AS Eesti Post
Yearbook 2022

omniva

Beginning of financial year: 1 January 2022 / End of financial year: 31 December 2022

Yearbook of AS Eesti Post 2022 incorporates Corporate Social Responsibility and Corporate Governance (CGC) reports, the management report and the annual report. We have prepared the reports in accordance with the Estonian Accounting Act and International Financial Reporting Standards (IFRS), as well as in accordance with the requirements of CGC. The reports have been prepared as a collaboration between the company's management and specialists in the fields and are aimed at a proficient reader.

General information

Company name:	AS Eesti Post
Registry code:	10328799
Beginning of financial year:	1 January
End of financial year:	31 December
Registered office:	Pallasti 28, 10001, Tallinn, Republic of Estonia
Telephone:	+372 664 3000
E-mail:	info@omniva.ee
Website address:	www.omniva.ee
Principal activity:	Parcel and postal services
Management Board:	Mart Mägi, Heiki Raadik, Kristi Unt
Supervisory Council:	Helo Meigas (Chairman of the Board), Mari Avarmaa, Madis Laansalu, Kalle Viks, Martti Kuldma, Rasmus Ruuda
Auditor:	AS PricewaterhouseCoopers

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Omniva Group overview

1.1.

Characte-rization and structure of the Group

AS Eesti Post (hereinafter collectively referred to as “the Group” or “Omniva”) is an international group whose core business is the provision of logistics services (mainly parcel and postal services), digital services and international transit services. The group’s home market is the Baltic States.

The Omniva group includes the parent company AS Eesti Post and the subsidiary Finbite OÜ in Estonia, the subsidiary Omniva SIA in Latvia, the subsidiary Omniva LT and its subsidiary UAB Omniva LT Sorting in Lithuania. Until the end of the second quarter, the Group also included the affiliated company Post11 OÜ, which was decided to be liquidated on July 1, 2022. On the same date, the Estonian subsidiary Maksekeskus AS was sold.

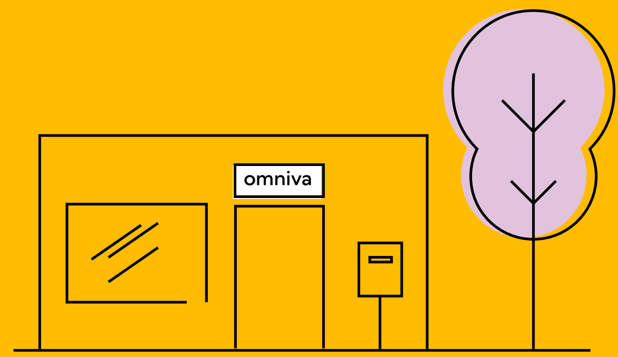
The main activities of SIA Omniva and UAB Omniva LT are parcel box and courier services in Latvia and Lithuania. UAB Omniva LT Sorting has been established with an objective to build a new logistics centre in Kaunas. OÜ Finbite’s main activity is digital business services (e-invoices). AS Maksekeskus was in the business of payment solution services for e-commerce companies in the Baltics.

Affiliate company OÜ Post11 offered complete international logistics solutions for e-merchants by delivering goods all over the world.

In terms of ownership, Omniva is 100% owned by the Estonian state, which falls under the administration of the Ministry of Economic Affairs and Communications.

In 2022, we travelled 31,679,000 kilometres.

We have 1,102 parcel boxes (327 in Estonia; 355 in Latvia; 420 in Lithuania)



We have 68 post offices, 87 post offices and 1,314 letter boxes in Estonia

The group employs 2,471 people.

Addition to the Baltic states Omniva's sorting centres are also located outside the Great Britain, the Netherlands, Germany, Oman, Kyrgyzstan, and we also have distribution points in the United States

384 years of history (since the implementation of the Swedish national postal system by Queen Kristiina, basis of the Estonian and Livonian guardianship government postal regulation)

1.2.

Statement by the CEO

We are happy to say that 2022 was a successful year for Omniva despite the difficult and changing external environment. Russia's invasion of Ukraine and the resulting economic environment did not only affect Estonia, but all of Omniva's home and partner markets. I thank our strong team for the motivation and effort, without whom adaptation would not have been possible, and all our good customers and partners for their trust!

Based on last year's results, I can safely say that Omniva is a strong and adaptable company that is moving forward with the implementation of its long-term strategy. 2022 was the third consecutive year of profit for us - regardless of falling mail volumes, increased economic uncertainties and the war in Ukraine. It shows the strength of the company and the team, our ability to react quickly and handle challenges skilfully. Omniva has become a rapidly developing and innovative company in the international courier market. This is illustrated by the fact that the universal postal service's share of our turnover has fallen below 10%, and services related to e-commerce make up more than 70% of it.

Our home market is the Baltic States, but our activities extend from America to Kazakhstan. I believe that Omniva's success is based on our strong values - openness, caring, reliability as well as enjoying work and its results. Last year, these values helped us to better understand the expectations of our customers, partners, communities, local authorities, owners and society furthermore to implement the given promises. During the year, we have met with all Estonian municipalities and created new foundations for future cooperation. During the year, we took several steps to significantly improve service availability: we added 230 parcel machines across the Baltics, renovated several post offices and increased the proportion of personal postal service. In cooperation with various parties, we have reduced service points and moved to better operating premises. All the work done has led to an increase in customer satisfaction, which also results to being the Baltics most loved brand in our field.

In 2022, we also started with several important investments. Largest of them being the modern sorting centre that is being built in Lithuania with a cost of over €40 million and unified sorting centre established in Estonia. The latter connects the sorting centres located on Pallasti Street in Tallinn and Rukki Road in Rae Municipality. To make these efficiency-boosting investments possible, we sold our subsidiary Maksekeskus to Luminor bank last year.

All this was possible only thanks to a capable team. Last year the motivation of our employees has improved significantly along with customer satisfaction. Shared value workshops, discussions and stronger cooperation across the Baltics gave our people a strong drive. In order to improve service quality, we designed uniform service standards and improved working conditions. I thank the whole team, with whom we can offer the best service to our current and future customers!

With respect

Mart Mägi

1.3

Main operating results in 2022

Finance (EUR million)

Revenue
122,9
(2021 - 144,3)

EBITDA
17,6
(2021 - 28,2)

Net profit
25,4
(2021 - 13,8)

Equity
67,7
(2021 - 47,1)

Assets
123,8
(2021 - 141,1)

ROE
44,3%
(2021 - 33,3%)

Customer

Number of packages*
28,7 mln
(2021 - 29,8)

Number of letters
9,7 mln
(2021 - 11,9)

Brand preference
1

Customer satisfaction
65
(2021 - 58)

Employees

Employee satisfaction (eNPS)
52
(2021 - 46)

Occupational safety index
2 449
(2021 - 2 418)

*In The Baltics

1.4

Volumes of activity and n etwork

Parcel volumes

Parcel services include:

courier services (Including courier B2B, courier B2C, international courier service)	parcel machine services	domestic (postal) parcel service	coming and outgoing inter-national parcels (including maxi letters)	customs services and other logistics services

Year on year, parcel volumes have increased. The year 2021 was characterized by corona restrictions, during which parcel volumes grew exponentially. Corona restrictions were no longer imposed in 2022, so the comparison with the previous year does not provide an adequate image of the changed situation. In 2022, parcel volumes increased primarily due to the expansion of the network. Parcel volumes were in an upward trend during the last three quarters.

Parcel volumes (million pieces)

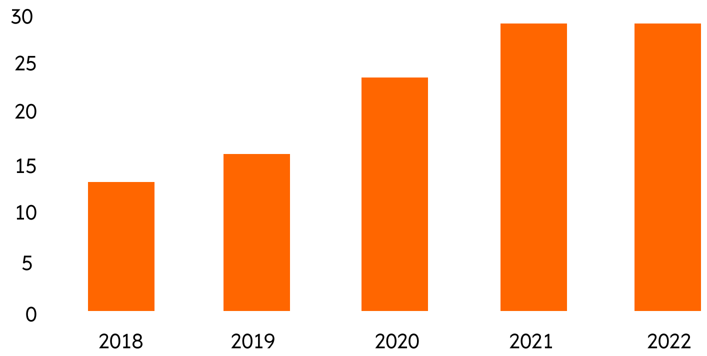


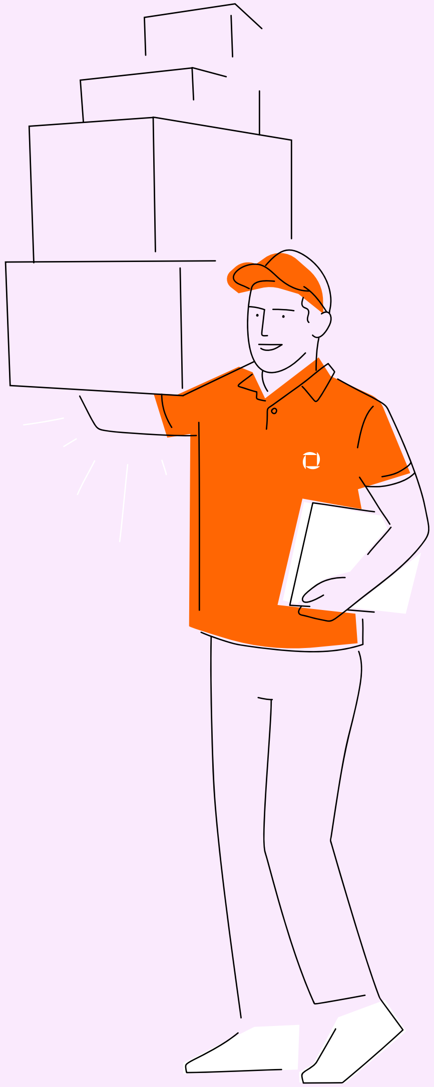
*table does not include the parcel volumes of international business

Parcel machine network and volumes

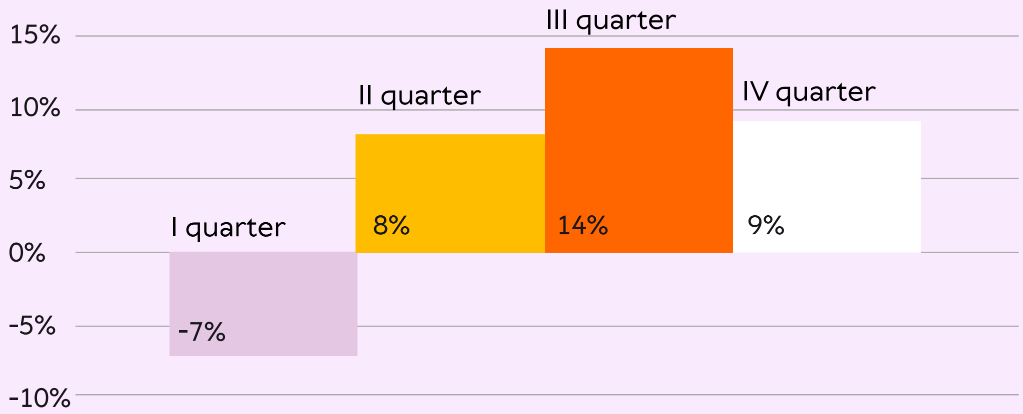
Omniva has the largest network across the Baltics - at the end of 2022 we had a total of 1102 parcel machines of which 327 in Estonia, 355 in Latvia and 420 in Lithuania. We have increased our network of parcel boxes by 230 machines during the year. In the long run, we expect that the parcel transport service field will continue to grow and long with it consumers will expect implementation of new parcel boxes. This is also confirmed by the statistics of the Estonian e-commerce association: in 2022 12.4 million parcels were ordered by Estonians via parcel machines, which is about 280,000 more than the year before. As expected, December was the month with the highest parcel volume of the year. We achieved a new record for 2022: 1.3 million parcels reached Estonian parcel machines through DPD, Smartpost and Omniva networks. The largest market share in Estonia continuously belonging to Omniva.

Our mission is to offer the best service across the Baltics. We will also invest in our network next year, adding and updating parcel machines in all Baltic states.

In 2022, our network of parcel machines expanded to all municipalities across Estonia. Last year, we installed 56 new parcel machines in Estonia, many of them in smaller locations where there were no parcel machines until now. Almost 30 of all 327 parcel machines in Estonia are located in settlements where only Omniva is represented. For example, Võnnu, Veriora, Sangaste, Kolga-Jaani, Laeva, Laekvere, Roela, Võsu and Varbla they all have only one, Omniva's parcel machine available. On the smaller islands, Omniva's virtual parcel delivery can be used, which makes it easier for locals to send and receive parcels. We feel that it is important to support smaller regions, where there is little trade network and everyday products are increasingly ordered by courier to home or to a parcel box.



Package volumes received via parcel machines in 2022 compared to last year

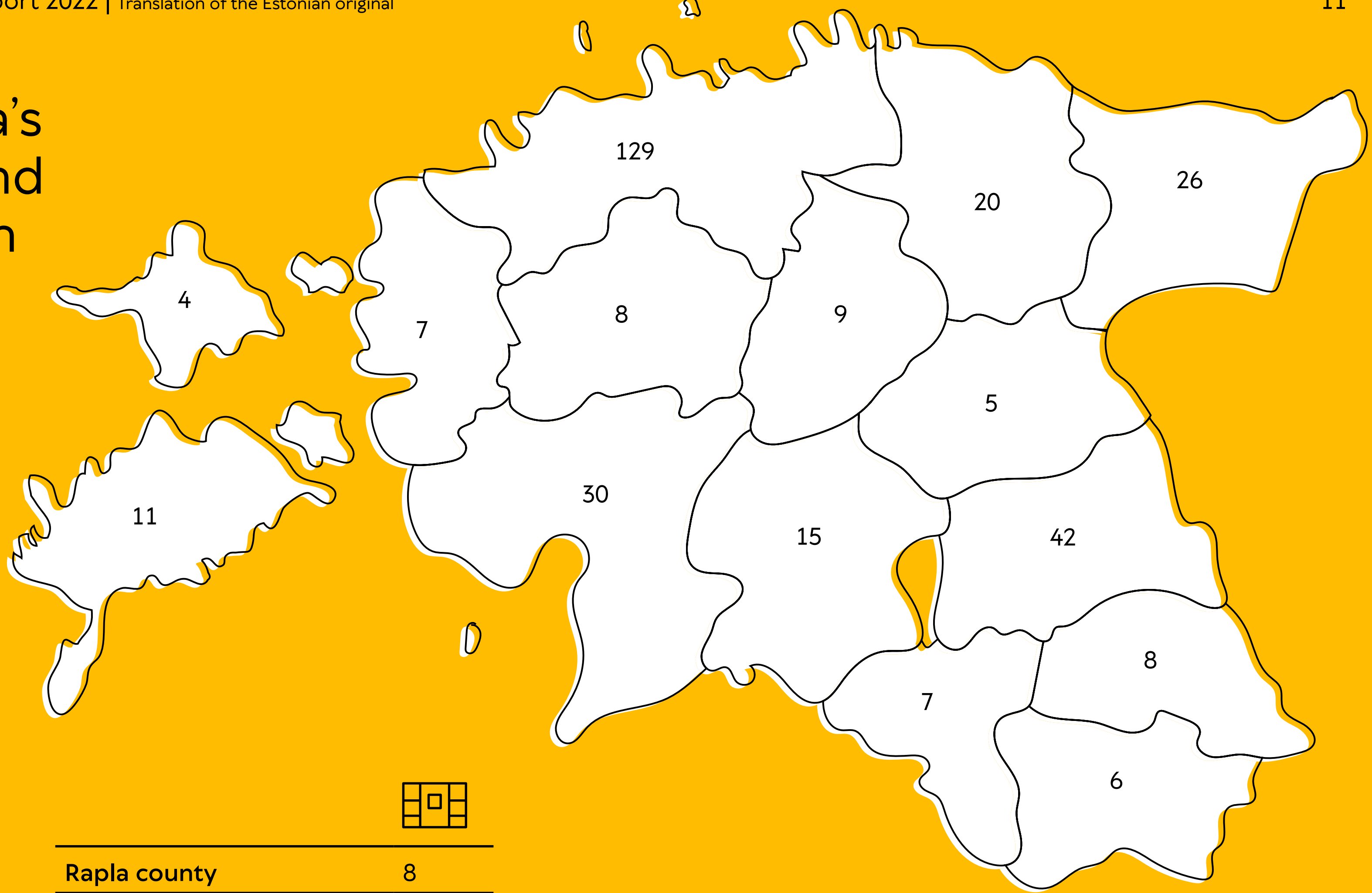


Total volume of parcels passing through our parcel machines has increased by 6% compared to the previous year. 2021 first quarter was affected by the partial closure of society due to corona. Home life favored e-commerce and led to a sharp increase in the use of Omniva's outdoor parcel machines, which are easily accessible at any moment. Due to the unusual comparison base, the monthly comparison of last year's package volumes with the first four months of 2021 shows a decrease in volumes. However, thanks to the expansion of the network, we have been able to significantly increase the volumes of parcel delivery using machines during the last three quarters compared to 2021, and we expect that a similar trend will continue.

Number of Omniva's parcel machines and package volumes in Estonia in 2022

Parcel machines :

327



Harju county	129
Tartu county	42
Pärnu county	30
Ida-Viru county	26
Lääne-Viru county	20
Viljandi county	15
Saare county	11
Järva county	9

Rapla county	8
Põlva county	8
Lääne county	7
Valga county	7
Võru county	6
Jõgeva county	5
Hiiu county	4

Sorting volumes

Omniva has sorting centres in all Baltic countries, and every month about 3 million parcels are sorted within these centres.

The logistics centre on Rukki Road, Estonia has approx. 13,000 m2 with auxiliary rooms. Over 90% of packages are sorted with an automated sorting line. The package moves along the sorting line on a special conveyor belt, which moves the package to the collector in the right place. There are 400 such collectors on the line. Each collector represents a destination, be it a parcel machine, a settlement or a courier route. We process about 35 - 40,000 shipments a day in the Rukki logistic centre, and about a million packages in a month.

The Latvian sorting centre is located in the most energy-efficient logistics centre - Green Park in Mārupe.

In 2022, 34.3 million parcels were sorted in Baltic sorting centres, which is 3% less than last year. The lower volume was mainly due to the lower number of international parcels. The number of intra-Baltic parcels is on the rise.

Postal services

The field of postal services includes:

- international and domestic mail service (including universal postal service and business mail service)
- periodical services (ordering and delivery of periodicals)
- direct mail services (delivery of advertisement, with and without address)
- financial services (including pensions and subsidies delivery, money transfers, identification)
- sale of goods at post offices
- print services and other postal services.

Omniva couriers deliver letters, newspapers and advertisement to customers all over Estonia, the volumes of which are decreasing year by year.

In Estonia, 9.3 million letters were collected and distributed in 2022. The number of letters delivered has decreased 16% compared to the previous year. The volume of letters has been decreasing for a long time: compared to 2018, the number of letters sent has decreased by almost 40%.

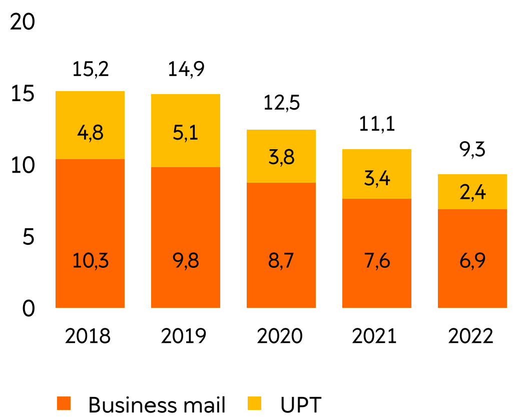
Omniva provides a universal postal service in Estonia. This means that in Estonia we deliver letters sent with a stamp as well as letters sent to Estonia via foreign countries postal organizations. As part of the universal postal service, Omniva delivered nearly 2.4 million letters in Estonia last year, which is 30% less than in 2021 and made up nearly a quarter of the total volume of letters, advertisements and periodicals.

