3 572 613
Calculated amount receivable in 2021	7 222 166
Compensation received in 2021	(7 111 547)
Amount receivable at 31 December 2021	3 683 232
Calculated amount receivable in 2022	8 976 401
Compensation received in 2022	(7 947 456)
Amount receivable at 31 December 2022	4 712 177

a) In 2022, the Company incurred loss of EUR 8 976 401 from delivery of periodicals to subscribers in rural residential areas. According to the procedure for the compensation for loss from delivery of periodicals to subscribers in rural areas established by the Government, loss of EUR 7 947 456 was compensated for the Company during 2022 (i.e. loss not compensated for 2021 and loss for the first half of 2022). In 2021, loss of EUR 7 111 547 was compensated.

b) In 2022, compensation receivable for loss incurred from postal services with regulated prices represents loss incurred in 2021 in relation to these services. More information on UPS compensation is disclosed in Note 2.6 and 4.

18. CASH AND CASH EQUIVALENTS

		AT 31 DECEMBER			
		GROUP		COMPANY	
		2022	2021	2022	2021
Cash at bank	(a)	31 595 775	23 795 654	31 521 179	23 761 587
Cash on hand		978 493	827 246	978 493	827 246
Cash in transit		1 317 726	916 129	1 317 726	916 129
Total		33 891 993	25 539 029	33 817 397	25 504 962

a) Cash at bank increased as at 31 December 2022 compared to 31 December 2021 due to compensation received for loss incurred from delivery of periodicals to subscribers in rural areas and due to the payment received from the Lithuanian Ministry of Culture for Kaunas and Klaipėda central post offices taken over for public needs.

The Group and the Company hold cash only at credit institutions with the highest ratings. Management did not establish any impairment indications for cash and did not reflect it in the Company's statement of comprehensive income.

19. SHARE CAPITAL

As at 31 December 2022 and 2021, the Republic of Lithuania owned 113 074 410 ordinary shares of the Company with the nominal value of EUR 0.29 each [31 December 2021: EUR 0.29]. Ordinary shares comprise the main portion of the Company's shares. All ordinary shares have the same nominal values. All ordinary shares grant a voting right. Only the holders of ordinary shares have the right to receive new shares issued under the procedure prescribed by the Law on Companies, when the authorised share capital is increased from the Company's retained earnings or from the reserves formed from profit available for appropriation. As at 31 December 2022 and 31 December 2021, all the shares were fully paid. Pursuant to the Lithuanian Law

on Companies, the shareholders' equity must not be lower than 1/2 of an entity's share capital registered in the Articles of Association. As at 31 December 2022, the Company complied with this requirement.

The Company's ordinary shares cannot be converted into preference shares. The Company is not allowed to establish the amount of dividends to holders of ordinary shares in the Articles of Association or the share subscription agreement.

CALCULATION OF THE WEIGHTED AVERAGE AT 31 DECEMBER 2021:	NUMBER OF SHARES	NOMINAL VALUE PER SHARE	IN CIRCULATION/ 365 (IN DAYS)	WEIGHTED AVERAGE
Number of shares at 31 December 2020	113 074 410	0	365/365	113 074 410
Number of shares at 31 December 2021	113 074 410	0	365/365	113 074 410

CALCULATION OF THE WEIGHTED AVERAGE AT 31 DECEMBER 2022:	NUMBER OF SHARES	NOMINAL VALUE PER SHARE	IN CIRCULATION/ 365 (IN DAYS)	WEIGHTED AVERAGE
Number of shares at 31 December 2021	113 074 410	0	365/365	113 074 410
Number of shares at 31 December 2022	113 074 410	0	365/365	113 074 410

	2022 RESTATED	2021
Dividends allocated to shareholders	-	-
Average weighted number of issued shares (units)	113 074 410	113 074 410
The Company's earnings/(deficit) per share (in EUR)	0.0428	(0.0670)

20. RESERVES

LEGAL RESERVE

The legal reserve is compulsory under the Lithuanian Law on Companies. Annual transfers of 5% of net profit for the reporting period calculated in accordance with the Lithuanian regulatory legislation on accounting are required until the reserve reaches 10% of the authorised share capital. In 2022, the Group/Company earned profit, and therefore, it is planned to transfer part of profit for the reporting year to the legal reserve.