Most of the letters sent in Estonia are business letters, which has decreased by 6.9 million letters in 2022, 9% less than last year. A large part of business letters are invoices and notifications sent by companies, which are increasingly being directed to electronic channels. In the long term, we see the trend of letter volumes decreasing continuing, as the information previously sent on paper is moving more and more through other channels.

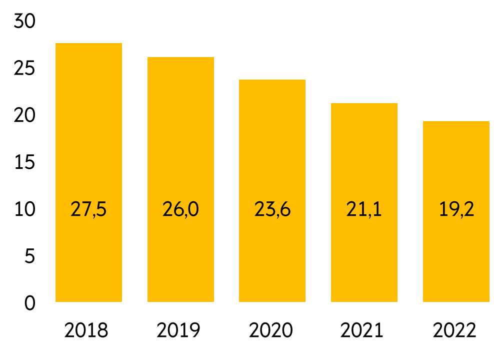
In 2022, Omniva delivered 19.2 million newspapers and magazines to customers in Estonia, which is 9% less than the year before. Compared to 2018, the number of periodicals delivered to homes and workplaces by Omniva couriers has decreased by 30%.

Nearly 66% of letters and periodicals are delivered to people in rural areas, where Omniva is the only service provider, a universal postal service provider. Home delivery of periodicals in rural areas is unprofitable for the company, due to the declining interest of customers, we see a continued decline in the long term. In the beginning of 2023, major publishing houses issuing daily newspapers in Estonia will stop publishing Monday papers.

Mail services total



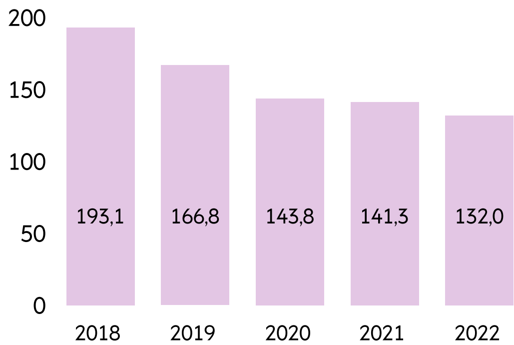
Periodical services total



The volume of direct mail reached 132 million shipments in 2022, which is 7% less than the year before. The largest part of direct mail is unaddressed advertisements of retail companies, the volume of which is affected by the price level of alternative advertising channels (television and radio advertisement, outdoor advertisement etc.) and the increase in the input prices of advertisement production.

Similar to letters and periodicals, the volume of direct mail has decreased year-on-year (32% compared to 2018), but less than other services in recent years. Non-addressable advertising is distributed in more densely populated areas, which allows it to be done more cost-effectively. In addition, unaddressed advertising is supported by various studies as well as competition between companies.

Direct mail



1.5

Mission, vision and values

Our vision

We want to be the preferred logistics operator providing seamless omnichannel with high commitment and in sustainable way by 2026.

Most preferred logistics partner means to us:

- Higher than market average return on equity for the owner
- Customer satisfaction NPS over 75
- Our employees' satisfaction eNPS over 55 as well as reaching TOP 30 employer based on TRIM
- Cooperation partners' satisfaction rate pNPS over 50
- Omniva is one of the TOP 10 brands in the Baltics

Customer-oriented service in all business categories means to us:

- Baltics biggest transport network, located closest to customers
- Our usual "standard" parcel will be delivered on the next day
- In 99% of the cases we are exactly where the client expects us
- Best customer experience offers in e-channels (Digital channel satisfactory rate NPS over 80)

High dedication and responsibility mean to us:

- Decrease our CO_2 footprint
- Our transport and service points are accessible and usable to everyone

Our critical success factors 2022-26

Proximity

Delivery to the customer's chosen location

Speed

Fastest service on the market

Punctuality

Delivery on the customer's chosen time

Simplicity

Our services are easy to use

Customer experience

Best customer experience in all categories

Environmental friendliness and social responsibility

We care

Our mission

We deliver shipments with care and joy to bring the world closer to everyone.

Our values

We care

We treat everything we do, the shipments entrusted to us and the surrounding environment with care and respect. We listen and value each other, our partners and customers.

We are open

We are constantly looking for fresh ideas and opportunities that help us grow as people, experts and as a company. We dare to try, but also to make mistakes and learn from our mistakes.

We can be trusted

We promise what we can deliver and deliver what we promise. We always take responsibility for Omniva!

We are happy with the work and the results

We encourage each other to work harder and support each other.

1.6

Strategy for the years 2022-2026

In 2021, we started with the renewal of the company's strategy in order to switch from the previous view, based on business areas (postal business and parcel business), to a customer-based view aimed at providing a unified solution. Omniva's new strategy has been developed during rapidly changing conditions, where expectations for the proximity, speed, accuracy, simplicity, affordability of the service and the fact that we are responsible for the environmental impact arising from our work are simultaneously growing. On November 30, 2021, the Council approved the company's new vision, strategic goals for the years 2022-2026, and the main development directions, which focus on ensuring fast and high-quality customer service in our home market - in the Baltics, as well as providing smart logistics solutions and automating work processes. By creating significant value for our employees and customers, it is possible to achieve the return on equity set by the owner. Our goal is to become the most preferred logistics partner in the entire Baltic in five years, operating under the single Omniva brand.

Since the turn of the century, there has been a steady decline in the volume of mail worldwide, falling by around 33% over the past ten years. At the same time, as a result of the continuous success of e-commerce, the number of parcels is growing rapidly. At the current rate of growth, it is likely to double in each of the next ten years.

In many countries, before 2026, the number of letters sent to the average household will decrease below the number of packages received. This trend will continue after the year 2026. Soon, parcels will make up the majority of the postal, parcel and logistics sector, and letters only a minority.

Our business objectives

New digital channels	Retail concept
Returns services	Management of Customer lifecycle
Expansion of international parcel services	Excellent customer experience
Strong corporate culture (Staff objective)	Sustainable packaging recycling service
Profitability of international partnerships	Digitization (IT objective)
Open network	Courier service 2.0
Brand awareness (Brand objective)	Principles of responsible company
Automation	Expansion of network

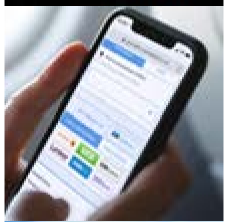
1.7

Legal framework

Since April 1, 2009, Omniva has been operating on the open mail market. The Competition Authority has issued us a permit for the provision of universal postal service (delivery of addressed mail as a business activity), which is valid for five years. The permit is valid for the period October 9, 2019 - October 8, 2024. Universal postal service means the consistent and high-quality provision of postal services for an affordable fee throughout the territory of the Republic of Estonia on the basis and in accordance with the legislation.

1.8

Major events in 2022



January

- We started with the reorganization of the company in order to switch from the previously business areas-based view to a customer-based view aimed at providing a unified solution. We base this on the new vision, strategic goals and main development directions approved at the end of 2021, according to which Omniva wants to become the most preferred logistics partner in the entire Baltic region within five years.
- The stamps "Winter Olympic Games Beijing 2022" and "Tartu Maarja Kirik" were published.
- We decided to build the most modern sorting terminal in the Baltics in Kaunas and invest €40 million in it.
- Omniva, Inbank and small shareholders jointly decided to sell Maksekeskus to Luminor bank.

February

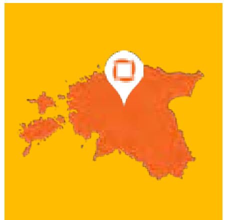
- We decided to improve the quality and operating model of the retail network by investing significantly in the appearance of the office network and improving office locations.
- The stamps "Chinese New Year - Year of the Tiger" and "Johan Pitka 150" were published.

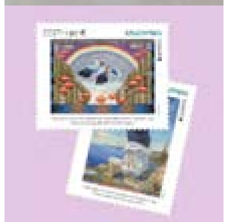
March

- We joined the international sanctions imposed on Russia in connection with the start of the war in Ukraine. We stopped carrying periodicals from Russia and Belarus in addition to Western Union transactions in these countries.
- On March 24, we issued an extraordinary stamp "Glory to Ukraine!". The stamps "Eesti Kirjameeste Selts 150" and " Aasta lind – metskurvits" were also issued.
- To promote environmentally friendly postal transport across Estonia 10 electric cars were put to work.
- We opened the first virtual parcel machine for the residents of Vormsi to enable them to deliver goods ordered from the e-store to their homes without a parcel machine.

April

- We organized free transportation for the humanitarian aid collected for Ukraine in cooperation with




International Post Corporation


humanitarian aid organisations, the city of Tallinn and the Ministry of Foreign Affairs. Since the beginning of March, 30 trucks with the collected aid were sent to Ukraine. In addition, we helped organise domestic humanitarian aid transport.
- We started meetings with representatives of local municipalities across Estonia to review the volumes and organisation of postal and parcel services and to modernize the provided services.
- The stamps "Raeapteek 600", " Eesti metsapuud – maarjakask" and "Tenniseliit 100" were published. The latter depicted top Estonian tennis players Anett Kontaveit and Kaia Kanepi.

May

- We started transporting mail across Estonia with environmentally friendly electric cargo bikes Vok Bikes.
- As a new option, when purchasing goods from one of the world's largest shopping platforms, Aliexpress, it is possible to immediately choose the nearest Omniva parcel machine to pick up the goods.
- The postage stamp "Euroopa – lood ja müüdid" was published, depicting the painting "Cultivation of the Tiritamm" by the artist Oskar Kallis and the design of the tapestry "Siuru-bird from Kalevipoja".

June

- We joined the International Postal Corporation (IPC).
- The "Mootorpurjelaev Läänemaa" and "Eesti-USA diplomaatilised suhted 100" stamps were published. On the occasion of Children's Day, a children's themed stamp was also published.
- Affiliated company Post11 ceased operations.

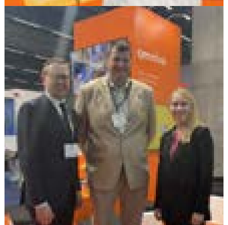
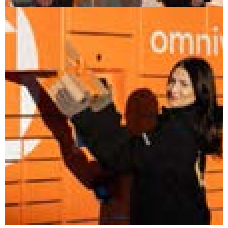
July

- Virtual parcel delivery expanded to Kihnu and Ruhnu.
- "Tallinna Raekoda 700" stamp was published.

August

- The stamp "Head Eesti asjad – Estonia klaver" was published.
- We started installing 40 new parcel machines across Estonia.



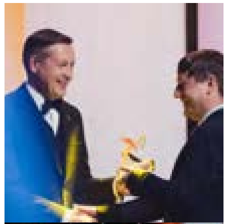
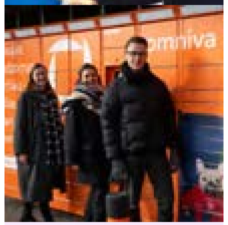
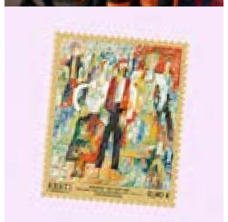



September

- We opened an international centre in Bishkek for receiving and sorting cross-border e-commerce packages and started cooperation with Oman Post.
- We started cooperation with the Estonian National Library to deliver books borrowed through the lending platform My Library to parcel machines all over Estonia.
- Omniva was rated as the fastest growing brand in BRAND CAPITAL's survey of the most loved brands in the Baltics. Our brand was also included among the three most valued brands.
- " Eesti fauna – lendorav " and "Riigkogu hoone 100" stamps were issued. The charity stamp "Eesti Vähiliit 100" was also released.

October

- For the first time we participated in the Parcel & Post Expo in Frankfurt, Germany, where the leading companies of the e-commerce logistics and postal industry from around the world meet.
- Omniva was awarded the "Rising Star in Postal Development" award by the International Postal Union.
- We started providing a service for joining or opting out of Eesti Energia's universal electricity service.
- We started installing 265 new parcel machines or replacing obsolete machines across the Baltic States.
- The stamps "Postcrossing", "Liivimaa Maapäev 600" and "Narva-Jõesuu tuletorn" were published. Also,


  Christmas stamps designed by Made Balbat went on sale in our network.
- We recognised our best employees of 2022.
- Omniva joined the sustainability program International Post Corporation Sustainability Measurement and Management System provided by postal organization IPC. Joining the program allows us to effectively move forward with sustainability reporting as well as measuring and reducing the CO2 footprint of our company's operations

November

- We installed the 1000th parcel machine in Vilnius.
- Delivery of Pre-prepared packages in minuomniva environment were tested in Vormsi by using a parcel locker.
- The Emission Committee approved the annual schedule of stamps to be issued in 2023.
- The reflective stamp "Liikle ohutult" and the stamp depicting Adamson-Eric's painting "Jalutuskäik" were released among the EKM gold fund series.

December

- We opened the first post offices with a new concept in Tallinna Kaubamaja, Kristiine, Järve and Arsenal centres and Keila.
- Starting from the shopping holidays in November more than 1.5 million parcels and during the Christmas month almost 1 million letters have been delivered.

1.9

Awards

In September, Omniva was rated as the fastest growing brand in BRAND CAPITAL's survey of the most loved brands in the Baltics. In total, more than 600 brands were evaluated during the survey, and Omniva was awarded the third place in the Baltics overall, competing with Swedbank and Maxima in the top three. Omniva is the most loved brand in the field of postal services and ranks seventh in the list of the most humane brands in the Baltics. In Latvia, Omniva continued to be the most preferred brand in the field of logistics. For the first time, social responsibility played an important role in choosing the Baltic's favourite brand. Omniva's position shows that the company's activities in this area have been well received by customers in Estonia, Latvia and Lithuania.

At the beginning of October, Omniva was awarded with the "Rising Star of Postal Development" award by the International Postal Union, which is given on the basis of the integrated index of postal development 2IPD. It is a composite index based on an overview of the development of postal services in 170 countries. It recognises countries that have demonstrated world-class postal development results.

Two years ago, the Ministry of Social Affairs awarded Omniva with the gold label of a family-friendly employer, and we were judged to be worthy of the same level in December 2022. Family- and employee-friendly employers are organizations that value their employees, contribute to a family-friendly work culture and consider the balance of work and family life to be important. To take part of the program organizations have to be re-evaluated in every two years, and as a result, the commission will decide whether to renew, extend or withdraw the label. The committee analysed the materials presented by Omniva, and highlighted in their feedback of company's well and skilfully implemented changes as well as commended the company for implementing these changes. In order to receive the family-friendly employer label, Omniva had to go through a comprehensive family- and employee-friendly business development program within two and a half years. During the process, evaluations and counselling took place. In addition to management, employees were also involved

in the process. The action plan focused on improving work culture through flexible work organisation, flow of the information, communication climate, synergy and culture, employee succession, feedback and research, recruitment, settling in activities, termination of employment and health promotion.

Omniva SIA

Similar to achieving the gold level of sustainable business in Estonia in 2020, Omniva received the gold level quality level of sustainable business in Latvia for the second year in a row. The gold level mark represents a sustainable business that is example and influencer to others. The company crowned with this has systematically incorporated the principles of sustainable business into its core business and shows initiative, systematicity and consistency to ensure sustainable behaviour in its organization, supply chain and in society overall.

In Latvia, Omniva was also recognized with the diversity management award “Diversity is strength” and the company was awarded a media award at the national level in recognition of its contribution to strengthening democratic values.

Omniva LT UAB

Omniva UAB was rated among the ten most sustainable brands in Lithuania as a result of a study conducted by SBInsight. The CEO of Omniva UAB, Simonas Bielskis, was chosen by the business newspaper Verslo Žinios as one of the top five CEOs in Lithuania.

All these awards and recognition show that we, as a Group are on the right track, and encourage us to contribute more as a team and strive for even better achievements.

Management

2.1

Reorganizations in the company's operations/structural changes

In each country, the business activities of the Group's companies are managed by CEOs. Business development activities however are being managed from the Group level. These include the technology unit and service management, which in turn is divided between three areas: parcel services, traditional postal services and international parcel and mail services. Business development is part of the Group's main business activity and is managed the same in all three countries. An important principle of the new structure is close cooperation between channels, segments, service management and technology.

Report on Good Corporate Governance Practices

AS Eesti Post is a state-owned company and as such, complies with the Estonian Corporate Governance Code (CGC) consistent with clause 88 (1) 10) of the State Assets Act and article 10 of its Articles of association. AS Eesti Post describes its compliance with CGC in its corporate governance report, which is part of its annual report.

The shares of AS Eesti Post are 100% held by the Republic of Estonia. Therefore, the company complies with CGC with some exceptions, which are explained along with the reasons for non-compliance. The CGC that are not complied with are specified below and mainly concern the conduct of the general meeting, the election of the members of the supervisory board and the disclosure of information, the primary goal of which is to ensure equal treatment of shareholders. As the Republic of Estonia is the sole holder of the company's shares, the shareholder's interests are protected by the principles set out in the State Assets Act.

In addition to the CGC, the management of AS Eesti Post Group is based on the Commercial Code (CC), other legislation, the owner's expectations for the group and the Articles of Association of the company.

2.2

General meeting

The Republic of Estonia was the sole shareholder of the Group in 2022, so there is no need to explain the principle of the CGC – to ensure equal treatment of shareholders – in this report.

Therefore, Omniva does not issue notices calling the general meeting or make the information related to the general meeting available on the website of the public limited company at the same time when it is sent to the shareholder (articles 1.2.1 and 1.2.3 of the CGC). The proposals of the supervisory board or the shareholder concerning the issues on the agenda are not published on the website of the public limited company (article 1.2.4 of the CGC).

As the public limited company has only one shareholder, the specifications provided for in the Commercial Code (§ 305) are generally used for the general meeting of the private limited company. At least the chairman of the management board and the chairman of the supervisory board also attend the annual general meeting of shareholders. The auditor does not normally attend the general meeting, as they participate in the audit committee's discussion on the approval of the annual report. The candidate for a member of the supervisory board and the candidate for an auditor do not attend the general meeting (article 1.3.2 of the CGC), as the election of the supervisory board member is based on the motivated proposal of the nomination committee by the sole shareholder and the election of the auditor is based on the proposal of the supervisory board, which is based on the results of the procurement.

As a public limited company only has one shareholder, the public limited company does not attend the general meeting by means of communication (article 1.3.3 of the CGC).

Pursuant to Directive No 13-0079 of the Minister of Economic Affairs and Communications of 26 February 2013 "Approval of Rules of Procedure for General Meetings of Majority State-Owned Companies Accountable to Ministry of Economic Affairs and Communications", the agenda of the annual general meeting and the documents necessary for the adoption of a resolution on the agenda items, including a brief written summary of each agenda item, the draft resolution and the position of the supervisory board are submitted to the sole shareholder.

The time and venue of the meeting are agreed with the representative of the sole shareholder that is the Minister of Entrepreneurship and Information Technology. The working language of the general meeting is Estonian.

In order to avoid conflicts of interest and prevent corruption of employees, the members of the company's governing bodies, heads of structural units, employees handling procurement, members of tender committees and other staff with relevant disclosure obligations declared their business interests and affiliation with different companies.

2.3 Supervisory board

The supervisory board issues guidelines for the management board of the Group and supervises the activities of the Group's management board. The supervisory board regularly reviews and evaluates the Group's strategy, operating activities, risk management, annual report and budget, and makes decisions on transactions outside the scope of the Group's day-to-day operations. The supervisory board acts independently and in the interests of the Group and the shareholder.

The work of the supervisory board is organised by the chairman of the supervisory board. The chairman of the supervisory board sets the agenda for supervisory board meetings, chairs the meetings, observes the efficiency of the work of the supervisory board, organises the communication of data to members of the supervisory board, ensures that the supervisory board has enough time for preparing resolutions and examining data and represents the supervisory board in communication with the management board of the Group. In order to organise the work of the supervisory board, the general meeting has established a work procedure for the supervisory board.

The main form of work of the supervisory board is a meeting. In accordance with the articles of association, the meetings of the supervisory

board are held when necessary but no less frequently than once every three months. In 2022, there were 14 meetings of the supervisory board and seven occasions when matters were handled in writing. Notices of supervisory board meetings and the relevant documents are usually sent to board members one week in advance.

2.4

Composition and remuneration of the supervisory board

Omniva's Supervisory Board has six members - chairman Helo Meigas, deputy chairman Mari Avarmaa and members Madis Laansalu, Kalle Viks, Martti Kuldma and Rasmus Ruuda.

Pursuant to the articles of association of the company, a person whose wrongful acts or omissions have caused damage to the legal entity is not elected a member of a management body, has resulted in the bankruptcy of the entity or the revocation of an authorisation granted to a legal entity, who has a prohibition on business, who has been punished for a criminal offence relating to an economic or professional offence or a criminal offence against property or who has significant business interests related to the company.

Based on Resolution No 1.1-5/17-041 of the sole shareholder of 19 July 2017 the remuneration of the chairman of the supervisory board is €1,200 per month and the remuneration of a member of the supervisory board is €600 per month. Remuneration is paid to the members of the supervisory board once a month. The total staff costs of the members of the supervisory board (salaries including social taxes) amounted to €78,000 in 2022 (€75,000 in 2021). No severance pay or other additional remuneration is paid to the members of the supervisory board of AS Eesti Post, except for the remuneration for participation in the Audit

2.5

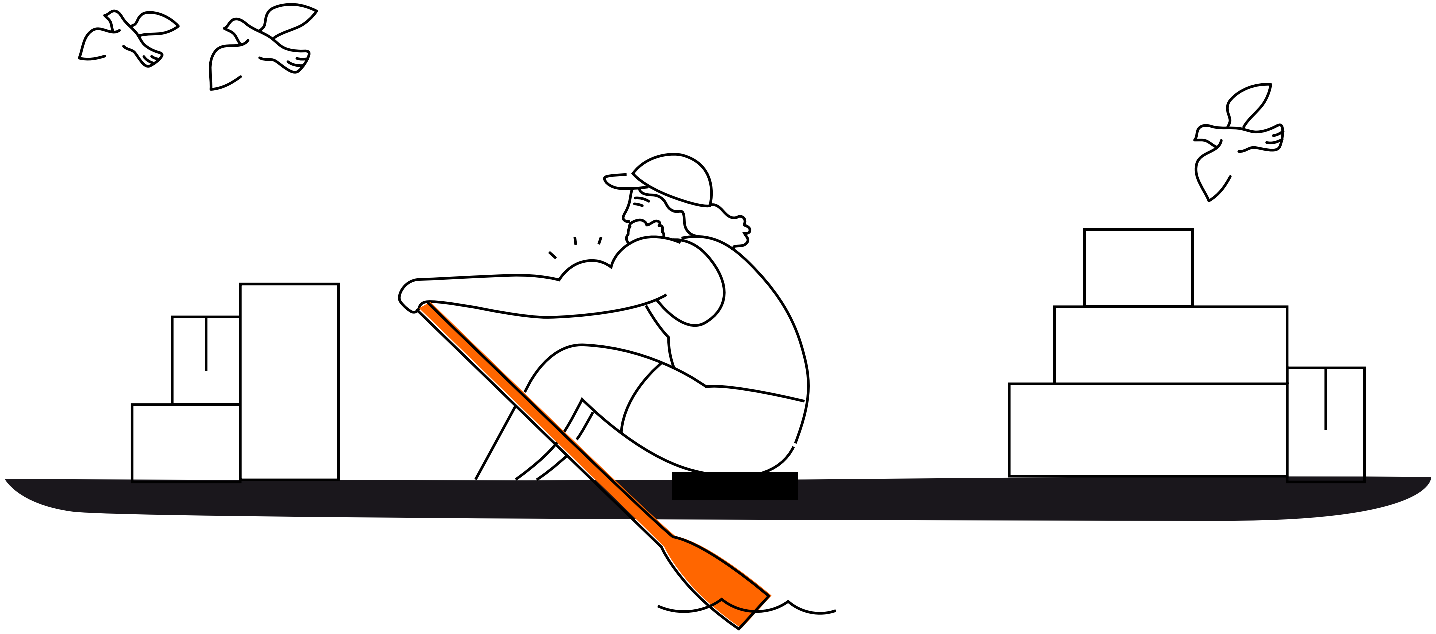
Audit Committee

The members of the Audit Committee are elected and recalled by the supervisory board. The Committee must have at least two members, who are appointed for a three-year term. At least two members must be experts in accounting, finance or law. The membership of the Committee as a whole must have competence in the field in which the audited entity operates.

The audit committee has three members - chairman Kalle Viks, members Helo Meigas and Madis Laansalu. The audit committee plays an important role in making governance, risk management and internal control more transparent and improving.

The committee is an advisory body of the Council in the areas of accounting, auditor control, risk management, internal control and auditing, supervision and budget preparation, and the legality of activities. The audit committee also monitors the independence of the external auditor and the sworn auditor representing the audit firm based on the law, the audit process of the annual report, and the compliance of the activities with the requirements of the law. A total of 11 audit committee meetings were held in 2022.

In accordance with Regulation No 87 of the Minister of Finance of 16 November 2017 "Procedure of Remuneration and Maximum Limits of Remuneration Paid to Members of Supervisory Boards of Foundations Set Up by State and State-Owned Companies" and based on its Resolution No 1.1-5/17-073 of 23 November 2017, the sole shareholder assigned members of the supervisory board additional remuneration for the month when the audit committee meets that amounts to 25% of the remuneration of the supervisory board member and assigned the chairman of the Audit Committee a remuneration that is 50% more than the aforementioned remuneration. An additional fee is paid on the month of the audit committee meeting in which the member participated in the audit committee meeting.



2.6

Remuneration Committee

On January 25, 2022, the Council of the Group established a Remuneration Committee as an advisory body, with the main task to support the Supervisory Board in the succession and recruitment of the management board, the goal-setting and remuneration of the employees of the company and its subsidiaries, as well as the management board. The committee consists of three to five members, at least half of whom are elected from among the members of the Supervisory Board. The remuneration committee has three members - chairman Mari Avarmaa, members Helo Meigas and Martti Kuldma. Remuneration of the remuneration committee is based according to the sole shareholder's decision of March 2, 2022, similar to the remuneration of members of the audit committee.

2.7

Management Board

The Management Board of the Group represents and manages the day-to-day operations of the Group in accordance with the law and the Articles of Association. The management board acts in a manner that is most reasonable from the economic point of view in order to ensure sustainable development of the company and achievement of goals set. The management board ensures compliance with applicable laws and regulations and organizes control and reporting. The Group has adopted appropriate internal procedures and regulations. According to the articles of association, the management board may have one to five members. A member of the management board is elected by the supervisory board for up to five years.

In 2022, the board had three members - chairman of the board Mart Mägi, board members Kristi Unt and Heiki Raadik.

In 2022, 130 board meetings were held, of which 92 were written procedures. The total labour costs of the board members (wages with accompanying taxes) were €494,000, the performance fee paid in 2022 was €85,000. (€450,000 in 2021, performance fee €63,000). The basic salary and performance pay paid to each member of the management board during the financial year is disclosed on the company's website in the overview of the management board's activities. The company does not disclose the bonus schemes or their important features, but they are available to the sole shareholder (article 2.2.7 of the CGC).

Conflict of interest

Members of the management board do not make decisions based on their personal interests and do not use the business offers directed at Omniva in their personal interests. A member of the management board notifies the supervisory board and other members of the management board of any conflicts of interest prior to the conclusion of their contract and without delay upon its subsequent occurrence. A member of the management board promptly informs other members of the management board and the chairman of the supervisory board of any business offers related to the Group's economic activities directed at the member of the management board, their relatives or other related persons.

The avoidance of conflicts of interest of the members of the management board is ensured by the principles set out in the contract of the management board member. In order to ensure independence, transactions with related parties are declared at the time of the approval and audit of the annual report. In order to protect the interests of the company, the contracts of management board members include the prohibition on competition which applies both during and after the expiry of the contract term.

The members of the management board or employees of the company do not demand or accept money from third parties or any other benefits for personal purposes in connection with their work or grant to third parties any unlawful or unreasonable advantages on behalf of the company. Guidance is available in the internal regulations of Omniva.

Cooperation between the Management Board and the Supervisory Board

The Management Board and the Supervisory Board cooperate closely with the aim of best protecting the Group's interests, including working together on the development of the Group's strategy. When making management decisions, the board is based on the strategic instructions given by the Supervisory Board.

The management board regularly informs the Supervisory Board of all important circumstances concerning the planning and business activities of the Group and draws special attention to important changes in business activities. The Supervisory Board forwards data, including financial statements, to the Supervisory Board with sufficient time before the Supervisory Board meeting. At the request of the board, the member of the board provides the latter with information about the activities of the board and the company, either orally or in writing, and ensures that the board has access to information reflecting the activities of the board and the Group.

The security of data exchange is ensured in the Group, and the members of the management board and Supervisory Board treat the Group's information with the necessary confidentiality.

2.8

Disclosure of information

AS Eesti Post discloses information about its shareholder, the composition of the supervisory and management boards, and the responsibilities and membership of the Audit Committee set up by the supervisory board, on its website at www.omniva.ee.

In addition, the company discloses on the website the resolutions adopted by general meetings, its Articles of Association, annual reports and quarterly results, procurement plans and other relevant information that the Group chooses or is required to disclose by law.

As the state is the sole shareholder of the public limited company, the information to be disclosed on the website in accordance with the State Assets Act is mostly in Estonian only. The public limited company does not disclose on its website the dates of disclosure of the information to be disclosed (financial calendar) (article 5.2 of the CGC).

Omniva prepares financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.

2.9

Financial reporting and auditing

The auditor of the Group attends the meeting of the Audit Committee where the annual report is reviewed. The auditor does not attend the meetings of the supervisory board. The annual report, which has been signed by the members of the management board, is submitted for approval to the general meeting (article 6.1.1 of the CGC).

Omniva elects an external auditor following the procurement procedure and ensuring the best possible value for money for the auditing services. Tenders are only requested from companies that offer services of internationally recognised quality. The Audit Committee participates in the election of an external auditor.

The auditor of Omniva for the financial year 2022 is the auditing company AS PricewaterhouseCoopers. The external auditor verified the business interests of the members of the supervisory and management boards of the Group within the framework of preparing the annual report and submitted an overview of the results of the audit to the sole shareholder. The activities of the external auditor are overseen by the audit committee pursuant to the Auditors Activities Act.

2.10

Risk management and risks

Risk management strategy

Omniva is exposed to various risks in its daily activities. The Group has defined risk as a possible danger that a decision, event (complex of events), action (complex of actions) or inaction may lead to undesirable consequences. Possible consequences include the loss or diminution of assets or income along with negative impact on reputation. They may affect the ability to fulfil Omniva's objectives or prevent the company from earning profit. Omniva's business activity's value is dependent on the ability to define, measure, assess, evaluate, take, manage and control the risks arising in such activities (risk management).

The purpose of risk management is to ensure the stability and reliability of the Group as well as the sustainable growth of its value. Competent risk management creates a prerequisite for making more informed and competent business decisions.

The risk management process is aimed to achieve the owner's expectations, which are fixed in the owner's expectations document.

Organization of risk management

Group's Supervisory Board has approved the general principles of the company's risk management, with a purpose to describe the general positions on taking and managing risks. The general principles derive from Omniva's mission and strategic goals. In order to regulate risk-taking, and thereby managing risk control operations and the level of risks in general, the Supervisory Board has approved a document reflecting risk strategy. Accordance with the general principles and the definition of the risk category, risk management is organized by the Management Board and the subdivisions and employees assigned to it.

Omniva's Management Board has the final responsibility for developing, establishing and implementing the principles of risk management, its oversight as well as coordination, setting risks overall acceptable level in the company. The Management Board is responsible for the effectiveness of risk management.

Group's coordination of risk management is based on the three lines of defence model. The first line of defence is formed on business units. Each business unit and subsidiary of Omniva bears full responsibility for controlling the risks that have arisen and may arise in their line of work. This means that the responsible persons must ensure that risk management processes are implemented in all Omniva's operational areas and units in compliance with the established standards.

The second line of defence is the independent risk management function. In addition to the measures of business units, risk management has been separated into an independent management area, independent of operational areas. At Omniva, risk management is carried out at the Group level. It's responsibility of the risk managements unit to manage, oversee and coordinate the development and promotion of the principles and methods of risk management. The unit also makes proposals to the Management Board regarding risk management and its control measures after preparing the corresponding reports. Centralized risk management ensures that implementation of the Group's risk management principles is unified furthermore it gives an opportunity effectively respond to possible changes.

The third line of defence in risk management is the Group's internal audit department, which gives independent oversight of the entire group's activities, including the first and second lines of defence. The purpose of the internal audit is to improve the quality of Omniva's operations by providing objective and independent feedback on the effectiveness of management practices, risk management and controls efficiencies, by making recommendations for improving the internal control system.

The functioning system is supported by the Supervisory Board, and it's formed Audit Committee.

Risk management principles, methodologies, assumptions and competencies related to risk management are documented. All policies and procedures related to risk management are regularly reviewed and updated as necessary.

Omniva's internal rules are regularly reviewed, and their appropriateness assessed. Employees' awareness of the relevant internal regulations and their compliance are also checked

Main risk areas

According to general principles of risk management, risks are divided into six main categories: external, strategic, image and reputation risks, business, financial and operational risks. Financial risks are managed separately, and an overview of their treatment can be found in the Note 25 of the annual accounts.

There are several external factors that affect Omniva's ability to provide services, from weather conditions, geopolitical and economic events to changes in regulations affecting the Group's operations. Regarding the business environment, we observe that Omniva's service markets have become more dynamic, changeable and volatile.

Among the strategic risks affecting the Group's activities, the most significant is the competitive situation on the postal and logistics services market. The competitive situation and changes in it put pressure on market share as well as on volumes and prices. The competitive situation is affected by current market players as well as new entrants. Alongside this, we see that the platform business industry leads to concentration of volumes, which in turn will increases the purchasing power of such logistics services providing services to these businesses. In order to improve operational efficiency and quality, we have initiated a number of projects and made important investment decisions, implementation of these changes require high-quality project management, organizational flexibility and financial capacity.

When providing traditional postal services, Omniva meets the owner's expectations. At the same time, the decreasing volumes of traditional postal services require adjustment of the Group's infrastructure (distribution and collection network) and delivery service processes. This, in turn, requires decisions from the national regulator regarding infrastructure conditions along with the pricing of the universal postal service.

Operational risks are risks arising from the company's internal processes, external events, actions of people (employees, customers, partners or other third parties), systems that fail to function as expected or are inadequate in other ways.

Operational risks include control and management risk, fraud (including internal fraud) risk, legal risk, compliance risk, reporting risk, personnel risk, security risk, technical and technological risks, model risk and procedural risk.

We treat operational risks as an independent area of risk and we monitor these risks together, considering the important interrelationships of the mentioned risks in Omniva's business activities.

Omniva's operational risk strategy is to prevent and minimize losses and mitigate specific risks of a critical nature, in which the possible loss would exceed the acceptable risk level. The goal of operational risk management is to achieve the lowest possible level of operational risks, based on the principle of economic efficiency of risk management.

Assessment, monitoring and handling of operational risks play an important role in management of compliance of risk. Management of compliance risk is a continuous process aimed at:

- achieving and maintaining compliance by excluding, reducing or limiting the Group's regulatory or ethical responsibility towards its employees, customers, the law, transaction partners and the public;
- create and maintain customers and public trust in the company.

We manage compliance risk proactively and proportionately, relying on a rule-based and risk-based approach.

When providing services, we inevitably process personal data, we process this data based on the requirements of personal data protection (GDPR) and using more appropriate measures to achieve cyber security.

2.11

Performance and quality management

A quality and performance management system has been implemented in the parent company and its Latvian and Lithuanian subsidiaries.

The main goal of quality and process management is to optimize the Group's work so it would improve service quality. Omniva's guarantee for the service quality is written in the standard terms of services. Delivery quality, or in other words upholding the guarantee promised to the customers is monitored by an independent service unit, separate from the unit that provides the service, and they are responsible for customer satisfaction. The unit consists of both quality and process departments, which monitor customer and process quality from the respective reports, where information about shipment-related events and customer feedback is gathered. When quality defects are identified, their underlying causes are clarified, and process improvements are made across all channels.

In 2022, annual balanced scorecards were prepared for the Group, its areas, units and departments, which reflect both financial, customer and employee-based goals, as well as the strategic focus-projects of the entire group. Strategic projects and meeting the established goals are monitored monthly both with a financial overview and with reports showing the service and customer support quality. Such a system allows us to respond operatively to changes in the organization and the market.

2.12

Anti-corruption fight

Omniva has established a number of relevant internal procedures such as work organization rules, guidelines for business gifts and for declaration of business interests. The requirements for avoiding conflict of interest are stipulated in the procurement procedure rules, according to which all employees involved in the organization of a specific procurement sign a confirmation letter about the absence of conflict of interest each time.

For selected positions, it is mandatory to declare your business interests and side activities once a year. There are also procedures in place to identify parties related to reporting employees and possible transactions with them, and procedures to ensure compliance with the operating restrictions of the Anti-Corruption Act.

Within the framework of corruption prevention, the Group has created channels for reporting misconduct. We continuously organize trainings for employees on the topic of corruption, conflict of interest, business ethics, etc.

2.13

Changes in the articles of association and regulations

There were no significant changes in the regulatory environment. The new Articles of association has been declared by the general meeting on March 2, 2022. Biggest change was the addition of an item regards the remuneration committee in connection with its creation by the Supervisory board.

Management report

Overview of economic activities and results in 2022

3.1

Economic environment

The problems of the economic environment have rather deepened in recent months, and the outlook has become more pessimistic. The first half of the year was significantly affected by the Russia's war activities, high energy prices, and rapid inflation, and to add to theses worries, the central banks have started to tighten their financial policy. By raising interest rates their attempt is to slow down price growth, but its side effect is a cooling of economic activity. We have mapped Omniva's risks related to exchange rates, interest rates and financial instruments that have emerged during the financial year and the period of preparation of the report, which are outlined in chapters 2.10 of the yearbook and in Note 25 of the financial statements.

In December, the annual price increase slowed down to 17.5%, according to the Statistics Office, and compared to November, prices decreased by 0.1%. There have been no major changes in price growth factors: food prices increased by 25%, energy prices by 24% and industrial goods and services by 12% during the year. The prices of international transports have also steadily increased. Due to the rapid increase in input prices and the decrease in sales volumes, we began to work on cost savings and optimization of transport routes. To ensure profitability, we increased the prices of services at the end of the year.