In 2021, the Company incurred loss. The Company's General Meeting of Shareholders [by Order No 3-255 of 13 May 2022] made a decision to transfer EUR 861 254 from the legal reserve to retained earnings [deficit] in order to cover loss incurred in 2021.

21. BORROWINGS

	AT 31 DECEMBER GROUP/COMPANY	
	2022	2021
Non-current borrowings		
Bank borrowings	11 666 667	14 000 000
Overdraft	-	-
	11 666 667	14 000 000
Current borrowings		
Bank borrowings – current portion of non-current borrowings	2 333 333	2 333 333
Overdraft	-	-
Total borrowings	14 000 000	16 333 333

NON-CURRENT BORROWINGS BY MATURITY:

	AT 31 DECEMBER GROUP/COMPANY	
	2022	2021
Within one year	2 333 333	2 333 333
Between 1 and 5 years	11 666 667	11 666 667
Later than five years	-	2 333 333
Total	14 000 000	16 333 333

Interest rates on borrowings outstanding as at 31 December 2022 and were as 31 December 2021 follows: 6-month EURIBOR + 0.95%.

As at 31 December 2018, the Group/Company had the agreement on a long-term targeted loan of EUR 17.5 million with the Nordic Investment Bank for the term of 10 years. The subject matter of the agreement is to finance the construction of a new automated distribution logistics centre in Vilnius, renewal of the logistics and postal vehicle fleet, and development of parcel lockers. This agreement is valid until 31 December 2028, the interest rate is 6-month EURIBOR + 0.95%. The interest rate is calculated with EURIBOR not lower than -0.95%. As at 31 December 2022, the withdrawn amount of the loan was EUR 17 500 000. The total repaid amount of the loan is EUR 3 500 000, whereof EUR 2 333 333 was repaid in 2022.

The building of the Vilnius logistics center [Metalo St. 5, Vilnius] is pledged as collateral under the targeted long-term loan agreement with the Nordic Investment Bank [Nordic Investment Bank], the residual value of which in 31 December 2022 was EUR 10 183 878 [31 December 2021 - EUR 10 453 650].

MOVEMENTS IN FINANCIAL LIABILITIES:

	GROUP/COMPANY				
	AT 31 DECEMBER 2020	PROCEEDS FROM BORROWINGS [PAYMENT]	REPAYMENT OF BORROWINGS	CHANGE IN FAIR VALUE	AT 31 DECEMBER 2021
Overdraft	2	[2]	-	-	0
Bank borrowings	14 500 000	3 000 000	[1 166 667]	-	16 333 333
Total	14 500 002	2 999 998	[1 166 667]	-	16 333 333

	GROUP/COMPANY				
	AT 31 DECEMBER 2021	PROCEEDS FROM BORROWINGS [PAYMENT]	REPAYMENT OF BORROWINGS	CHANGE IN FAIR VALUE	AT 31 DECEMBER 2022
Overdraft	[0]	-	-	-	-
Bank borrowings	16 333 333	-	[2 333 333]	-	14 000 000
Total	16 333 333	-	[2 333 333]	-	14 000 000

In 2022, interest charged by the Nordic Investment Bank amounted to of EUR 137 524.

As at 31 December 2022, the Group/Company had overdraft agreements for the amount of EUR 15 million with OP Corporate Bank plc Lithuania branch signed on 29 October 2021 and expiring on 29 October 2023. Under the agreements, the overdraft is used to finance the working capital. The withdrawn amount of the overdraft is subject to interest rate of 3-month EURIBOR + 1.17%. The interest rate is calculated with EURIBOR not lower than 0%.

As at 31 December 2022, the unwithdrawn balance of bank overdrafts amounted to EUR 15 000 000 [31 December 2021: EUR 15 000 000].

The loan agreements provide for financial and non-financial covenants that the Company is obliged to comply with. As at 31 December 2022, the Company complied with the contractual covenants.

All borrowings are denominated in euros, therefore, there is no foreign exchange risk.

22. LEASE LIABILITIES

	AT 31 DECEMBER	
	GROUP/COMPANY	
	2022	2021
Balance at 31 December 2021	16 795 884	16 907 927
Liabilities under new leases	7 380 903	3 804 182
Expired liabilities (terminated leases)	(6 678 180)	(335 622)
Interest charged	366 283	828 848
payments to lessors	(4 426 682)	(4 409 451)
Balance at 31 December 2022	13 438 209	16 795 884

Liabilities under new leases increased due to entering into new long-term lease contracts for premises and cars. In 2022, a high value lease transaction was terminated resulting in higher value of terminated leases. In 2022, interest on lease liabilities was calculated on the outstanding debt of right-of-use assets in the reporting year.

MINIMUM LEASE PAYMENTS BY MATURITY:

	AT 31 DECEMBER	
	GROUP/COMPANY	
	2022	2021
Minimum payments		
Within one year	4 241 702	3 953 006
Between 1 and 5 years	9 013 762	10 169 152
Later than five years	1 150 647	4 280 317
Total	14 406 111	18 402 475
Future finance charges	(967 902)	(1 606 591)
Total carrying amount	13 438 209	16 795 884

In 2022, the Company incurred motor vehicle lease expenses under short-term lease contracts outside the scope of IFRS 16, and the related maintenance expenses in total amount of EUR 3 084 195 (2021: EUR 2 340 347). These expenses mostly include short-term lease expenses for cars with the lease price depending on the mileage and other criteria, also maintenance expenses for leased cars, and short-term lease expenses for low-value assets.

23. OPERATING LEASE AND LOAN FOR USE

MINIMUM RENTAL INCOME UNDER NON-CANCELLABLE LEASE CONTRACTS IS AS FOLLOWS:

	AT 31 DECEMBER	
	GROUP/COMPANY	
	2022	2021
Within one year	178 316	203 508
Between 1 and 5 years	213 103	188 919
Later than five years	47 703	2 373
Total	439 122	394 800

The Company has concluded 115 lease agreements, according to which it leases 5 693 52 square meters of premises and structures on 31 December 2022. There are 12 open-ended contracts and 50 expiring in 2023, but these contracts are expected to be renewed. The average monthly rental income is EUR 20 207. In 2022 the Company received EUR 242 488 of rental income, and in 2021 - EUR 278 535.

The Company has 2 loan for use agreements with the beneficiaries. Based on these agreements, the Company leases out premises covering an area of 205 10 sq.m. As at 31 December 2022, the net book amount of assets leased under loan for use agreements was EUR 145 045. One loan for use agreement has indefinite term and one loan for use agreement expires on 27 August 2030.

24. LONG-TERM EMPLOYEE BENEFITS

As at 31 December 2022 and 2021, long-term employee benefits of the Group/Company comprised long-term obligations to employees related to one-off benefits to employees leaving the Group/Company at the retirement age. Expenses related to these obligations were included in other expenses in the statement of comprehensive income of the Group/Company.

MOVEMENT IN PENSION BENEFIT OBLIGATIONS TO EMPLOYEES WAS AS FOLLOWS:

	GROUP/COMPANY	
	LONG-TERM EMPLOYEE BENEFITS	CURRENT PORTION OF LONG-TERM EMPLOYEE BENEFITS
Balance at 31 December 2020	194 109	293 659
Change	[58 474]	52 814
Balance at 31 December 2021	135 635	346 473
Change	78 431	36 421
Balance at 31 December 2022	214 066	382 894

KEY ASSUMPTIONS USED IN ASSESSING PENSION BENEFIT OBLIGATIONS TO EMPLOYEES ARE AS FOLLOWS:

	AT 31 DECEMBER	
	GROUP/COMPANY	
	2022	2021
Discount rate, %	3,25	1
Employee turnover rate, %	27,40	33,50
Annual salary increase, %	5	3

Increase in long-term employee benefit obligations at the end of 2022 was related to rising work pay.

THE COMPANY'S SENSITIVITY ANALYSIS TO CHANGES IN KEY ASSUMPTIONS AS AT 31 DECEMBER 2022:

ASSUMPTIONS	DISCOUNT RATE		EXPECTED ANNUAL SALARY INCREASE		EMPLOYEE TURNOVER RATE	
	Increase by 0.4 p. p.	Decrease by 0.4 p. p.	Increase of 1 p. p.	Decrease by 1 p. p.	Increase by 1 p. p.	Decrease by 1 p. p.
Sensitivity level						
Effects on long-term employee benefit obligation increase/decrease	[3 622]	3 721	9 242	[8 816]	[12 619]	13 511

The table above presents the sensitivity analysis of long-term employee benefit obligations to the potential changes at the end of the reporting period, when there is change in one variable, while other variables remain constant.