Inflation rates vary greatly between countries, depending mainly on national support measures, but also on which commodity-based energy is used in the country. In December, energy prices continued to fall on commodity markets. Energy prices have been falling since August, as European countries have been able to stockpile enough natural gas for the winter. The warm weather has also contributed to the price drop. According to Eurostat as of end of December inflation was 17.5% in Estonia, 20% in Lithuania and 20.7% in Latvia. As a result of the rapid rise in prices, the economies of the Baltic countries have cooled significantly. The economic forecast published by Swedbank in January 2023 predicts a decrease of overall economy for the next year, depending on the Baltic state -0.9% to 0%. Omniva's revenues decreased in 2022 in all service groups for several reasons. In particular, our result was significantly affected by Russia's attack on Ukraine, as the revenues of international transit services largely depended on this crisis region. The revenue of postal services has been in a constant downward trend over the years, decreasing by about 4% every year. The decrease in the purchasing power of wages is reflected in increasingly modest demand. Lower consumer confidence and declining consumption also significantly affect the performance of the parcel business.

SKP real growth, %	2021	2022 pr	2023 pr	2024 pr
Estonia	8%	-0,4%	0,0%	3,0%
Latvia	4,1%	1,6%	-0,9%	2,6%
Lithuania	6%	2,4%	-0,3%	1,8%

Consumer price index, %	2021	2022 pr	2023 pr	2024 pr
Estonia	4,6%	19,4%	9,2%	2,5%
Latvia	3,3%	17,3%	9,0%	2,5%
Lithuania	4,6%	19,6%	9,2%	2,0%

Unemployment rate, %	2021	2022 pr	2023 pr	2024 pr
Estonia	6,2%	5,8%	7,3%	5,9%
Latvia	7,6%	6,9%	7,2%	6,5%
Lithuania	7,1%	5,7%	6,5%	6,0%

Real gross salary growth, %	2021	2022 pr	2023 pr	2024 pr
Estonia	6,9%	8,7%	8,5%	7,0%
Latvia	11,7%	7,5%	8,5%	8,0%
Lithuania	10,5%	12,8%	9,5%	7,0%

Source: Swedbank Economic Outlook, January 2023

3.2

Financial and efficiency indicators

Consolidated income statement	2022 12k	2021 12k
EUR million		
Sales revenue	**122,9**	**144,3**
Incl. universal postal service	12,6	16,5
Incl. other services	110,3	127,8
EBITDA	**17,6**	**28,2**
Operating profit	**-0,2**	**16,0**
Net profit before income tax	25,9	14,9
Net profit	**25,4**	**13,8**
Incl. the loss of the universal postal service	-2,7	-1,8

Balance sheet	31.12.2022	31.12.2021
EUR million		
Current assets	**58,8**	77,4
Fixed assets	**65,0**	63,6
Total assets	**123,8**	141,1
Current liabilities	**46,5**	67,6
Long-term liabilities	**9,7**	26,4
Equity	**67,7**	47,1
Average number of employees	**2 471**	2 408

Ratios	2022 12k	2021 12k
ROE	**44,3%**	33,3%
ROA	**19,2%**	10,0%
Operating profit margin	**-0,2%**	11,1%
Net profit margin	**20,7%**	9,5%
Net profit per share (eur)	**16,2**	8,3
Net profit per employee (eur)	**10 292**	5 717
Current ratio	**1,3**	1,1
Level of solvency	**0,63**	0,44
Debt to equity ratio	**17,7%**	53,3%
Capitalisation ratio	**12,5%**	35,9%
Equity ratio	**54,6%**	33,4%

Description of formulas used

- Average number of employees = average number of full-time employees
- Return on equity (ROE) = net profit / average equity
- Return on assets (ROA) = net profit / average assets
- Operating profit margin = operating profit / sales revenue
- Net profit margin = net profit / sales revenue
- Net earnings per share = to the owners of the parent company net profit / weighted average number of ordinary shares for the period
- Net profit per employee = net profit / average number of employees
- Current debt coverage ratio = current assets / short-term liabilities
- Level of solvency = cash / short-term liabilities
- Debt-to-equity ratio = interest-bearing liabilities / equity
- Capitalization ratio = long-term liabilities / (long-term liabilities + equity)
- Equity ratio = equity / (equity + liabilities)

3.3

Income and expenses

Seasonality of business activity

The business activity of the Group is characterized by a significant increase in sales revenue in the last quarter of the year and lower than average performance in the summer period.

The acceleration of business activity in the last quarter of the year is primarily related to preparations for the Christmas holidays, which increases the use of both parcel and postal services. Also, in November and December, revenues from international business increase. The drop in profitability in the summer period is related to holidays and seasonally lower activity of people in e-stores.

Important events that took place during the period of preparation of the annual accounting report

AS Ekspress Grupp, AS Postimees Grupp and Omniva signed an agreement in March 2022, according to which Omniva was to acquire a 100% stake in AS Express Post. Before entering into force, the transaction had to be approved by the Competition Authority, who had up to 5 months to formulate its opinion. On October 5, 2022, the Competition Authority made a decision prohibiting the merger of AS Eesti Post and its only competitor, AS Express Post.

On January 27, 2023, AS Express Post announced that by the decision of the Supervisory Board, the company's home delivery business will be terminated within 2023 and approximately 450 employees are to be redundant, most of whom delivered periodicals early in the morning. Based on that, Eesti Post AS has decided to increase the early morning deliveries, ensuring a situation where the change for the reader or page subscriber is minimal.

Revenue

Omniva's revenue totalled €129.1 million in 2022, which is 13% less compared to 2021 (€149.1 million in 2021). Sales revenue from contracts with customers made up 95% (€122.9 million) of total revenue, however, received subsidies and other business income totalled €6.2 million.

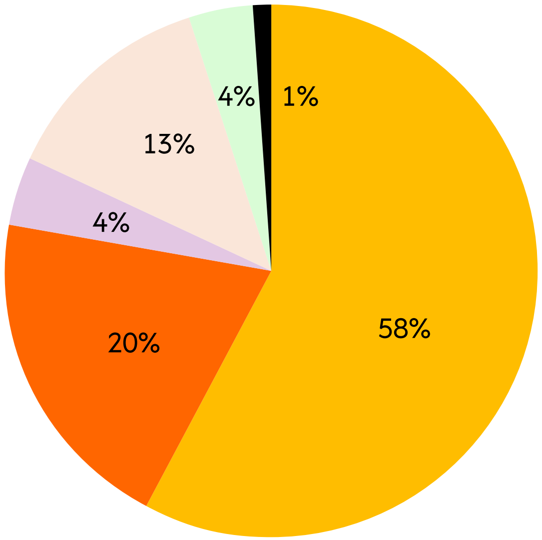
The largest service area of the Group in terms of sales revenue is parcel services, which makes up a total of 58% of total revenue (53% in 2021). Postal service revenue accounts for 20% of total revenue, which includes the provision of universal postal service that brought only 10% of Omniva's total revenue. Revenue from the international services makes up 13% of the Group's business income.

In 2022 the group's revenues decreased in all service areas. There are several reasons. First, the growth of e-commerce due to corona restrictions affected the result of the comparative period (year 2021) in the field of parcel services. Another important factor is Russia's war in Ukraine. Profitability was also negatively affected by rising energy prices and a record-setting inflation rate, as consumer confidence decreased, and consumer behaviour became more conservative under conditions of increased uncertainty.

Revenue of postal services, which has been falling for years, also contributed to the decrease in income, which decreases about 4% every year. Compared to 2019, revenue volumes from postal services have decreased by €3.2 million in 2022.

The last and biggest impact on profitability was the revenue decrease in international transit service area compared to 2021. The volume of transit service fell by 45% (€13.1 million). The result was significantly affected by the war in Ukraine that started in February, as the income of the international transit service was largely dependent on the crisis region. Omniva stopped all international commercial cooperation in the direction of Russia and Belarus, continuing only the universal postal service according to the Lausanne agreement.

Based on the location of customers, 45% of sales revenue comes from Estonian customers (58% in 2021), followed by revenue from Lithuanian customers (15%, 8% in 2021). The third and fourth places are held by China (13%, 16% in 2021) and Latvia (12%, 7% in 2021).



Revenue total: €129,1 mln

Distribution of revenue by service:

- Parcel services 58% (2021: 53%)
- Postal services 20% (2021: 18%)
- Digital services 4% (2021: 6%)
- International services 13% (2021: 20%)
- Subsidies and grants received 4% (2021: 2%)
- Other operating income 1% (2021: 1%)

Parcel services

The Group's package services revenue was €74.4 million, which is 5% less compared to 2021 (€78.5 million in 2021). The decline in sales revenue for parcel services was expected due to the reasons described above. Similar to the previous year, the service of parcel machines made up 61% of the income of parcel services. This year, we focused on the expansion of the parcel machine network, and in the last three quarters, the volumes of parcel services exceeded last year's result. Compared to last year the highest, 16% increase was in revenue from parcel vending machine services in Latvia. In Estonia, the growth was 6%, in Lithuania, profitability was 4% more modest. The group's estimated market share in the Baltic parcel vending machine market is 37%.

Postal services

PThe sales revenue from postal services was €26.4 million, which is almost 3% or €0.8 million less than in 2021. The sales revenue of the universal postal service made up €12.6 million of this, decreasing by 24% or €4 million compared to 2021. The universal postal service, in turn, is divided into two: parcel services make up 75% of it and postal services 25%. Most of the decline in revenue comes from traditional postal services due to the decline in service volumes. Weather its sending letters in paper form, ordering periodicals at home or making money transactions in the postal network, these are services for which the need has decreased year by year.

Digital services

Revenue from digital services amounted to €5.6 million in 2022 (€9 million in 2021). The field of digital services includes payment solutions and business information services. Various payment solutions such as bank links, payment initiation service, etc. were offered by AS Maksekeskus, which was sold by the

group on July 1. The field of business information services include receiving purchase and sales invoices both electronically and on paper, invoice management and electronic issuance. From the end of 2020, information services are provided by OÜ Finbite. Most of the income from information business services is earned in Estonia, but since 2014 these services have also been provided in Latvia and since 2016 in Lithuania.

International business

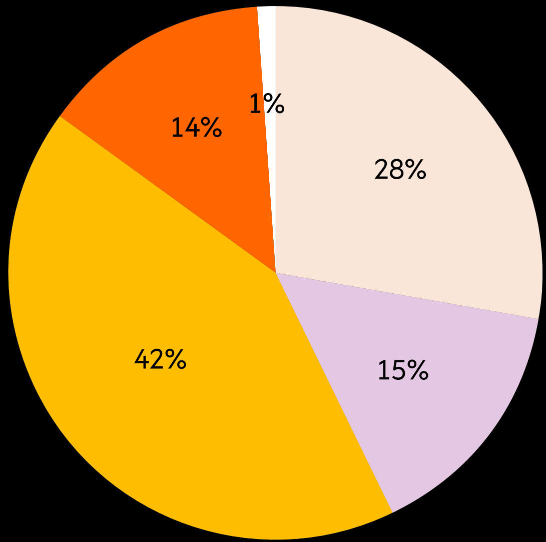
In 2022, revenue from international business services made up 13% of the Group's revenue, reaching €16.6 million. This is 45% less compared to 2021 (€29.7 million in 2021). The international transit services business has re-adjusted its operations during the year and is focusing on new markets where volumes are expected to gradually recover in 2023. We signed several new customer contracts and in September opened an international centre in Bishkek, Kyrgyzstan for receiving and sorting cross-border e-commerce packages. With this, Omniva became the first European postal operator to open a representative office in Central Asia.

Bishkek is geographically excellently located and is a central supply point for the whole region, allowing excellent transport from China, Europe and North America. The new centre in Central Asia will allow us to transport international parcels more efficiently than until now and reduce our ecological footprint. We also started cooperation in Oman, where we opened a new representative office. Our focus is on the continued expansion of international cooperation.

We started serving customers of the international business direction in 2015. It is a line of business that focuses on serving international e-commerce shipments. The international e-commerce market is characterized by intense competition involving both global logistics companies and national postal companies. In the case of the Group's parcel business services, the country of origin or destination of the shipments is the Baltic States (our home market), but when we manage the international transit, then shipments are managed in London, Amsterdam, Hachenburg and Bishkek in addition to the Baltic States.

Expenses

In 2022, the Group's business expenses totalled €129.3 million (€133.1 million in 2021), which is 3% less than the level of 2021. Since the sales volumes were lower than planned, we have also reduced direct costs, optimized deliveries and main transports and recruited fewer employees than planned during the year.



Expenses total: €129.3 mln

Distribution of expenses

- Goods, raw materials and services 28% (2021: 36%)
- Operating expenses 15% (2021: 15%)
- Employee benefits 42% (2021: 40%)
- Depreciation, amortisation and impairment of fixed assets 14% (2021: 9%)
- Other operating expenses <1% (2021: <1%)

Goods, raw materials and services

This group includes costs related to the purchase of goods, transport costs (including international transport), international final payments, outsourcing costs, fuel, production materials and brokerage fees. These costs were €36.4 million in 2022 and decreased by 24% or €11.5 million compared to 2021. The decrease in direct costs was mostly influenced by the decrease in the volumes of international shipments. At the same time, the increase in many input prices, especially the increase in fuel prices, increased our cost base.

Operating expenses

Other operating costs include building utilities and administrative costs, car-related costs, marketing costs, training costs, hardware and software-related maintenance and other administrative costs. These costs totalled €19.5 million in 2022, remaining exactly at the same level as in 2021.

Employee benefits

The Group's labour costs were €54.6 million in 2022, which is 3% or €1.8 million more than in 2021. Labour costs made up 42% of the Group's total expenses in 2022 (40% in 2021). The increase in labour costs is mainly due to the increase in wages of front-line employees. The wage increase was necessary to ensure Omniva's competitiveness on the labour market. The average number of employees in 2022 was 2,471, an increase of 63 people per year.

Depreciation, amortisation and impairment of fixed assets

In 2022, the costs related to depreciation and impairment of fixed assets totalled €17.8 million, which is 46% or €5.6 million more than in 2021. Costs were increased by the software amortisation expense related to various IT developments.

Other operating expenses

Other business expenses include expenses related to quality control, membership fees of associations and unions, discount of goods, write-off of fixed assets and profit/loss from exchange rate changes. In 2022, other business expenses totalled €1 million, which is €0.4 million more than in 2021

3.4

Development and investment activities

The group invested a total of €13.9 million in development and investment activities in 2022 (€8 million in 2021). We invested the most in the acquisition of new parcel machines and expansion of existing ones in all three Baltic countries, additionally we invested in the renovation of post offices in Estonia, in the renewal of the car fleet and in developments related to international business.

Next year we plan to invest in the development of the network, renewal of post offices according to the customer-oriented concept and expand the network of parcel machines. In addition, we invest in technology and services.

We are investing more than €40 million, in the construction of a 21,000 m2 parcel sorting terminal in the Kaunas Free Economic Zone. The new sorting line helps to optimize and streamline business processes, improve both the quality of the services offered and expand their availability. It also improves the working conditions of employees and saves natural resources. All in all, the new terminal strengthens Omniva's position as the most preferred logistics partner in the entire Baltic region. Of the total amount, approximately €9 million will be invested in the Equinox Europa parcel sorting line, which is the most modern on the market and can automatically sort up to 15,000 shipments per hour. The construction contract for the new terminal was signed in October 2022, and we hope to complete the construction work with the installation of the sorting line in the second quarter of 2024.

3.5

Dividends

In 2022, the parent company paid dividends in the net amount of €2.75 million, plus €0.6 million in income tax. In 2021, the parent company paid dividends in the net amount of €2.4 million, plus €0.3 million in income tax.

3.6

Activities of subsidiaries

SIA Omniva

Omniva Latvian subsidiary SIA Omniva (formerly known as SIA Post24) was founded on March 23, 2012. The company offers parcel vending and courier services in Latvia. In 2022, the company's turnover increased by a total of 2%, reaching €18.5 million. The average number of employees was 271 in 2022. The number of parcel machines in Latvia increased to 355, during the year we installed 64 machines in new locations.

During 2022, we implemented several activities in Latvia to strengthen our position in the market and to ensure a competitive advantage. In total, Omniva invested more than €2 million in the development of its infrastructure in Latvia in 2022. First, we implemented another expansion of the parcel vending machine network. In total, we installed 64 new machines, resulting in a total of 355 of them in Latvia at the end of 2022. In addition, we installed extensions of the medium and large cabinets to 150 existing machines, which are the most requested boxes by customers. Secondly, we worked on the introduction of new services (e.g. return service) and digital solutions that improve the user experience of our customers. In 2023, we will continue to develop the company and expand the network. Due to low volumes, Omiva SIA decided to close the e-shop for goods packaging from the beginning of 2023 and stop offering full storage services.

By implementing several sustainability projects, we have made significant investments in society in Latvia, and for this, SIA Omniva has been recognized with awards for sustainability, and also they've emphasised our brand awareness and other categories. During the year, Omniva SIA supported several NGOs and other initiatives, for example helping to deliver donations to both charitable organizations and private individuals in Ukraine. We also supported the Zero Waste initiative and the Democracy Festival. In addition, our Latvian company actively participated in the implementation of the "Star of E-commerce" platform for promoting the development and growth of e-commerce, evaluating online stores operating in the country. In 2023, we plan to continue these initiatives on a larger scale.

UAB Omniva LT

Omniva's Lithuanian subsidiary UAB Unipakas was founded on November 2, 2005. Omniva acquired a 100% stake in the company in 2012, and since April 2014 the company bears the business name UAB Omniva LT. In Lithuania, we offer parcel vending machine and courier services to our customers. In 2022, the company's turnover increased by a total of 4%, reaching €26.8 million. The average number of employees in 2022 was 466.

In 2022, we delivered almost 13 million packages, which is a million more than in 2021. Our Lithuanian customer community also exceeded 1 million, it means 1.2 million Lithuanian residents chose Omniva to send or receive parcels in 2022. The customer satisfaction score increased to 80 on a 100-point scale, which indicates that the quality of parcel delivery in Lithuania improved, and customers evaluate our services positively.

The number of parcel machines increased from 349 to 420 at the end of 2021, and we reached several settlements where Omniva parcel machines were not represented before. Today, Omniva is represented in 109 cities and settlements in Lithuania. We invested €2 million in the development of the network of parcel machines in Lithuania during 2022 and €1.5 million in vans. This year, we will continue to expand the network and invest in the construction of the Kaunas parcel sorting terminal in the free economic zone.

OÜ Finbite

OÜ Finbite, a subsidiary of the Ominva group, was founded on October 16, 2020. The company previously known as Omniva billing centre has since been operating under the Finbite billing centre brand. The services of the invoice centre, which has been offering invoice solutions to customers for over 10 years, include solutions for purchase and sales invoices, digitization, e-confirmation circle, e-expense reports and digital archive.

OÜ Finbite's revenue was €3.3 million in 2022 (€3.1 million in 2021). In 2022, the sales revenue was distributed as follows: 70% was earned by the company in connection with the receipt, processing, storage and digitization of purchase invoices, and 30% in connection with the preparation and sending of sales invoices to various channels (by e-mail, in paper form to the mailbox, bank, B2B channels). The average number of employees in the company was 24 in 2022 (21 in 2021). In the next financial year, the main focus is still on increasing the company's volumes and value while making the technology more efficient by separating it from the systems of Eesti Post. In addition, there are plans to update Finbite's website and self-service.

AS Maksekeskus

Omniva's former subsidiary AS Maksekeskus was founded on April 17, 2012 with the aim of offering secure and convenient payment solutions and other e-commerce-related services to e-merchants and their customers. Omniva Group held a 55.65% stake in the company to increase the added value offered to our e-merchant customers by combining logistics and payment solutions.