25. GRANTS AND SUBSIDIES

GROUP/COMPANY	
Gross amount at 31 December 2021	247 254
Grant received	45 854
Grant written-off	[9 757]
Gross amount at 31 December 2022	283 351
Accumulated amortisation at 31 December 2021	71 968
Amortisation charge for the period	71 690
Amortisation of assets written off	380
Accumulated amortisation at 31 December 2022	144 038
Net book amount at 31 December 2021	175 286
Net book amount at 31 December 2022	139 313

26. INCOME TAX

COMPONENTS OF INCOME TAX (EXPENSES)/BENEFIT:

	AT 31 DECEMBER	
	GROUP/COMPANY	
	2022 (RESTATED*)	2021
Current year income tax (expenses)/benefit	-	-
Adjustment for previous year income tax	-	615 690
Deferred income tax (expenses)/benefit	[159 026]	469 123
Income tax (expense)/benefit recognised in the statement of comprehensive income	[159 026]	1 084 813

The amount of income tax benefit reported in the statement of comprehensive income attributable to the result of operations for the year can be reconciled to the amount of income tax expenses calculated at income tax rate of 15%.

The Company reduced the taxable income for 2022 by the amount of tax losses [EUR 5 516 922] and investment relief [EUR 2 364 395]. No income tax benefit [expenses] were calculated in the reporting year.

ADJUSTMENT TO INCOME TAX BENEFIT/(EXPENSES):

	AT 31 DECEMBER	
	GROUP/COMPANY	
	2022 (RESTATED*)	2021
Income tax at a rate of 15%	[749 933]	1 118 976
Non-taxable income	85 714	113 858
Permanent non-allowable deductions	[119 451]	[569 498]
Adjustment to income tax for investment relief	[a] 354 660	-
Other adjustments for previous year income tax	269 984	421 477
Utilisation of accumulated tax losses for which no deferred income tax assets were recognised	-	-
Deferred income tax not recognised due to tax losses and other temporary differences	-	-
Recognition of previously unrecognised deferred income tax on accumulated tax losses	-	-
Income tax (expenses)/benefit	[159 026]	1 084 813

a) When calculating the income tax for the year 2022, an allowance of EUR 2 364 395 related with expenses to investment projects was used.

*See note 2.28 for details regarding the restatement as a result of an error

DEFERRED INCOME TAX CALCULATION:

	AT 31 DECEMBER	
	GROUP/COMPANY	
	2022	2021
	(RESTATED*)	
Components of deferred income tax assets:		
Tax losses carry forward	373 453	963 116
Social security contributions for accrued vacation reserve and other accrued expenses	291 774	157 572
Impairment of amounts receivable and inventories	503 496	396 044
Deferred income tax assets before write-down to net realisable value	1 168 723	1 516 732
Less: write-down to net realisable value	-	-
Less: deferred income tax assets offset against deferred income tax liabilities	-	-
Deferred income tax assets, net	1 168 723	1 516 732
Components of deferred income tax liability:		
Property, plant and equipment and investment property	(1 203 135)	(1 392 118)
Deferred income tax liability	1 203 135	(1 392 118)
Less: deferred income tax liabilities offset against deferred income tax assets	-	-
Deferred income tax liability, net	(34 412)	124 614

In the statements of financial position, deferred income tax is presented as deferred income tax liability amounting to EUR 34 412 (as per the statement of financial position).

As at 31 December 2022 and 2021, deferred income tax assets and liabilities were calculated at tax rate of 15%.

Deferred income tax assets were offset against deferred income tax liabilities in the Company's statement of financial position as they both relate to the same tax administration authority.

The balance of the investment project allowance on December 31, 2022 is EUR 9 314 005, from which the deferred income tax is not calculated.



27. CONTRACT LIABILITIES

	AT 31 DECEMBER	
	GROUP/COMPANY	
	2022	2021
Advance amounts received from subscribers of periodicals	3 766 445	4 073 167
Other advance amounts received	9 709 171	10 339 715
Deferred revenue	908 898	468 714
Total contract liabilities	14 384 514	14 881 596

Contract liabilities include advance amounts received from subscribers of periodicals and other services. A contract liability is an obligation to deliver goods or services to a customer, for which the payment has already been received (or it is receivable). If a customer makes payment before the Company transfers goods or services, the contract liability is recognised when the payment is received. Contract liabilities are recognised as revenue when the Company fulfills the contractual obligations.