According to Omniva's improved strategy, the activities of the Payment Center were no longer strategically important. The services of the Payment Center are completely free market services and are not of national importance. Therefore, on January 31, 2022, Omniva, AS Inbank and small shareholders signed a sales agreement for the sale of AS Maksekeskus to a new strategic investor, which was AS Luminor Bank. The transaction entered into force on July 1, 2022.

3.7

Plans for 2023

The greatest impact on the sector is the war in Ukraine and the resulting social and economic factors. However, the long-term outlook for e-commerce is optimistic, while mail volumes continue to decline. Customers still expect fast and accurate delivery of parcels from courier service providers, a network for receiving and sending parcels as close to the customer as possible, simple and customer-friendly service and environmental sustainability.

Omniva's 2023 action plan is based on the Group's long-term strategy for the years 2022-2026 and the owner's expectations. Our vision is to be the most preferred logistics partner in the Baltic countries by 2026, offering customer-oriented service with dedication and responsibility.

Our most important development projects this year fall into three categories:

First, more than before we want to offer service based on the needs and expectations of our customers. To achieve this goal, we are expanding the network of parcel boxes, renovating several post offices across

Estonia and also moving some of them to better locations. Our goal is to improve service quality throughout all service channels.

Secondly, Omniva's digital solution is planned to be significantly improved to be more user friendly and simpler for the customers. The new digital channel enables both better tracking of customer preferences and shipments, as well as support of all services across different shipment and delivery points.

Thirdly, we will continue to develop and automate sorting centres to deliver shipments faster at an affordable price. The construction of Omniva's largest sorting centre in Lithuania will get underway this year. We are finishing the design of the extension of the sorting centre on Rukki road in Estonia and are preparing to move the sorting centre on Pallasti street. We are renovating several distribution centres across Estonia and opening them to deliver large parcels to customers. We plan to significantly increase the environmental friendliness of all our centres by adopting solar energy and other environmentally friendly solutions.

We pay attention to both the environmental and social impacts of Omniva. This year, we want to define our long-term sustainability goals and metrics more precisely than before, and actively work towards achieving these goals.

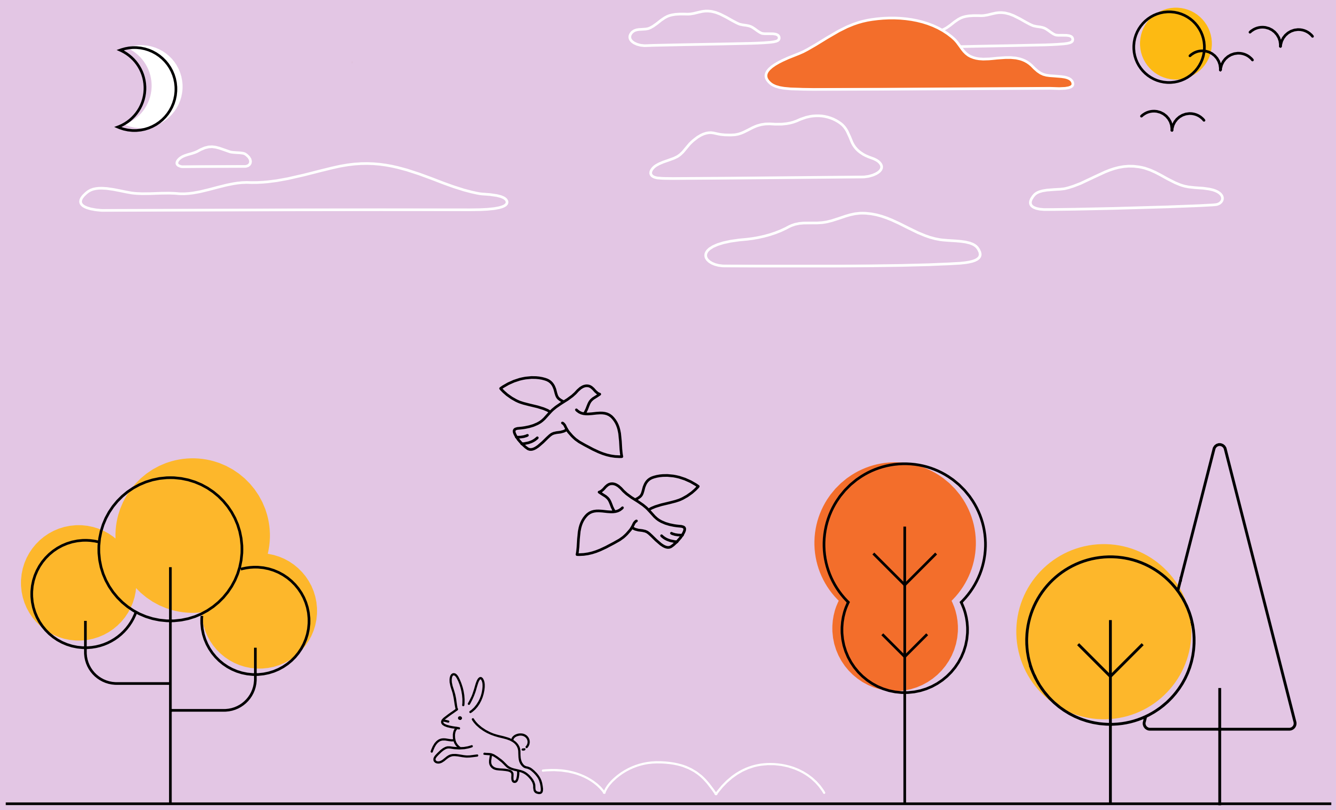
We also want to offer even greater support to our staff than before. Important training programs for managers and frontline employees, more comfortable working conditions and new technical solutions are only part of it. We believe that work done with joy and care contributes to improving the customer experience and achieving our common goals.

3.8

Responsible operations

Chapters 1 and 2 of the yearbook describe the Group's activities and key performance indicators in the areas of risk management, human resource management, compliance with human rights, and the fight against corruption, and chapter 4 of the yearbook describes the environmental effects, social effects, and contribution to the community around us.

Sustainability



Omniva follows ethical principles and expects all subsidiaries and affiliated companies, cooperation partners and employees to follow them in their daily work. We also comply with international standards regarding human rights, working conditions, environmental protection and the fight against corruption, and we consider it important to process personal data responsibly. It is important for us to act in an environmentally friendly way and to contribute to global sustainable development.

4.1

The social impact of our activities

Our business strategy is related to the international goals of sustainable development of the United Nations. Our focus topics among the Sustainable Development Goals are shown in the table below, along with the main impacts of our activities. In 2022, Omniva conducted an impact analysis of responsible principles in relation to the goals of sustainable development, which was based on the Group's sector-specific risk position. As a result, we mapped which sustainable development goals we influence the most with our activities. This year, we plan to create Omniva's sustainability strategy and action plan, where we will establish clear sustainability goals and agree on metrics. When designing our sustainability framework, we are based on the corporate sustainability reporting directive established by the European Union, the standards created on its basis, and other widely used international frameworks and standards.

United Nations Sustainable Development Goals	9 INDUSTRY, INNOVATION AND 11 SUSTAINABLE CITIES AND	12 RESPONSIBLE CONSUMPTION AND PRODUC- 13 CLIMATE ACTION	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC
Objective	**Preferred service provider**	**Clean and green environment**	**Pleasant workplace**
Important areas	• Customer privacy and security of data • Quality and safety of the service • Access and affordability • Community Relations	• Supply Chain Management and optimization • Reduction of greenhouse gas emissions • Reuse of packaging	• Work environment and diversity • Employee welfare and occupational safety • Engagement of Employees
Strategy	**Contribution to solutions**	**Harm reduction**	**Benefit to stakeholders**
Areas of activity	• Improvement and control of service quality • Infrastructure development • Compliance check • Communicating with communities • Increased cyber security skill	• Development of a green product and service portfolio • Use of sustainable technologies (including in the design of car fleet and buildings) in the group and the entire supply chain • Widespread use of reusable packaging	• A safer, healthier and more engaging environment with inclusive opportunities and non-discrimination • A diverse team with customized and friendly spaces for all groups of employees • The employee benefits package is in line with industry turnover indicators

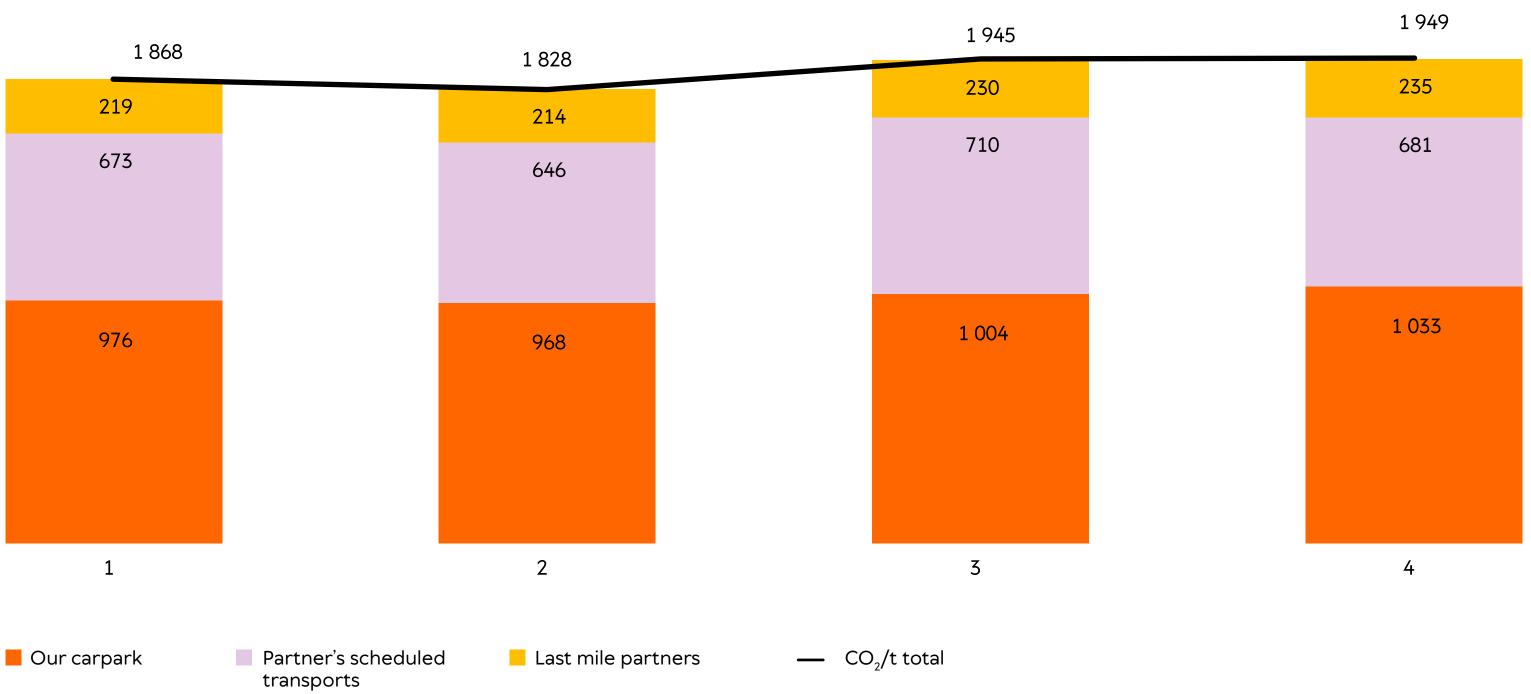
4.2

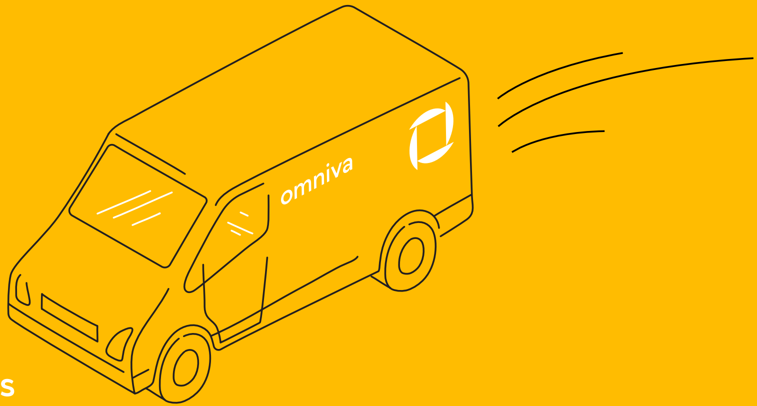
Environmental protection

Omniva's goal is to reduce the negative impact of its operations on the environment. With our developments and investments, we want to consistently create solutions that favour the achievement of this goal. We feel responsible for the natural environment, we listen to communities, we cooperate with municipalities, research institutions and other European and global postal organizations to ensure the sustainable development and operation of the company.

The basis of the environmental management system is the identification of important environmental aspects and their resulting effects. Based on the above, we define environmental goals and activities to improve our results. As a logistics company, our biggest impact on the environment is the emissions associated with transportation. In all three home markets, we have mapped our own fleet and that of our partners and equipped the vehicles with special GPS devices to measure the emission factor. The monthly emission in 2022 has been calculated using a simplified method, based on the emission rate specified in the vehicle's technical passport.

Omniva Baltic CO_2/t emissions by quarter in 2022





Transport circles

We are actively engaged in the electrification of the car fleet so that our delivery methods are more environmentally friendly than before. In 2023 we plan to acquire 42 electric vans.

In addition, we are actively looking for alternatives to cars. In cooperation with the Estonian company VOK Bikes, we are currently piloting the use of 16 cargo bikes. The efficiency of the electric cargo bike is manifested primarily on delivery routes, the mileage of which is not high and where there are many stops, because in such conditions the use of the bike is convenient and optimal for the courier. It is practical to work with a cargo bike in a densely populated area that is difficult to reach by car. An electric cargo bike can be a nearly 20% more efficient alternative to a van, and compared to a mail round made on foot, an electric cargo bike can serve 15% more customers.

Omniva electric bikes currently deliver mail in Tallinn, Tartu, Jõgeval, Haapsalu, Kuressaare and Pärnu. We want to expand the use of cargo bikes in other cities as well. Vok Bikes travel at a speed of up to 25 km per hour and can travel up to 100 km on a single charge.

In addition, we actively promote eco-driving so that our fleet lasts longer and the transport cycles are cost-effective. Therefore, one part of the performance pay of our couriers is the eco driving score.

We are also optimizing our transport cycles, because fewer kilometres travelled with the same service quality means both lower costs and a smaller environmental footprint. Our ambition is to reach automatic transport optimization within the next year.

Traffic month

September 2022 was a traffic month at Omniva, during which we carried out various thematic activities for employees to draw attention to safe and economical driving techniques. Updating knowledge and skills contributes to the safety of both parcel and postal couriers and the safety of other road users. An eco-driving competition was held for couriers and postal couriers. As an innovation, we organized traffic day events in eight locations across Estonia and conducted skill driving competitions. The employees could practice parking and were told what to keep in mind during the technical inspection of the vehicle. Similar to previous years, all our employees had the opportunity to test their traffic knowledge and participate in solving traffic tests.

Solar Park

The logistics centre located on Omniva Rukki road receives a large part of the electricity it needs through solar panels. A total of 1,667 panels with monocrystals have been installed on the centre's roof, which cover an area the size of one and a half football fields, or 11,000 square meters. The solar park covers 30-40% of the building's energy needs. In 2022, we produced 489,000 kWh of electricity with solar panels (453,000 kWh in 2021).

Sustainable supply chain

Omniva is a state-owned company. This means that when acquiring goods or services, we must follow the Public Procurement Act. Public procurements must be organized in a transparent, controllable manner, and financial resources must be used sparingly and expediently. Companies from which services or goods are purchased are selected based on specific criteria and must be objective, verifiable and equally understandable to everyone. As a business, it is important to us that we can effectively take advantage of market competition and that we use our financial resources economically and efficiently, choosing cooperation partners based on the best possible price-quality ratio.

At Omniva, the procurement procedure and code of conduct applies for partners. We expect our partners to implement international standards of human rights, working conditions, environmental protection, business ethics and the fight against corruption, because this is an important criterion for us in establishing and continuing business relations. The partners' code of conduct is an integral part of the procurement contract, and both the contract partner and its subcontractors must follow it in their business activities. Every year we order various services, buy equipment, spare parts, software, technology, office supplies and work clothes. Simple procurements and public procurements are always carried out in cooperation with the procurement department. In order to uniformly observe the general principles of public procurement, the procurement department conducts all procurements whose cost exceeds €10,000.

In 2022, we carried out 162 procurements with a total volume of approximately €56 million, so Omniva's contribution to the local economy as a supplier is steadily important.

4.3

Our people

Composition of the team

Our group operates in the Baltic countries, complying with all the laws applicable to the workforce here. We also adhere to the principles of supporting diversity of gender, age, education and views. Omniva employs nearly 2,550 people. The annual average number of employees was 2,471 (2,408 in 2021). As of the end of 2022, Omnivas employed 2,548 people, who were distributed among the companies of the Group as follows:

	2022	2021
AS Eesti Post	1 692	1 766
UAB Omniva LT	481	384
SIA Omniva	351	237
OÜ Finbite	24	21

In AS Eesti Post, the number of employees decreased mainly as a result of work organization changes and automation related to work process efficiency. In the subsidiaries UAB Omniva LT and SIA Omniva, the increase in the number of employees was mainly related to the growth of business activities.

The difference in gender distribution is mainly due to the nature of the positions related to the activities of the companies. The proportion of women in the Group's Baltic management is 50%, in the Management Board 33% and in the Supervisory Board 33%.

The proportion of men and women varies between the companies of the Group as follows:

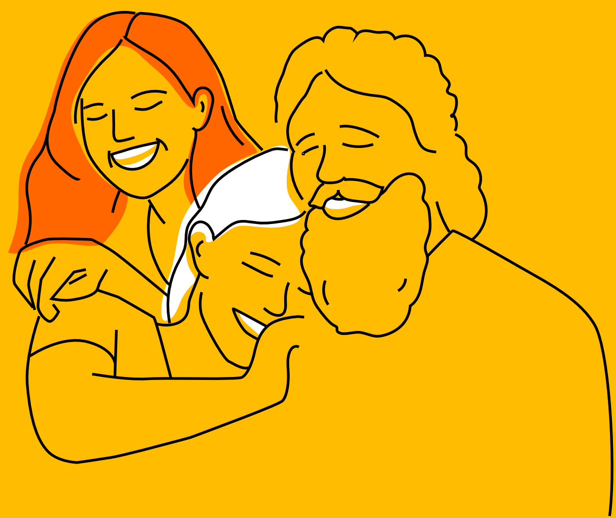
		
AS Eesti Post	27%	73%
UAB Omniva LT	63%	37%
SIA Omniva	64%	36%
OÜ Finbite	30%	70%

The average employee at Omniva is 44 years old. The youngest employee is 18 years old and the oldest is 81 years old.

The average age by company is as follows:

AS Eesti Post	46 years
UAB Omniva LT	28 years
SIA Omniva	30 years
OÜ Finbite	34 years

In the Group, we monitor the permanence index calculated once a month, which shows the permanence in Omniva across groups of employees. In the case of managers and specialists, the calculation of the persistence index is based on 2 years of service, because during this time the employee acquires more comprehensive knowledge. A first-level employee settles into the position faster, therefore his seniority in the formula is 1 year. At the end of 2022, the permanence rate of managers for all employees of the Group was 81%, for specialists 62%, and for first-level employees 78%.



The average length of service in AS Eesti Post is 9 years of work. The number of service anniversaries (more than 10 years of service, considered every five years) was 134 in 2022 (96% of whch works at AS Eesti Post; 3% in UAB OMNIVA LT; 1% SIA Omniva). Two employees of AS Eesti Post reached 50 years of service in 2022.