In the statements of financial position as at 31 December 2022, the line item of contract liabilities, other advance amounts received excludes advance amounts received from the foreign post offices in relation to cross-border postal services when those advance amounts were received from the same foreign post offices and for the same services, similarly as in accrued revenue in the part of assets. Those advance amounts received are netted against accrued revenue as homogeneous assets and liabilities.

28. ACCRUED EXPENSES

		AT 31 DECEMBER	
		GROUP/COMPANY	
		2022	2021
Accrued expenses for services rendered by foreign post offices	[a]	13 519 894	19 725 117
Accrued vacation reserve		3 882 396	3 871 503
Accrual of variable part of remuneration, annual bonuses	[b]	1 000 000	210 000
Other	[c]	295 737	1 496 773
Total accrued expenses		18 698 027	25 303 393

a) Accrued expenses include services received from foreign post offices [designated operators] which will be finally agreed and invoiced in the next year after the date of the statement of financial position. In the statement of financial position, accrued expenses of final settlements are reduced by prepayments for the same services to the same foreign operators as an offsetting of homogeneous assets and liabilities. The main reason for the decrease in accrued expenses was a 20.9% decrease of parcel outbound flow.

b) In 2022, there was an accrual for annual bonuses for good performance.

c) In 2021, other accrued expenses were related to termination of lease contract for Kaunas Logistics Centre, including repairs and restoration of the leased assets.

29. OTHER AMOUNTS PAYABLE

	AT 31 DECEMBER			
	GROUP		COMPANY	
	2022	2021	2022	2021
Employment-related liabilities	2 861 698	3 267 268	2 861 254	3 266 833
Restructuring provision (a)	-	290 000	-	290 000
Taxes [other than income tax] (b)	732 814	359 796	732 814	359 796
Other	27 201	11 029	27 201	11 029
Total other amounts payable	3 621 713	3 928 094	3 621 269	3 927 659

a) The Group/Company assessed the scope of ongoing investment projects and developed a model for calculation of provisions for employee termination benefits. The provision was calculated as an average three-month work pay of employees (planned to be made redundant) multiplied by two. In 2021, the Group/Company formed the provision for termination benefits of EUR 290,000 in relation to costs of the project for optimisation of efficiency of the work of mailman. In 2022, the provision was eliminated.

b) In 2022, higher payable VAT was calculated.

30. FINANCIAL RISK MANAGEMENT

The Group's/Company's financial assets comprise trade receivables, amounts receivable from foreign post offices and other amounts receivable, contract assets, loans granted and cash and cash equivalents, whereas financial liabilities comprise trade payables, lease liabilities, borrowings and other current amounts payable.

CREDIT RISK

	AT 31 DECEMBER			
	GROUP		COMPANY	
	2022 (RESTATED)	2021	2022 (RESTATED)	2021
Trade receivables and receivables from foreign post offices	11 640 757	15 424 654	11 640 757	15 424 654
Contract assets	5 955 612	10 884 834	5 955 612	10 884 834
Other amounts receivable	9 838 469	4 530 028	9 838 469	4 530 028
Loans granted	-	-	1 951 072	1 951 072
Cash at bank and in transit	32 913 500	24 711 783	32 838 904	24 677 716
Impairment of trade receivables, contract assets and loans granted	[2 356 408]	[1 978 581]	[4 307 480]	[3 929 653]
Total	57 991 931	53 572 719	57 917 335	53 538 652

The the Group's/Company's management believes that the maximum credit risk approximates the amount of trade receivables, contract assets, other receivables, monetary assets (other than cash) and short-term investments, less recognised impairment losses at the date of the preparation of the statement of financial position. There is no significant credit risk concentration at the Group/Company. Credit risk is managed through regular monitoring procedures (supervision of individual borrowers, especially monitoring and analysis of the largest customers in order to anticipate potential future solvency problems, etc.) and the use of credit terms and conditions. A monthly assessment of the debts of individual users and groups is performed in accordance with the procedure set by the Group/Company in order to make a decision regarding the accounting for the impairment of trade receivables. The loan granted by the Company to subsidiary LP Mokėjimų Sprendimai UAB was fully provided for.

INTEREST RATE RISK

	GROUP/COMPANY	
	INCREASE/DECREASE, IN PERCENTAGE POINTS	EFFECT ON PROFIT BEFORE TAX
At 31 December 2021		
EUR	+0,5	(35 385)
EUR	-0,02	1 415
At 31 December 2022		
EUR	+0,5	(70 561)
EUR	-0,02	2 822

FOREIGN EXCHANGE RISK

The exchange rate risk mostly arises for the Group/Company from cross-border postal services provided by the Company/Group. A monetary unit, which is established by the Universal Postal Convention and which is mostly used for the estimation of rendered and received cross-border postal services, is a Special Drawing Right (SDR). However, the Group/Company mainly conducts settlements with the international post offices in the euros. The Group's/Company's policy is aimed at matching cash flows from highly probable future sales and purchases in each foreign currency. The Group/Company does not use any financial instruments to manage the foreign exchange risk.

MONETARY ASSETS AND MONETARY LIABILITIES WERE DENOMINATED IN THE FOLLOWING CURRENCIES:

GROUP	2022 AT 31 DECEMBER RESTATED		AT 31 DECEMBER 2021	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Euro [EUR]	55 201 320	44 863 052	40 572 045	46 091 900
US dollar [USD]	1 399 437	37 583	3 794 773	106 745
Special drawing rights [SDR]	2 369 601	7 738 635	5 231 177	6 095 753
Other currency	65	-	257	355
Total	58 970 424	52 639 270	49 598 252	52 294 753

COMPANY	2022 AT 31 DECEMBER RESTATED		AT 31 DECEMBER 2021	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Euro [EUR]	55 126 724	44 863 052	40 537 978	46 091 900
US dollar [USD]	1 399 437	37 583	3 794 773	106 745
Special drawing rights [SDR]	2 369 601	7 738 635	5 231 177	6 095 753
Other currency	65	-	257	355
Total	58 895 828	52 639 270	49 564 185	52 294 753

INTEREST RATE RISK

The Group/Company's income and cash flows from operating activities are substantially independent of changes in market interest rates. The Group/Company has no significant assets bearing variable interest rates.

The major part of the Group's/Company's borrowings bears a variable interest rate linked with EURIBOR which exposes the Group/Company to the interest rate risk. Borrowings from the Nordic Investment Bank bear interest rate linked to EURIBOR not lower than -0.95%, whereas borrowings from OP Corporate Bank plc Lithuania branch bear interest rate linked to EURIBOR not lower than 0%. As at 31 December 2022 and 2021, the Group/Company had no interest rate hedging transactions and had no financial instruments designated to manage its exposure to fluctuation in interest rates.

The table below demonstrates the sensitivity of the Group's/Company's profit before tax to possible changes in interest rates with all other variables held constant (changes in interest rate). There is no effect on the Group's/Company's equity, except for effect on current year profit.

The table below presents the sensitivity of the Group's/Company's profit before tax to possible changes in exchange rates, with all other variables held constant (based on change in the fair values of monetary assets and liabilities).

SENSITIVITY OF PROFIT BEFORE TAX TO POTENTIAL CHANGES IN EXCHANGE RATES:

	GROUP/COMPANY	
	INCREASE/DECREASE IN EXCHANGE RATE	EFFECT ON PROFIT BEFORE TAX
At 31 December 2021		
SDR	- 10%	86 458
USD	- 10%	[368 803]
Other currencies	- 10%	10
SDR	+ 10%	[86 458]
USD	+ 10%	368 803
Other currencies	+ 10%	[10]
At 31 December 2021		
SDR	- 10%	536 903
USD	- 10%	[136 185]
Other currencies	- 10%	[6]
SDR	+ 10%	[536 903]
USD	+ 10%	136 185
Other currencies	+ 10%	6

LIQUIDITY RISK

The Group's/Company's policy is to maintain an adequate amount of cash and cash equivalents or availability of funding through adequate amounts of committed credit facilities to meet its commitments at a given date in accordance with its strategic plans. The Group's current liquidity ratio (total current assets / total amounts payable within one year and total current liabilities) and quick liquidity ratio [(total current assets - inventories) / total amounts payable within one year and total current liabilities] as at 31 December 2022 were 0.95 and 0.9, respectively (31 December 2021: 0.87 and 0.81, respectively). The Company's current liquidity ratio (total current assets / total amounts payable within one year and total current liabilities) and quick liquidity ratio [(total current assets - inventories) / total amounts payable within one year and total current liabilities] as at 31 December 2022 were 0.95 and 0.9, respectively (31 December 2021: 0.87 and 0.81, respectively).