Employee satisfaction

One of the most important indicators of the Group's scorecard is employee satisfaction, which we measure with the employer recommendation index, or eNPS. The quarterly measurement results showed an average recommendation index of our employees of 52, which exceeds the set goal. 77% of employees took part in the surveys, which ensures the reliability of the results. Team satisfaction is also high, 70% of respondents were ready to recommend their team. The employees value good teamwork the most and consider the content of the work to be important.

Occupational accident index

Another important performance indicator that we monitor in the Group is the occupational accident index (WSI - Workplace Safety Index). The WSI shows how much of the calendar days have been wasted due to temporary incapacity for work as a result of accidents at work. As of December, our occupational accident index was 2,449. If occupational accidents outside Omniva's territory due to slippage are excluded, the occupational safety index was 1,173.

There was a total of 80 occupational accidents in the Group. 68% of all accidents occur due to falls, trips and slips by postal couriers who work in all weathers in an outdoor environment not controlled by the company. More common occupational accidents occur among postal couriers due to slippery weather conditions in the first quarter. We carry out prevention and information work in the Group to avoid accidents at work and equip our employees with suitable protective equipment.

Total of 80 occupational accident

- 14 Stumbling
- 24 Slipping
- 16 Falling
- 3 Accidents caused by animals
- 5 Accidents during handling
- 7 Car accidents
- 11 Other

Occupational safety is based on the Occupational Health and Safety Act, relevant regulations and the results of risk assessments. Employees can have a say through the work environment commissioners, with whom topical issues related to the environment and safety are discussed once every six months. In 2022, several new e-training courses were held for different target groups, offering knowledge from traffic safety to getting along with dogs and maintaining mental health. Spring health month and summer road safety month are well-known and valued events among employees.

Employee involvement

We find that a strong organizational culture is based on employee involvement. Therefore, during the year, we introduced Omiva's renewed strategy and core values to all employees in order to create a unified Baltic-wide organization. The renewed values were communicated to all Omniva employees during the workshops of the value game, which were conducted by our mission ambassadors starting in June. Mission ambassadors were Omniva employees who helped to introduce our new strategy, mission and brand story to co-workers. They were tasked with organizing workshops for their colleagues to help them understand our renewed brand story and create a sense of unity so that each of our employees felt valued. The workshops also discussed how to achieve strategic goals and collaborate better and collected stories from Omniva people that reflect our values to share with other colleagues. We also continued with regular information sessions for employees and managers to share information about the Group's financial results, achievements and upcoming changes.

Value proposition

TIn the remuneration principles, we consider the company's competitiveness by participating in the Fontes salary market survey every year. We are also based on the division of occupational groups and the principles of equal treatment. We treat our employees equally, regardless of their gender and other characteristics. When paying for work, Omnivas aims to ensure fair and competitive remuneration through a simple and clear remuneration scheme. The total remuneration of an Omniva employee consists of both financial payments to the employee (e.g. basic salary, performance pay, bonuses, compensations, subsidies) and non-financial benefits. In addition to the salary, Omniva has a value proposition for the employee, through which we support the achievement of a balance between the private and professional life of the employees and promote the employee's well-being.

Our value proposition includes variety of benefits across the Group, such as:

- **Sports support**
- **A performance reward system for targeted positions**
- **Joint events (e.g. health week, couriers' day celebration, gala, summer days)**
- **Days off and/or support for important personal events**
- **A gift to an employee for the birth of a child and in the future for the child at Christmas**

Furthermore, additional company-based benefits have been developed that enrich the value proposition in a specific company and/or country. For example, at AS Eesti Post there is an additional 5-day holiday according to seniority, in Latvian and Lithuanian companies we offer health insurance to employees, compensate for vaccinations and offer psychological counselling.

We consider the balance of private and work life very important and we are very happy that in December 2022 the Ministry of Social Affairs also awarded us with the gold label of a family-friendly employer. Family- and employee-friendly employers are organizations that value their employees, contribute to a family-friendly work culture and consider the balance of work and family life to be important. To take part of the program organizations have to be re-evaluated in every two years, and as a result, the commission will decide whether to renew, extend or withdraw the label. The committee analysed the materials presented by Omniva and highlighted in their feedback of company's well and skilfully implemented changes as well as commended the company for implementing these changes. In order to receive the family-friendly employer label, Omniva had to go through a comprehensive family- and employee-friendly business development program within two and a half years. During the process, evaluations and counselling took place. In addition to management, employees were also involved in the process. The action plan focused on improving work culture through flexible work organization, flow of the information, communication climate, synergy and culture, employee succession, feedback and research, recruitment, settling in activities, termination of employment and health promotion.

Over the years, it has become customary to recognize the best colleagues who have excelled in their work. At Eesti Post's 2022 festive gala event, the best nominated by colleagues in ten different categories were recognized. In addition, we organize appreciation events for graduates and offer a thesis scholarship. We highly value long-term working relationships and people's commitment, therefore we recognize and thank colleagues who celebrate a successful working relationship anniversary in the companies of our group in the current calendar year.

Relations with the trade union

Our main partners are the PRO trade union and the Transport trade union (ETTA). We meet with representatives of the social partners regularly to discuss issues that are important in terms of work organization. About 15% of AS Eesti Post's employees belong to trade unions.

Eesti Post AS has a collective agreement that covers all employees. Every year, increases in the minimum basic salaries by position are negotiated in a tripartite process.

Diversity, equal treatment and non-discrimination

TWe want our organizational culture to be free from discrimination, harassment and humiliation.

Omniva's employees include people from various backgrounds, from 20 different nationalities and from different cultural spaces. Regardless of the employee's origin, we respect everyone's equal rights, obligations and opportunities in employment, education and participation in social activities.

When selecting, evaluating, promoting and remunerating employees, as well as creating development opportunities or making a selection from among employees in a layoff situation, we do not take into account the employee's age, gender, nationality, native language, religion, political or social beliefs or membership in legal associations.

Omniva employees are native speakers of 11 different languages. In addition to the local national languages, important company information documentation is also available in English and partially in Russian.

Development of employee competences

The foundation of Omniva's HR strategy is the company's values - we think openly, create solutions and are reliable. Based on these values, it is important to ensure a strong and sustainable organization. Contribution to employee training is also important to support the achievement of business objectives through employee development and increasing competency levels. Training and development activities are based on the principles established throughout the Group, with which we ensure a uniform approach in Estonia, Latvia and Lithuania. We use both in-house and external trainers and offer both video and on-site training.

In teaching and training people we rely on the 70-20-10 model. When developing employees, we proceed from the development and training plan, which is put together based on the analysis of development needs. During the development needs analysis, we collect information from different levels of the company about work organization, problems, employee competence, work performance and future plans in order to find out the difference between the actual and the desired situation. We are looking for ways to get closer to the desired situation with the help of various development activities. Based on the 70-20-10 principle, an employee's development plan should consist of about 70% learning through everyday work, which is considered the most effective way to develop. About 20% of the employee's development plan should be learning from colleagues, which promotes the transfer of existing experience and knowledge in the organization. The remaining 10% of the development plan should be made up of learning at trainings. It is not a strict formula, but a principle which we base our planning of development activities, and which helps us all see opportunities for development in our daily work.

The strategic focuses in the field of our employee development are as follows:

- Development of management culture
- Development and motivation of key people
- Development of logistics competencies
- Raising the service level
- Introduction of a modern e-learning environment

In 2022 training costs made up 0,9% of total employee benefit costs, the Groups total training costs amounted to €491 000 euros.

4.4

Social contribution

Membership in organizations

International cooperation:

UPU	IPC	Post Europe	Baltic Nordic Cooperation	Baltic Postal Union	PRIME

Estonia:

The Estonian Employers' Confederation	Estonian Marketing Association	Estonian Lawyers' Association	Estonian Chamber of Commerce and Industry	Estonian E-commerce Association
PROLOG – Estonian Supply Chain Association	Corporate Social Responsibility Forum	GS1 Estonia MTÜ	Estonian Association of Information Technology and Telecommunications	Estonian Personnel Management Association PARE
Pokumaa SA	Estonian Logistics and Forwarding Association			

Other domestic membership:

Postal law working group of Ministry of Economic Affairs and Communications

Advisory council of market participants for the prevention of money laundering

Cooperation in the field of central development

For us, awareness of the principles of sustainable development, sharing our knowledge and dealing with the impact of our fields of activity on society is one of the central issues in business activities and making future plans. Therefore, in October 2022, Omniva joined the sustainability program of the International Post Corporation Sustainability Measurement and Management System (IPC SMMS).

By joining, we promised that we would contribute to the fulfilment of the common goals set by the 21 members of the program.

The IPC SMMS program focuses mainly on seven themes:

- Health and safety
- Air quality
- Learning and development
- Circular economy
- Resource efficiency
- Sustainable procurement
- Climate change

During the program, the sustainability strategies of all members are evaluated every year and the progress of organizations in achieving common goals is measured. IPC also organizes training sessions for members where best ideas and practices are introduced. IPC also helps to organize meetings between members, if necessary, in order to learn from each other as efficiently as possible

IPC (International Post Corporation) Sustainability Measurement and Management System 2030 targets:

Fleet composition (Alternative Fuel Vehicles)

2019
22%
Baseline
of which 15% Electric

2030 SMMS Targets
50%
of witch at least 25% Electric

Packaging

2030 Target 50% sold to be reusable, recyclable or compostable

Sustainable Management Proficiency (SMP)

2019 Baseline 52% → 2030 target 90%

Energy use from renewable sources

2019 Baseline 31% → 2030 target 75%

Waste Separation for Reuse and Recycling

2019 Baseline 47% → 2030 target 75%

Carbon Emissions Reduction 2019

2019 Baseline 5 923 000 tonnes → 2030 target -50% (2 961 000 tonnes)

4.5

Supporting the community

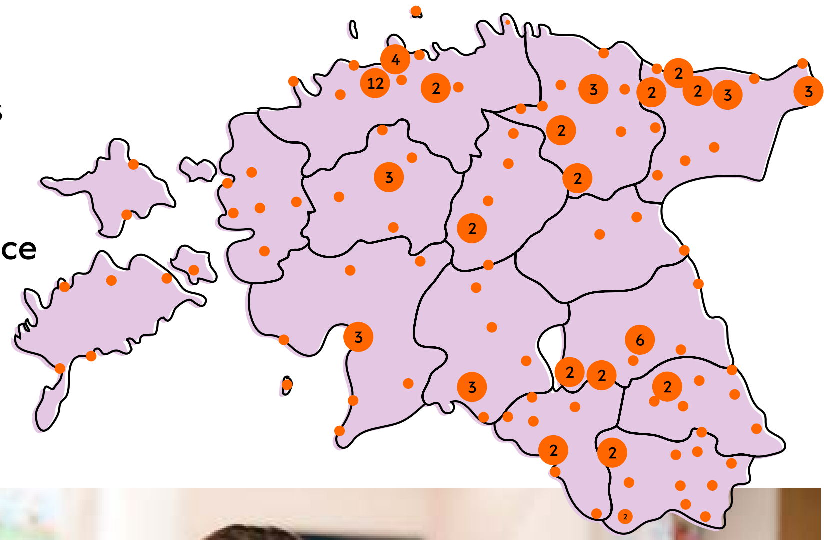
We update the postal network in cooperation with communities and offer personalized postal service

KStrengthening cooperation with communities is our long-term goal to ensure that people have the services they need. For this purpose, we are updating the postal network across Estonia in cooperation with municipalities. During 2022, we met with all municipalities in Estonia to jointly review the organization of our services and agree on changes. As of the end of the year, there are 68 post offices and 87 postal service points in Estonia. From the beginning of 2022, we closed 57 postal service points and 10 post offices, 4 post offices continued to operate as postal service points. However, the postal service is not going away: it is ensured by means of a personal letter carrier. We bring the service closer to the customer, because the letter carrier can be ordered to home or work. Sending traditional letters decreases significantly every year, and that's why we once again reviewed the locations of mailboxes. We also replace obsolete mailboxes with new ones on an ongoing basis.

The growth of e-commerce and the desire of consumers to receive a package from a parcel machine rather than from a post office requires a constant transformation of our package services. In 2022, we expanded the network of parcel machines everywhere in the Baltics and worked hard to make them accessible to everyone. There are almost 30 settlements in Estonia where residents only have Omiva parcel machines at their disposal.

68
Post offices

87
Postal service points



In August, we started offering a virtual parcel delivery service on small islands. This means that, even though there are no parcel machines on the islands, the parcel recipient does not have to travel to the mainland to receive what he wants, but he orders it at the virtual Omniva parcel machine and the goods arrive with the help of a courier. The service has taken off well and residents of Kihnu, Ruhnu and Vormsi islands are activelyordering packages. For example, both Kihnu and Vormsi already ordered over 150 packages in August.

In the spring and summer, we invited the communities to check the condition of their mailboxes and, if necessary, to install a new group mailbox. To do this, we distributed a limited number of free group mailboxes to communities. Installing new group mailboxes has become a popular annual activity. Such a mailbox ensures year-round access for the postman and permanent postal service for the residents. It also helps to save the costs of home delivery and the environment.

At the end of 2022, we started a post office renovation program to upgrade all post offices over the next five years. In addition, in cooperation with local governments and entrepreneurs, we are expanding the number of points of sale where stamps and envelopes can be purchased. For example, we have expanded to several grocery stores and libraries.

We support Ukraine

We organized the transportation of humanitarian aid collected for Ukraine free of charge. In cooperation with charitable organizations, the Tallinn City Government and the Ministry of Foreign Affairs, we have sent 39 trucks with collected aid to Ukraine since the beginning of March. Both Omniva employees and volunteers were involved in the preparation for the transport of large quantities of humanitarian aid, who sorted the aid, packed it up and put it on suitable ballets for transport. Humanitarian aid was brought to Ukraine in cooperation with several logistics companies. To help Ukrainian war refugees who have arrived in Estonia, we also organize domestic humanitarian aid transport. For example, we transported a large quantity of blankets from the Pärnu company Wendre donated to the Estonian Red Cross to Ukraine. Since the middle of March, in cooperation with Ukrainian Post, we have offered private individuals the opportunity to send a postal package to Ukraine free of charge with humanitarian aid. Hundreds of employees and volunteers have dedicated countless hours to packaging, storing and transporting donations. As of the end of August, 13,219 free shipments reached Ukraine. The average aid shipment weighs 9 kg, and the total weight of the shipments so far is 115,494 kg. Starting from September, we made the Ukrainian humanitarian aid service a paid one at 90 cents per kg.

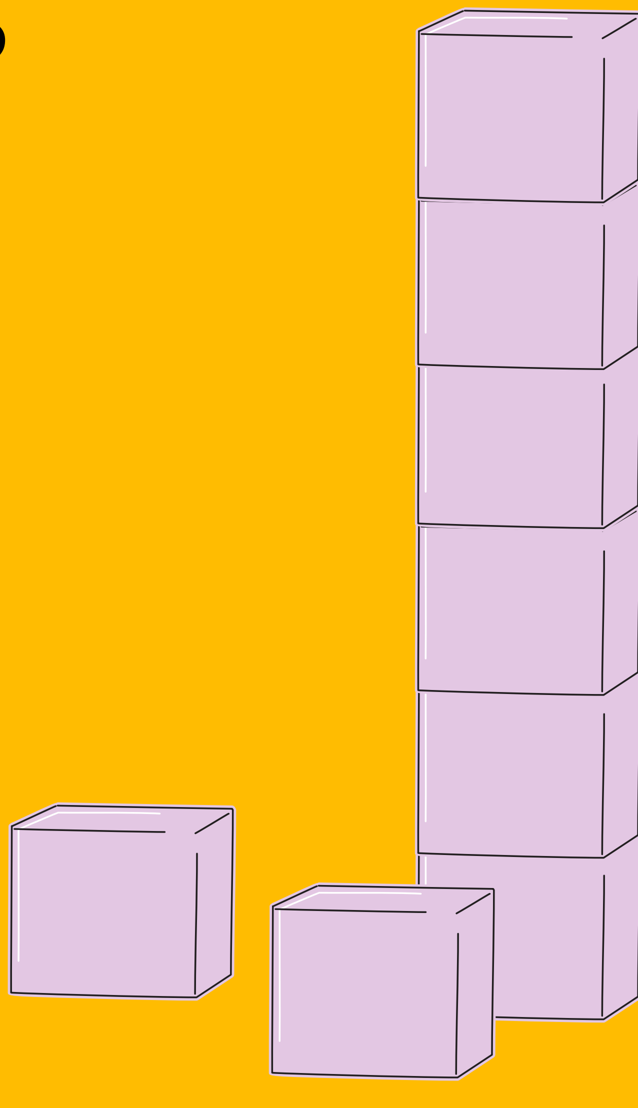
We deliver free pumpkins collected by children to the zoo

In September, we carried out a charity pumpkin collection campaign, which has already become a tradition, in cooperation with Tallinn Zoo. We collected pumpkins for the residents of the zoo from about 70 kindergartens and educational institutions, and Omniva delivered them to the zoo free of charge.

Voluntary work

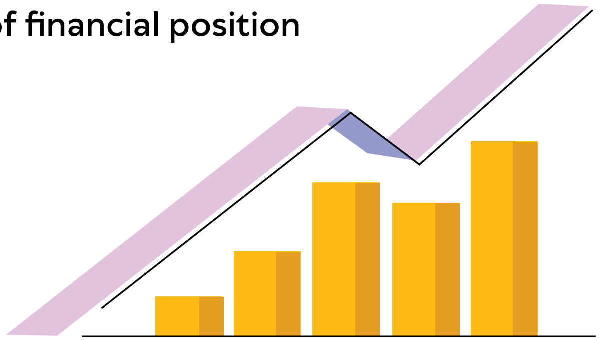
In May, together with RMK we went to planting initiative, where Omniva people could practice cooperation and 50 spruce seedlings per hour were put to grow in pairs.

Consolidated financial statements



Consolidated statement of financial position

thousand euros



Assets

Current assets	Note	31.12.2022	31.12.2021
Cash	3	29 413	29 534
Trade receivables and other receivables	4	28 433	46 928
Inventories	5	948	983
Total Current Assets		**58 794**	**77 445**
Fixed assets			
Investments in associate	7	0	393
Long-term receivables and lease pre-payments	8	1 855	3 706
Property, plant and equipment	9	40 468	39 264
Right-of-use assets	9	13 916	7 819
Intangible assets	9	8 784	12 435
Total Fixed Assets		**65 024**	**63 617**
Total Assets		**123 818**	**141 062**

The notes on pages 62-110 are an integral part of these consolidated financial statements.