As at 31 December 2022, the Group's/Company's current liabilities exceeded current assets by EUR 3 319 thousand/EUR 3 393 thousand, respectively. This difference is expected to be financed from unwithdrawn balance of overdraft. As at 31 December 2022, the unwithdrawn balance of overdraft amounted to EUR 15,000,000. In 2023, the Group's EBIT (earnings before interest and taxes) is expected to reach EUR 2.2 million. CAPEX (capital expenditure) is expected to reach approx. EUR 11.4 million to be financed from the working capital. Considering all ongoing and planned actions and the fact that the Group/Company is the sole provider of the universal postal service on behalf of the State, the Group's/Company's management does not see future risks to the Group's/Company's business continuity.

The table below summarises the maturity profile of the Group's/Company's financial liabilities as at 31 December 2022 and 2021 based on undiscounted payments.

FINANCIAL LIABILITIES BY MATURITY:

GROUP/COMPANY	ON DEMAND	1 TO 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	AFTER 5 YEARS	TOTAL
Borrowings and liabilities bearing interest rate	-	-	2 439 535	9 715 277	4 722 883	16 877 695
Trade payables	47 150	18 963 595	-	-	-	19 010 745
Lease liabilities	-	86 294	3 866 712	10 169 152	4 280 318	18 402 476
Accrued expenses for services rendered to foreign post offices	-	527 356	19 197 761	-	-	19 725 117
Other accrued expenses	-	938 273	558 500	-	-	1 496 773
Balance at 31 December 2021	47 150	20 515 518	26 062 508	19 884 429	9 003 201	75 512 806
Borrowings and liabilities bearing interest rate	-	-	2 635 052	9 625 749	2 344 601	14 605 402
Trade payables	47 150	24 834 008	-	-	-	24 881 158
Lease liabilities	-	1 154 674	3 087 028	9 013 762	1 769 991	15 025 455
Accrued expenses for services rendered to foreign post offices	-	361 458	13 158 436	-	-	13 519 894
Other accrued expenses	-	169 562	126 175	-	-	295 737
Balance at 31 December 2022	47 150	26 519 702	19 006 691	18 639 511	4 114 592	68 327 646

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group's/Company's major items of financial assets and liabilities not carried at fair value are trade receivables and other amounts receivable, trade payables and other amounts payable, and non-current and current borrowings.

As at 31 December 2022 and 31 December 2021, the carrying amount of the Group's/Company's financial assets and financial liabilities approximated their fair value.

The fair value of borrowings, other financial liabilities and other financial assets was estimated using the market interest rate.

The following methods and assumptions were used to determine the fair value for each category of financial assets and liabilities:

[a] The carrying amount of current trade and other amounts receivable, current trade and other amounts payable and current borrowings approximates their fair value due to a relatively short maturity [attributed to Level 3 of the fair value hierarchy described in Note 2.12].

[b] The fair value of non-current borrowings is determined with reference to the quoted market price for the same or similar loan or current rates available for debt with the same maturity profile. The fair value of non-current borrowings with variable interest rates approximates their carrying amount [attributed to Level 3 of the fair value hierarchy described in Note 2.12].

[c] The fair value of lease liabilities is determined with reference to the interest rate effective at the time of accounting for the discounted lease liability [attributed to Level 3 of the fair value hierarchy described in Note 2.12].

31. CAPITAL MANAGEMENT

The main objective of the Group's/Company's capital management is to ensure that the Group meets the external capital requirements and that the Group maintains proper capital ratios in order to strengthen its operations and maximize the value for shareholders ("capital" under IAS 1 represents equity reported in the financial statements).

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. To maintain or adjust the capital structure, the Group may return capital to the shareholders or issue new shares. There were no significant changes in

the capital management objectives, policies or processes during the financial years ended 31 December 2022 and 31 December 2021. Holders of shares owned by the State must ensure that the share of profit to be appropriated for payment of dividends in public limited liability Groups/Companies, where the State owns the shares representing more than a half of all votes, will depend on the Company's ROE rate for the reporting year.

The Group assesses capital based on liabilities-to-equity ratio. The capital consists of ordinary shares, reserves, retained earnings (deficit).

LIABILITIES-TO-EQUITY RATIO:

	AT 31 DECEMBER			
	GROUP		COMPANY	
	2022 RESTATED	2021	2022 RESTATED	2021
Non-current liabilities (including deferred taxes and grants)	21 529 304	27 709 862	21 529 304	27 709 862
Current liabilities	68 265 002	69 200 578	68 264 558	69 200 143
Total liabilities	89 794 307	96 910 440	89 793 863	96 910 005
Equity	32 088 662	27 250 692	32 020 278	27 179 751
Liabilities to equity ratio	2.80	3.56	2.80	3.57

The Company has an electronic money institution licence, and therefore, has to comply with the capital requirements set for the electronic money institution. The rules for the amount of equity, calculation and application by the Company as an electronic money institution are established by the supervisory autho-

riety [the Bank of Lithuania]. Based on the methodology approved by the Bank of Lithuania, the own capital requirement was EUR 957 thousand, and the actual amount of own capital was EUR 32 020 thousand as at 31 December 2022.

32. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES

At the date of approval of these financial statements, Lietuvos Paštas AB had no proposed profit appropriation.

To secure fulfilment of obligations under the contracts for postal services, courier services, payment collection, delivery of pensions and other benefits, the Company provided to its customers the bank guarantees or letters of guarantee from the insurance companies for the amount of EUR 2 698 136 as at 31 December 2022 [31 December 2021: EUR 1 210 033].

The Group/Company had no unfulfilled contracts for the purchase of non-current assets at 31 December 2022.

33. RELATED-PARTY TRANSACTIONS

COMPENSATION TO KEY MANAGEMENT PERSONNEL

In 2022, the total amount of remuneration paid to the Group's/Company's key management personnel (5 members) was EUR 498 thousand (2021: EUR 607 thousand; 6 members). As at 31 December 2022, the Group's/Company's key management personnel comprised 4 members. As at 31 December 2022, the positions were open for Directors of Marketing and Sales, Finance and Administration Divisions. Based on the structure approved by the Board on 10 November 2021, key management personnel comprises the chief executive officer and directors of 5 divisions. No significant loans, guarantees or any other benefits were paid or calculated, nor any assets were transferred to the Group's/Company's key management personnel.

TRANSACTIONS WITH OTHER RELATED PARTIES

The parties are defined as related when one party has a power to exercise control over the other party or can make significant influence on its financial and operating decisions. The Group's/Company's related parties are the state enterprises, the ownership rights and obligations of which are implemented by the Ministry of Transport and Communications of the Republic of Lithuania.

The Group does not treat entities controlled by the Lithuanian Ministry of Transport and Communications as a single customer, as there is no major economic integration among them.

Transactions with the related parties comprise regular sales and purchases of goods and services related to the Company's activities.

The loan of EUR 1 951 072 was granted by the parent company to LP Mokėjimų Sprendimai UAB. As at 31 December 2022, impairment was recognised for full amount of the loan.

Presented below are the transactions between the parent company and the related parties in 2022 and 2021 and the outstanding balances [receivables/payables] as at 31 December 2022 and 2021:

	DATE	PURCHASES OF GOODS AND SERVICES	SALES OF GOODS AND SERVICES	AMOUNT PAYABLE TO RELATED PARTIES	AMOUNT RECEIVABLE FROM RELATED PARTIES
Lietuvos Pašto Finansinės Paslaugos UAB	31 December 2021		-	-	-
	31 December 2022		-	-	-
LP Mokėjimų Sprendimai UAB	31 December 2021		-	-	1 951 072
	31 December 2022		-	-	1 951 072

34. EVENTS AFTER THE REPORTING PERIOD

During 1Q 2023, the Group/Company sold non-current assets reported under the line item "Non-current assets held for sale" in the statement of financial position with the carrying amount of EUR 99 thousand as at 31 December 2022. The sale price was EUR 291 thousand. It also sold non-current assets reported under the line item "Property, plant, and equipment" in the statement of financial position with the carrying amount of EUR 260 thousand as at 31 December 2022. The sale price was EUR 579 thousand.

On 12 January 2023, the Extraordinary General Meeting of Partners (Owners) of public institution Mobility Innovation Centre (MIC) adopted a decision regarding the liquidation of TIC, where Lietuvos Paštas is a partner (owner). The Group's/Company's investments in MIC were reported under the line item of Investments in other entities and undertakings, and their carrying amount was EUR 60 thousand as at 31 December 2022.

In March 2023 decision was made to increase share capital of UAB LP mokejimu sprendimai by EUR 2,176 thousand.