Liabilities and equity

Current liabilities	Lisa	31.12.2022	31.12.2021
Debt obligations	12	4 257	5 382
Payables and prepayments	13	42 202	62 137
Provisions		0	105
Total current liabilities		**46 459**	**67 624**
Long-term liabilities			
Long-term debt	12	8 054	19 680
Other long-term payables	13	787	5 678
Deferred income tax payable	23	864	1 015
Total non-current liabilities		**9 705**	**26 373**
Total liabilities		**56 164**	**93 998**
Equity			
Equity held by owners of parent company			
Share capital	14	15 714	15 714
Statutory reserve	14	1 571	1 571
Retained earnings	14	50 368	27 683
Total equity held by owners of parent undertaking		**67 653**	**44 968**
Non-controlling interest		0	2 096
Total equity	6	**67 653**	**47 065**
Total liabilities and equity		**123 818**	**141 062**

Consolidated statement of comprehensive income

thousand euros

	Lisa	2022	2021
Sales revenue from contracts with customers	15	122,918	144,304
Grants received	16	4,593	2,731
Other operating income	17	1,587	2,054
Goods, raw material and services	18	-36,394	-47,924
Operating expenses	19	-19,514	-19,479
Employee benefits	20	-54,609	-52,823
Depreciation, amortisation and impairment of fixed assets	9	-17,776	-12,196
Other operating expenses	21	-1,031	-668
Operating loss (-) / profit (+)		**-224**	**15,999**
Financial income	22	3	302
Financial expenses	22	-484	-903
Gain from the sale of a subsidiary	6	26,970	0
Loss from associate by the equity method	7	-393	-556
Profit before income tax		**25,872**	**14,841**
Income tax expenses	23	-436	-1,071
Net profit for financial year		25,435	13,769
Comprehensive income for financial year		25,435	13,769
incl. share of owners of parent company in net and comprehensive income		25,435	13,061
share of non-controlling interest in net profit and comprehensive income		0	709

The notes on pages 62-110 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

thousand euros

Cash flows from operating activities	Lisa	2022	2021
Net profit for reporting period		25 435	13 769
Adjustments:			
Depreciation, amortisation and impairment of fixed assets	9	17 776	12 196
Impairment of fixed assets	21	625	224
Profit from sale of fixed assets	17	-557	-110
Effect of equity method	7	393	556
Effect of sale of a subsidiary	6	-26 970	0
Interest income	22	-3	-2
Interest expenses	22	311	311
Dividend income	22	0	-300
Income tax expenses	23	436	1 071
Other adjustments		-68	0
Corporate income tax paid		-181	-196
Change in inventories		35	37
Change in receivables and prepayments related to operating activities		20 344	-1 265
Change in liabilities and advances relating to operating activities		-25 891	-8 310
Total cash flow from operating activities		**11 685**	**17 982**

The notes on pages 62-110 are an integral part of these consolidated financial statements.

Cash flow from investing activities	Lisa	2022	2021
Paid on acquisition of fixed assets	9	-15 621	-6 096
Received from sale of property, plant and equipment	9	789	148
Dividends received		0	300
Received from the sale of a subsidiary	6	24 732	0
Interest received	22	3	2
Total cash flow from investing activities		**9 903**	**-5 647**

Cash flow from investing activities			
Repayments of borrowings	12	-16 758	-2 646
Sale-leaseback under lease terms	12	3 606	0
Payments of lease liabilities	10	-4 642	-4 194
Dividends paid	14	-2 750	-2 393
Interest paid	22	-311	-311
Income tax on dividends	14,23	-854	0
Total cash flow from financing activities		**-21 710**	**-9 544**
Total cash flow		**-121**	**2 791**
Cash and cash equivalents at beginning of period	3	29 534	26 742
Change in cash and cash equivalents		-121	2 791
Cash and cash equivalents at end of period	**3**	**29 413**	**29 534**

Consolidated statement of changes in equity
thousand euros

	Equity belonging to owners of parent company					
	Share capital	Statutory reserve	Retained earnings	Total	Non-controlling holding	Total equity
Balance 1 January 2021	**15 714**	**1 571**	**17 015**	**34 298**	**1 388**	**35 688**
Dividends paid	0	0	-2 393	-2 393	0	-2 393
Total transactions with owners	0	0	-2 393	-2 393	0	-2 393
Comprehensive income for period	0	0	13 061	13 061	709	13 769
Balance 31 December 2021	**15 714**	**1 571**	**27 683**	**44 968**	**2 096**	**47 065**
Transactions with owners						
Dividends paid	0	0	-2 750	-2 750	0	-2 750
Effect of the disposal of a subsidiary	0	0	0	0	-2 096	-2 096
Total transactions with owners	0	0	- 2 750	-2 750	-2 096	-2 096
Comprehensive income for period	0	0	25 435	25 435	0	25 435
Balance 31 December 2022	**15 714**	**1 571**	**50 368**	**67 653**	**0**	**67 653**

For further information on equity and variations therein please refer to Notes 6, 14 and 23.

The notes on pages 62-110 are an integral part of these consolidated financial statements.

Notes to financial statements

Note 1 | Accounting policies and procedures for preparing the financial statements

General information

The Group's consolidated financial statements include the financial performance of AS Eesti Post (the parent company) and its Lithuanian subsidiary UAB Omniva LT (100% in 2022, 100% in 2021), UAB Omniva LT's subsidiary UAB Omniva LT Sorting (100% stake in 2022). , Latvian subsidiary SIA Omniva (100% stake in 2022, 100% in 2021) and Estonian subsidiary OÜ Finbite (100% stake in 2022, 100% in 2021), OÜ Omniva (100% stake in 2022 , 100% in 2021"), and the associated company OÜ Post11 (stake 30% in 2022, 30% in 2021) financial indicators. Up until 30 2022 AS Maksekeskus was part of the Group (55.6% stake in 2022; 55.6% stake in 2021).

The core business of AS Eesti Post is the provision of logistics services (parcel and postal services), digital services and international services. SIA Omniva and UAB Omniva LT are involved in the provision of parcel locker and courier services in the Latvian and Lithuanian markets, respectively. OÜ Finbite's main activity is information business service (e-invoices). OÜ Omniva was set up to protect the trademark.

The registered address of the parent company is Pallasti 28, 10001 Tallinn, Republic of Estonia. The sole shareholder of AS Eesti Post is the Republic of Estonia.

In accordance with the Estonian Commercial Code, the annual report including the consolidated financial statements, which have been prepared by the management board and approved by the supervisory board, must be approved by the general meeting. Shareholders have the right to refuse to approve the annual report, which was prepared and approved by the management board, and demand the preparation of a new report. The annual report was approved by the management board on 23 March 2023.

Basis of preparation

The 2022 consolidated financial statements of AS Eesti Post have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The consolidated financial statements of AS Eesti Post have been prepared on the historical cost basis, as modified by the initial recognition of financial instruments based on fair value.

The consolidated financial statements are presented in thousands of euros.

These accounting policies have been consistently applied to all periods presented in the report, except where otherwise described. The changes to the main accounting policies are described below.

The preparation of financial statements in conformity with the IFRS requires the use of certain accounting estimates by the management. It also requires the management to exercise its judgment in the process of applying the accounting policies of the Group. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated statements, are described in the last chapter of this note 1.

New IFRS standards, interpretations and amendments

New standards, interpretations and amendments effective for the first time for the year ended 31 December 2022

The following new or amended standards and interpretations became mandatory for the Group from 1 January 2022.

Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”

(Applicable to accounting periods beginning on or after 1 January 2022; applied retrospectively. Earlier application permitted).

The amendment to IAS 37 clarifies the term ‘contract performance costs’. The amendment clarifies that direct costs of contract performance include additional costs of contract performance; and distribution of other costs that are directly related to its fulfilment. The amendment also clarifies that before establishing a provision for an onerous contract, a company must recognize an impairment loss that has occurred on assets used to perform the contract, not on assets related to that contract. The amendments did not have material impact on the Group’s financial statements, because before this amendment the Group took into account both unavoidable expenses and other costs directly related to the fulfilment of a contract when determining expenses necessary for the fulfilment of the contract.

New standards, interpretations and their amendments

The following new standards, interpretations and amendments, as endorsed by the EU are not yet applicable to the reporting period ended 31 December 2022 and therefore have not been applied in the preparation of these consolidated financial statements. The Group intends to implement them when they become effective.

Changes to IAS 1 “Presentation of Financial Statements”

(Applicable to accounting periods beginning on or after January 1, 2023. Earlier application permitted).

IAS 1 was amended to require companies to disclose their material accounting policy information instead of their significant accounting policies. The amendment provided a definition of material accounting policy information. The amendment also clarified that accounting policy information is presumed to be material if, without it, users of the financial statements would not be able to understand other material information in the financial statements. The amendment provides illustrative examples of accounting policy information that is likely to be considered relevant to an entity’s financial statements. In addition, the amendment to IAS 1 clarified that immaterial accounting policy information need not be disclosed. However, if disclosed, it should not obscure material accounting policy information.

According to the Group’s assessment, the changes will not have significant impact on the Group’s financial statements upon first implementation.

Amendments to IAS 8 “Definition of Accounting Estimates”

(Applicable to accounting periods beginning on or after January 1, 2023. Earlier application permitted).

The amendment to IAS 8 clarifies how companies must distinguish changes in accounting policies from changes in accounting estimates.

The changes are not expected to have a material impact on the Group as they provide just a clarification on whether the changes should be treated as changes in estimates, changes in accounting policies or errors.

Amendments to IAS 12 "Deferred income tax related to assets and liabilities arising from a single transaction"

(Applicable to accounting periods beginning on or after January 1, 2023. Earlier application is permitted).

The amendments to IAS 12 specify how to account for deferred tax on transactions such as leases and decommissioning obligations. Under certain conditions, companies are exempted from the recognition of deferred income tax upon the initial recognition of assets or liabilities. Previously, it was not clear whether the exemption applied to transactions such as leases and decommissioning obligations - transactions where both an asset and a liability are recorded. The amendments clarify that the exemption does not apply and companies are required to recognise deferred income tax on such transactions. The amendments require companies to recognise deferred tax on transactions that result in equal amounts of taxable and deductible temporary differences on initial recognition.

According to the Group's assessment, the changes will not have a significant impact on the Group's financial statements upon first implementation.

Amendments to IAS 1 "Classification of liabilities as current or non-current, deferral of effective date"

(Applicable to accounting periods beginning on or after 1 January 2024, not yet adopted by EU)

These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. The October 2022 amendment established that loan covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument.

According to the Group's assessment, the changes will not have a significant impact on the Group's financial statements upon first implementation.

Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

(Effective date to be determined by the IASB; not yet adopted by the EU).

These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary.

According to the Group's assessment, the changes will not have a significant impact on the Group's financial statements upon first implementation.

The remaining new or amended standards or interpretations that have not yet entered into force are not considered relevant on the Group's financial statements.

Subsidiaries

Subsidiaries are those investees that the Group controls because the Group (i) has power to direct the relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of the investor's returns.

The subsidiaries are consolidated in the financial statements from the date on which control is transferred to the Group (acquisition date) until loss of control.

The Group uses the acquisition method of accounting for business combinations. The consideration transferred on the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities assumed by the acquirer and the equity instruments issued by the Group. The transferred consideration also includes the fair value of assets or liabilities arising from contingent consideration agreements. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured at their fair values at the acquisition date. In the case of each business combination the Group makes a choice of whether to measure non-controlling interest at fair value or to the extent of the non-controlling interest's proportionate share of net assets of the acquiree. The costs related to acquisition are recognised as an expense.

If the total amount of the consideration transferred, the carrying amount of the non-controlling interest in the subsidiary and the interest held by the acquirer in the acquired entity before the business combination exceeds (as of the acquisition date) the aggregate of fair values of identifiable assets and assumed liabilities, the difference is recognised as goodwill. Any negative amount ("negative goodwill" or a "bargain purchase") is recognised in profit or loss, after management reassesses whether it identified all the assets acquired and all the liabilities and contingent liabilities assumed and reviews the appropriateness of their measurement.

All intra-group receivables and payables, transactions between Group entities and unrealised gains and losses resulting therefrom have been eliminated. The accounting policies applied by subsidiaries have been aligned with the accounting policies applied by the Group, where appropriate.

Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Group. Non-controlling interest forms a separate component of the Group's equity. Net profit and comprehensive income is allocated between the owners of the parent company and the non-controlling interest even if this results in a negative balance for the non-controlling interest.

Sales of subsidiaries

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity, are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Measurement of subsidiaries in the separate financial statements of parent company as required by Estonian Accounting Act

Pursuant to the Accounting Act of the Republic of Estonia, the separate primary statements of the parent entity (the parent company) must be disclosed in the notes. In preparing the primary financial statements of the parent undertaking the same accounting policies and procedures have been used as in preparing the consolidated financial statements. The accounting policy for measurement of subsidiaries has been amended in the separate primary financial statements disclosed as a supplementary information in the consolidated financial statements in conjunction with IAS 27 Separate Financial Statements.

Investments in subsidiaries are measured at the acquisition cost in the separate financial statements of the parent company less impairment losses, if any. This means that the investment is initially recognised at its acquisition cost, which is the fair value of the consideration paid on acquisition, which is later adjusted, if necessary, by write-downs arising from impairment of the investment.

The carrying amount of the investments is tested for impairment if there are indications that the recoverable amount of the investment might have decreased below the carrying amount. The impairment loss is recognised as a financial cost in the parent company's statement of comprehensive income. If the situation changes and the impairment loss is no longer justified, the previously recognised impairment loss is reversed. Reversal of impairment loss is recognised as a financial cost in the expenses for the same period in which the cancellation took place.

Dividends paid by subsidiaries are recognised as operating income at the moment when the parent company becomes entitled to receive the dividends.

Foreign currency transactions

Functional and presentation currency

The functional currency of each of the Group's consolidated entities is the currency of the primary economic environment in which the entity operates. The functional currency of the parent company and the subsidiaries is the euro. The consolidated financial statements have been drawn up in euros, which is the Group's presentation currency.

Foreign currency transactions and assets and liabilities denominated in foreign currencies

All foreign currency transactions during the reporting period are recognised in the functional currency at the exchange rate of the European Central Bank at the date of the transaction. Monetary assets and liabilities are translated into each entity's functional currency at the official exchange rate of the European Central Bank at the respective end of the reporting period.

Foreign exchange gains and losses resulting from foreign exchange transactions, including upon the settlement and revaluation of monetary assets and liabilities, are recognised in profit or loss as income and expenses of the period.

Realised and unrealised gains and losses arising from the settlement and translation of monetary assets and liabilities arising from principal activities that are based on foreign currencies are presented net as other operating income or expenses.

Unrealised gains and losses arising from cash, cash equivalents and translation of loans are presented net as financial income or financial expenses.

Associates

Associates are entities over which the Group has significant influence but not control, and in which the Group generally holds, directly or indirectly, between 20% and 50% of the voting rights. Investments in associates are recognised in the consolidated financial statements using the equity method and in the parent company's separate financial statements at the acquisition cost method. Investments in associates include goodwill recognised on acquisition.

The Group assesses at each reporting date whether there is any objective evidence that the investment in an associate has been impaired. If such an event occurs, the Group recognises the amount of the impairment as the difference between the recoverable amount and the carrying amount and recognises it in profit or loss under Profits/losses from associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The participating interest in the assets and liabilities of an acquired associate and the goodwill recognised upon the acquisition are recognised in the statement of financial position as a net amount under Investments in associates.

Cash and cash equivalents

Cash and cash equivalents are cash in hand, current accounts at banks, cash in transit and term deposits with original maturities of up to three months. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest, and (ii) they are not designated at fair value through profit or loss.

Financial assets

Classification of financial assets depends on the business model for managing financial assets and the contractual cash flow characteristics of the financial asset.

The Group classifies its financial assets in the following measurement categories:

- assets measured at amortised cost;
- assets measured at fair value through other comprehensive income or through profit or loss.

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement of debt instruments depends on the Group's business model for managing financial assets and on the cash flow characteristics of the asset. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest on principal outstanding are measured at amortised cost, using the effective interest rate method. Amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss. Any gain or loss arising on derecognition is also recognised in profit or loss.

As at 31 December 2022 and 31 December 2021 and in 2022, all financial assets of the Group were classified as measured at amortised cost.

Impairment of financial assets

The impairment model is applied to financial assets measured at amortised cost. Financial assets at amortised cost include trade receivables, cash and cash equivalents.

The Group applies the simplified approach provided in IFRS 9 for recognising lifetime expected credit losses (ECL) for trade receivables. The ECLs on these assets are estimated using a provision principle, which is based on the Group's historical credit loss experience, which is adjusted for factors that are specific to certain debtors, general economic conditions and an assessment of both the current as well as the forecast conditions and trends at the reporting date.

The Group considers the credit risk of an asset to have increased significantly if:

- payment is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to settle its credit obligations to the Group in full without recourse by the Group to measures such as realisation of security (if held); or
- the financial asset is more than 90 days past due.

Inventories

Inventories are initially recognised at acquisition cost which comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventories are expensed using the FIFO method. Inventories are recognised in the statement of financial position at their acquisition cost or net realisable value, whichever is lower. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant and equipment

Property, plant and equipment are assets that are used in the economic activities of the Group and that have a useful life of more than one year and an acquisition cost of €5,000 or more (price excluding VAT). Property, plant and equipment are initially recognised at cost, which comprises the purchase price (incl. customs duties and other non-refundable taxes) and costs directly related to acquisition and incurred in bringing the assets to their operating condition and location. Property, plant and equipment are measured in the statement of financial position at their acquisition cost less accumulated depreciation and write-downs resulting from impairment.

Right-of-use assets accounting is similar to the property, plant and equipment accounting treatment.

Any subsequent expenses incurred on an item of property, plant and equipment are added to the carrying amount of the item if it is likely that in the future the Group will gain economic benefit related to the asset item and the acquisition cost of the asset item can be reliably measured. The costs of day-to-day servicing and repair of an item of property, plant and equipment are recognised as an expense as incurred.

The straight-line method is used to calculate depreciation. Depreciation rates are established separately for each item of property, plant and equipment on the basis of their useful lives.

For items of significant carrying amount, only the depreciable difference between the cost and the residual amount is depreciated as expenses during the useful life. If an item of property, plant and equipment consists of distinct components with different useful lives, those components are recognised separately and are depreciated at different rates depending on their respective useful lives.

The following ranges of depreciation rates have been established for groups of property, plant and equipment:

- Buildings and building components 1–12.5%
- Machinery and equipment 10–20%
- Computers and computer systems 25–50%
- Other 10–50%

Items with an indefinite useful life (land) are not depreciated.

The depreciation commences at the moment the given asset can be used for the purpose intended by management. The depreciation ceases when as asset is disposed of or it is reclassified as an assets held for sale.

The cost of improvements to leased assets is depreciated over the shorter of the estimated useful life of the asset and the lease term.

The depreciation methods, rates and carrying amounts of property, plant and equipment are reviewed at least at the end of each financial year and, if the new estimates differ from the previous ones, the changes are recognised as changes in accounting estimates, i.e. prospectively.

Assessment of whether or not the used depreciation rates, depreciation method and residual amounts are appropriate is done on every reporting date. If the recoverable amount of an asset (i.e. the higher of: the fair value less cost of disposal or the value in use of the asset) is less than its carrying amount, the item of property, plant and equipment is written down to its recoverable amount (see also the accounting policy “Impairment of non-financial assets”).

Property, plant and equipment are derecognised upon transfer of the assets or when the entity no longer expects an economic benefit from the use or sale of the assets. Items of property, plant and equipment that are highly likely to be sold within the next 12 months are reclassified to assets held for resale.

Intangible assets

Intangible assets are initially measured at their acquisition cost, which comprises the purchase price and costs directly related to acquisition. Intangible assets are subsequently measured at their acquisition cost less accumulated depreciation and possible write-downs resulting from impairment.

Intangible assets are divided into assets with definite and indefinite useful lives. Intangible assets with indefinite useful lives are not amortised, but an impairment test is carried out at each reporting date for the purpose of checking them and the assets are written down to their recoverable amount if their recoverable amount proves to be lower than their carrying value.

Intangible assets are amortised, using the straight-line amortisation method. Amortisation rates are established separately for each item of intangible assets on the basis of its useful life. The amortisation rates applied to the intangible assets used by the Group are between 5–50%. The amortisation expense of intangible assets is recognised in profit or loss under depreciation, amortisation and impairment of fixed assets.

Purchased computer software that is not an inseparable part of the associated hardware is presented as other intangible assets. Computer software development costs are recognised as intangible assets if they are directly associated with the development of such software that is identifiable, controlled by the Group and the use of which will yield economic benefit in the future within a period longer than one year.

Customer lists acquired in business combinations are recognised at fair value at the acquisition date. Customer lists have a limited useful life and are subsequently measured at acquisition cost less accumulated amortisation. The straight-line method is used to calculate amortisation during the expected useful life of a customer list.

Right-of-use assets

Right-of-use assets are initially measured at acquisition cost. The acquisition cost of the right-of-use asset is amortised as an expense during the lease period specified in the contract or during the period of validity of the presumed lease term. In the case of right-of-use assets, assets are recognised in respect of leases of more than 12 months, unless the leased asset is of low value, and amortisation of the right-of-use and interest expense on the lease liability are recognised in profit or loss. Computer equipment and office and household equipment are generally low-value leased assets.

The acquisition cost of a right-of-use asset includes the following components:

- present value of lease payments;
- direct costs incurred by the lessee in concluding the lease;
- payments made for the acquisition of the asset before the lease;
- where the lease so requires, the costs of restoration of the leased asset to its original condition or removal of the leased asset.

Leases are recognised as right-of-use assets (within assets) and lease liabilities (within borrowings) from the date the Group acquires the right to use the asset. Liabilities arising from a lease are initially measured on a present value basis.

Goodwill

Goodwill is measured at the acquisition cost less accumulated impairment losses, if any. Goodwill is not amortised.

Goodwill is allocated to the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the business combination. Such units or groups of units represent the lowest level at which the Group monitors goodwill and are not larger than an operating segment.

The Group tests goodwill for impairment at least annually and whenever there are indications that goodwill may be impaired. The carrying value of the cash-generating unit containing goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Impairment of non-financial assets

The existence of circumstances referring to possible impairment of assets is assessed in the case of depreciated or amortised assets. The recoverable amounts of the assets are assessed if such circumstances emerge and it is compared to the carrying amount.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset is the fair value of the asset from which the cost of sales has been deducted or the asset's value in use, whichever is higher. For the purpose of impairment testing the recoverable amount is determined for the smallest possible group of assets for which independent cash inflows can be differentiated (a cash generating unit).

Once an asset item has been impaired, it is assessed on every subsequent reporting date whether the recoverable amount of the asset has increased in the meantime as a result of changed conditions (excluding goodwill whose impairment losses are not reversed).

Lease accounting

The Group is both the lessee and lessor in leases. The Group leases buildings for post offices, spaces for parcel terminals, machinery and equipment and vehicles.

The Group as a lessee

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset to the lessee and the lessee obtains substantially all of the economic benefits from the use of the asset.

Lease payments are apportioned between the finance charge (interest expense) and the reduction of the outstanding lease payable. The lease liability is measured at the present value of the lease payments in the statement of financial position (subject to exceptions).

The lease payments comprise the following payments made during the lease term:

- fixed lease payments, less any lease payments made and any lease incentives receivable;
- variable lease payments that depend on an index or a rate (e.g. the consumer price index);
- amounts expected to be payable under a carrying amount guarantee;
- payments arising from the exercise of options to buy out the leased asset, extend or terminate the lease (if the exercise of the option has been assessed as reasonably certain by management and the exercise of the option is taken into account in calculating the length of the lease term).

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Group, the lessee's incremental borrowing rate is used. The lessee's incremental borrowing rate is estimated based on the Group's existing interest-bearing liabilities.

Short-term leases and leases of low-value assets are recognised in profit or loss as an expense on a straight-line basis over the lease term. Short-term leases are leases with a term of 12 months or less, with no option to buy out the underlying asset.

The Group as a lessor

For operating leases assets made available under the lease are recognised in the statement of financial position analogously to other property, plant and equipment used in the economic activities. Leased assets are depreciated according to the depreciation principles applied by the Group to other assets of a similar type. Lease payments are recognised as income on a straight-line basis over the lease period.

Financial liabilities

All financial liabilities (trade creditors, other current and long-term liabilities, loans received) are initially recognised at their fair value, adjusted for expenses directly attributable to the acquisition. Financial liabilities are thereafter measured at their amortised cost, using the effective interest rate method.

The amortised cost of current financial liabilities normally equals their nominal value; therefore, current financial liabilities are carried in the statement of financial position at the amount payable. Long-term financial liabilities are initially recognised at the fair value (ordinarily corresponding to the consideration received) less any transaction costs, considering the interest expenses to be incurred on the liabilities in future periods, using the effective interest method.

A financial liability is classified as current when it is due to be settled within 12 months after the reporting date or the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Loans payable that are due within 12 months as of the reporting date, but which are refinanced as long-term after the reporting date, but before the approval of the financial statements, are presented as short-term liabilities. Loans payable that the lender had the right to recall on the reporting date due to a violation of the terms and conditions provided in the loan agreement are also presented as current liabilities.

All borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying assets are capitalised.

Settlements with foreign postal administrations

International forwarding involves several postal administrations. Based on preliminary volumes and contractual rates, the Group makes estimated accounting entries, which are recognised as receivables or liabilities. The estimated entries are subsequently reconciled and agreed with the counterparties. Based on confirmed data, the Group adjusts accrued receivables and liabilities and carries out monetary settlements. Amounts due later than 12 months after the reporting date are recognised as non-current receivables or liabilities.Balances (receivable and payables) to foreign postal administrations are considered as trade receivables and trade payables.

Employee benefits

Short-term employee benefits include wages, salaries, social taxes, paid annual leave and other benefits.

If an employee has rendered services to the Group during the reporting period which give the employee reason to expect benefits in exchange for services rendered, the Group recognises a liability (accrued expense) in the amount of the expected benefits, which is reduced by any amounts already paid.

Termination benefits

Termination benefits are payable when the Group decides to terminate an employee's employment before the normal retirement date, or whenever an employee decides to accept an offer of benefits in exchange for termination of employment. The Group recognises termination benefits when it is committed to either terminating the employment of an employee or employees according to a detailed formal plan without a realistic possibility of withdrawal or providing termination benefits as a result of an offer. If a termination benefit is due to be settled within more than 12 months after the reporting date, the obligation is discounted to its present value.

Provisions and contingent assets and liabilities

Non-financial liabilities that have arisen as a result of events that occurred before the reporting date and the exact timing or amount of which is unknown are recognised as provisions in the statement of financial position. Provisions are recognised in the financial position statement based on the assessment of the management concerning the amount likely required for payment and the time of realisation of the provision. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Provision-related expenses are recognised in profit or loss.

Provisions are reassessed at the end of each reporting period and adjusted to reflect the current best estimate. The increase in the provision due to the passage of time is recognised as an interest expense within finance costs. Provisions are used only to cover the expenses for which they were formed.

Possible liabilities whose realisation is not probable or where the amount of the liability cannot be reliably measured are disclosed in the notes to the financial statements as contingent liabilities.

Corporate income tax and deferred tax

In accordance with the legislation of the Republic of Estonia, corporate profits are not subject to income tax in Estonia. Companies become liable for income tax when distributing profit. The income tax is recognised as an expense (in the profit or loss for the period) upon the declaration of dividends. Due to the nature of the taxation system, a company registered in Estonia does not have any deferred income tax assets or liabilities with the exception of a potential deferred income tax liability with regard to the company's investments in its subsidiaries, associates and joint ventures as well as branches.

The deferred income tax liability of the Group arises in the case of companies located in countries where the profit for the financial year is subject to taxes. In addition, the Group is liable for deferred income tax with regard to investments in its subsidiaries and associates in Estonia and Latvia, unless the Group is able to control the timing of the reversal of taxable temporary differences and their reversal is not likely to happen in the foreseeable future. Examples of the reversal of taxable temporary differences are the payment of dividends, the sale or liquidation of an investment and other transactions.

As the Group controls the dividend policy of its subsidiaries, it is also able to control the timing of the reversal of taxable temporary differences related to the investment in question. If the parent company has decided not to distribute the profit of its subsidiary exceeding current year profits in the foreseeable future, it does not recognise the deferred income tax liability. If the dividend is to be paid in the foreseeable future according to the estimate of the parent company, the deferred income tax liability is measured to the extent of the planned dividend payments from accumulated profits, provided that funds and equity for the payment of the dividend are sufficient as of the reporting date, so that profits can be distributed in the foreseeable future.

When measuring the deferred income tax liability, the Group uses tax rates that, on the basis of tax rates in force at the reporting date, will presumably be applied to taxable temporary differences in the period when they are expected to be reversed.

The income tax rate for companies in Estonia is 20% (the amount to be paid making up 20/80 of the net payout). Starting from 2019, a lower tax rate of 14% applies to regularly paid dividends (14/86 of the net payout). The lower tax rate can be applied to payouts of dividends and profit distributions in every calendar year to an extent that does not exceed the average amount of taxable dividends and other profit distributions paid out in the three previous calendar years and taxable equity payouts.

The maximum tax liability that would arise upon the payout of the retained earnings as dividends, and the deferred tax are presented in the notes to the financial statements.

In Lithuania, corporate profit is subject to income tax. The income tax rate in Lithuania is 15% of taxable income. In order to identify taxable income, profit before taxes is adjusted with profit and loss additions that are temporarily or permanently permitted by the local income tax legislation. In the case of Lithuanian subsidiaries, deferred income tax assets and liabilities are recognised for all temporary differences between the carrying amounts and taxable values of assets and liabilities. Deferred income tax has been calculated on the basis of the tax rates effective and legislation valid at the reporting date, which are assumed to be effective when the deferred income tax assets or liabilities are realised. Deferred income tax assets are only recognised in the statement of financial position if it is likely that they will be recovered by means of the creation of taxable profit in the future.

The consolidated statement of comprehensive income includes the deferred tax expense of the Lithuanian subsidiary UAB Omniva LT.

Revenue recognition

The Group recognises revenue when (or as) the performance obligation is satisfied, i.e. when control of the underlying goods or service is transferred to a customer..

The Group has adopted a five-step model for revenue recognition:

Step 1: Identify contract(s) with a customer (customers);

Step 2: Identify the performance obligations;

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligations in the contract;

Step 5: Recognise revenue when (or as) the performance obligation is satisfied.

Revenue is recognised net of VAT. Intragroup transactions are eliminated. Revenue is generally recognised over time, i.e. the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs. Revenue from rendering of services is recognised when the service is provided or, if the service is provided over a longer period, based on the stage of completion of the service at the reporting date. Revenue from the sale of goods is recognised when the goods are transferred to the customer, i.e. at a point in time.

Intermediation of payments

The Group provides payment intermediation services, such as cashing money orders, paying pensions and benefits and forwarding periodicals. Out of payments received, only service fees are recognised as revenue. Upon accepting a payment, the Group incurs a liability to the recipient of the payment (Note 13).

Revenue from cashing money orders is recognised when the money order is received. The Group simultaneously incurs a liability to pay out the amount of the order (Note 13).

Revenue from accepting subscriptions to periodicals are recognised in the month of acceptance and revenue from forwarding the periodicals is recognised at the time of forwarding.

Revenue from consignment arrangements is recognised under the net method. In consignment arrangements, the Group acts as an agent. Agency fee is recognized as income at the time of the sale.

Interest income and dividend income are recognised when the receipt of the income is likely and the amount of the income can be reliably evaluated. Interest income is recognised using the effective interest rate. Dividend income is recognised when the owner has a legal right to receive the dividends.

Government grants

Government grants are recognised as income over the periods in which the Group recognises as expenses the costs for which the grants are intended to compensate. Government grants which is received for accrued expenses or which is not accompanied by additional terms and conditions aimed at the future are recognised as income in the period during which the grants was received. Grants are not recognised as income until there is reasonable certainty that the Group meets the criteria for the grant and the financing will take place. Possible liabilities arising from the grants are recognised as provisions or potential liabilities.

In the case of government grants used for assets, the assets acquired for the grant are measured at acquisition cost. The amount of the government grant received for supporting the acquisition of assets is recognised in the statement of financial position under liabilities as deferred income from government grants. The acquired assets are depreciated as expenses and the liability relating to grant is released to income during the useful lives of the subsidised assets.

Income from government grants is recognised in proportion to the expenses related thereto if the grant relates to operating expenses. Grants are presented in profit or loss using the gross method.

Statutory reserve

Statutory capital reserve has been formed in accordance with the Commercial Code of the Republic of Estonia. Each financial year, at least 1/20 of the net profit must be transferred to the legal reserve until the legal reserve accounts for 1/10 of the share capital. The legal reserve may be used to cover a loss or to increase the share capital. No payments may be made to shareholders from the legal reserve.

Events after the reporting date

The annual accounts disclose the material circumstances that influence the assessment of assets and liabilities and that occurred between the reporting date and the date of preparing the financial statements, but are related to the transactions that took place in the reporting period or in previous periods.

Events after the reporting date, which were not considered in the assessment of assets and liabilities, but which considerably affect the results of the following financial year have been disclosed in the financial statements.

Critical management estimates and judgments

The preparation of financial statements in conformity with the International Financial Reporting Standards requires the use of certain accounting estimates and judgments by the management, which impact the amounts recognised in the financial statements. It also requires the management to exercise its judgment and make estimates in the process of applying the Group's accounting policies and measurement bases. Although these estimates have been made to the best knowledge of the management, they need not coincide with the subsequent actual results. The decisions and estimates by the management have consistently been reviewed and they are based on historic experience and other factors, including forecasts of events occurring in the future, which are deemed reasonable in the current situation.

Areas involving a higher degree of judgment and estimates that have a significant impact on the amounts recognised in the consolidated financial statements are: determining the useful lives of non-current assets (Note 9), estimating the recoverable amounts of property, plant and equipment and intangible assets (incl. goodwill), estimating and making the preliminary accounting entries for receivables from and payables to foreign postal administrations, recognising leases and estimating contingent liabilities. Changes in the management estimates are included in profit or loss for the period in which the change occurred.

Settlements with foreign postal administrations

International forwarding involves several postal administrations. Based on preliminary volumes and contractual rates, the Group makes estimated accounting entries, which are recognised as accrued receivables or liabilities. The estimated entries are subsequently reconciled and agreed with the counterparties. Based on confirmed data, the Group adjusts accrued receivables and liabilities and carries out monetary settlements. In certain cases reconciliations of prices and volumes with other postal administrations are carried out in subsequent periods and therefore, in recognising receivables from and liabilities to other postal administrations management also relies on its historical experience and preliminary information about volumes and prices, made available by the Universal Postal Union.

	31.12.2022	31.12.2021
Total receivables	**16 078**	**35 955**
Estimate	5 219	10 239
Confirmed	10 860	25 716
Total liabilities	**20 706**	**42 582**
Estimate	5 996	25 391
Confirmed	14 710	17 191

'Estimate' and 'confirmed' comprise both current and non-current items.

Determining the useful lives of property, plant and equipment

Management has estimated the useful lives of property, plant and equipment, taking into account the business conditions and volumes, historical experience in the area and future prospects. According to management's estimates, the useful lives of buildings, facilities and their components is 8–100 years, depending on their structure and function. The average useful life of machinery and equipment and other fixtures and fittings is 5–10 years. At 31 December 2022, the carrying amount of the Group's property, plant and equipment was €40,468 thousand (31 December 2021: €39,264 thousand) and the depreciation charge for the reporting period was €9,113 thousand (2021: €5,091 thousand) (Note 9). A 10% change in depreciation rates would change the annual depreciation charge by €911 thousand (2021: €509 thousand).

Estimating the recoverable amounts of property, plant and equipment and intangible assets (incl. goodwill)

The Group's property, plant and equipment and intangible assets (incl. goodwill) have been tested for impairment as needed. When carrying out impairment tests of property, plant and equipment, management estimates of cash flows from the use and sale as well as the maintenance and repair of assets, the inflation rate and the growth rates are used. The estimates are based on forecasts of the overall economic environment and sales prices. If the situation changes in the future, the Group may have to recognise additional impairment losses or reverse, either in whole or in part, previously recognised impairment losses.

Goodwill is allocated to cash-generating units, which are tested for impairment at the end of each reporting period. Goodwill is written down to its recoverable amount when the latter is less than its carrying amount (Note 9). Management tested goodwill and intangible assets under construction for impairment as at 31 December 2022. Expected future cash flows have been prepared, which in the case of goodwill are based on market trends and AS Eesti Post's 2023–2027 business plan. The expected future cash flows were discounted by using weighted average cost of capital (WACC) as the discount rate (Note 9).

Recognition of leases

KThe Group leases various buildings and premises. The majority of leases have been signed for an indefinite term and, as a rule, contain extension and termination options. The terms and conditions of a lease are negotiated on an individual basis and may vary.

The lease term is determined based on the guidance for applying IFRS 16 and the Group's strategy. In determining the lease term, management assesses the probability of the Group exercising the extension or termination options, taking into account all known facts and circumstances that create an economic incentive to exercise or not to exercise the options.

Management reviews its assessments in respect of extension and termination options when a significant event occurs that affects its initial assessment or there is a change in the non-cancellable period of the lease.

2022 the Group´s infrastructure used in rendering postal services undergoes significant reorganisation. During 2022 the Group reduced the number of its postal services and postal points by approximately 40% and management plans to continue with the plan. Identification of locations which will be retained and which will be terminated is a dynamic process and management does not have a fixed plan of core network of postal offices and postal points to be retained in the foreseeable future, with a low number of exceptions (office locations where lease improvements have been realised recently). As a result, in connection with optimising the postal network, the management has not had sufficient reasonable certainty over extending lease agreements concerning the vast majority of the post office premises beyond the minimum contractual notice period. For these premises management assessed the financial effect of recognising right-of-use assets and lease liabilities and concluded that measurement of these items based on the minimum contractual lease terms would be immaterial. Therefore these lease agreements are treated in the financial statements off balance sheet.

Lease agreements of the parcel machine's floor space are treated in the financial statements off balance sheet as well. The Group's management considers these contracts as low-value leases, due to the insignificant value of the underlying assets (floor space under a parcel machine).

The lease payments of new leases have been discounted using the Group's incremental borrowing rate, which was 1.86% on average. The Group used a practical expedient permitted by the standard and applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

The Group also used the following practical expedients:

- operating leases with a remaining lease term of less than 12 months and leases of low-value assets are accounted for as short-term leases as from 1 January 2019;
- initial direct costs were excluded from the measurement of the right-of-use assets at the date of initial application; and
- the lease period is determined on the basis of the possibilities for renewal or termination of the lease.

At the reporting date, the carrying amount €13,916 thousand and the carrying amount of the Group's lease liabilities was 12,311 thousand.

Financing and recognising the unreasonable costs of the universal postal service (UPT)

The parent submits to the Estonian Competition Authority declarations of bulk service and applications for compensation for the unreasonable costs of the universal postal service. Based on the submitted data, the Competition Authority submits a notification regarding the UPT fee claim, which is recognised as prepaid expense. The Group is entitled to claim compensation from the Competition Authority for unreasonable costs. Based on the notification and previously submitted request, the cost is calculated and the amount is recognised as a receivable in the statement of financial position. A receivable is recognised to the extent that it is expected to be recoverable, assuming that the Competition Authority has not accepted the Group's application before the approval of the annual financial statements.

Revenue recognition

At the time postage stamps are sold, it is not yet known when the stamps will be used and the Group will be obliged to provide the postal service. According to management's estimates, the revenue from the sale of stamps and the costs of providing the service largely arise in the same reporting period. Revenue from the sale of stamps in the reporting year was €2,197 thousand (2021: €2,456 thousand).

Recognition of deferred tax on investments in an Estonian associate and Estonian and Latvian subsidiaries

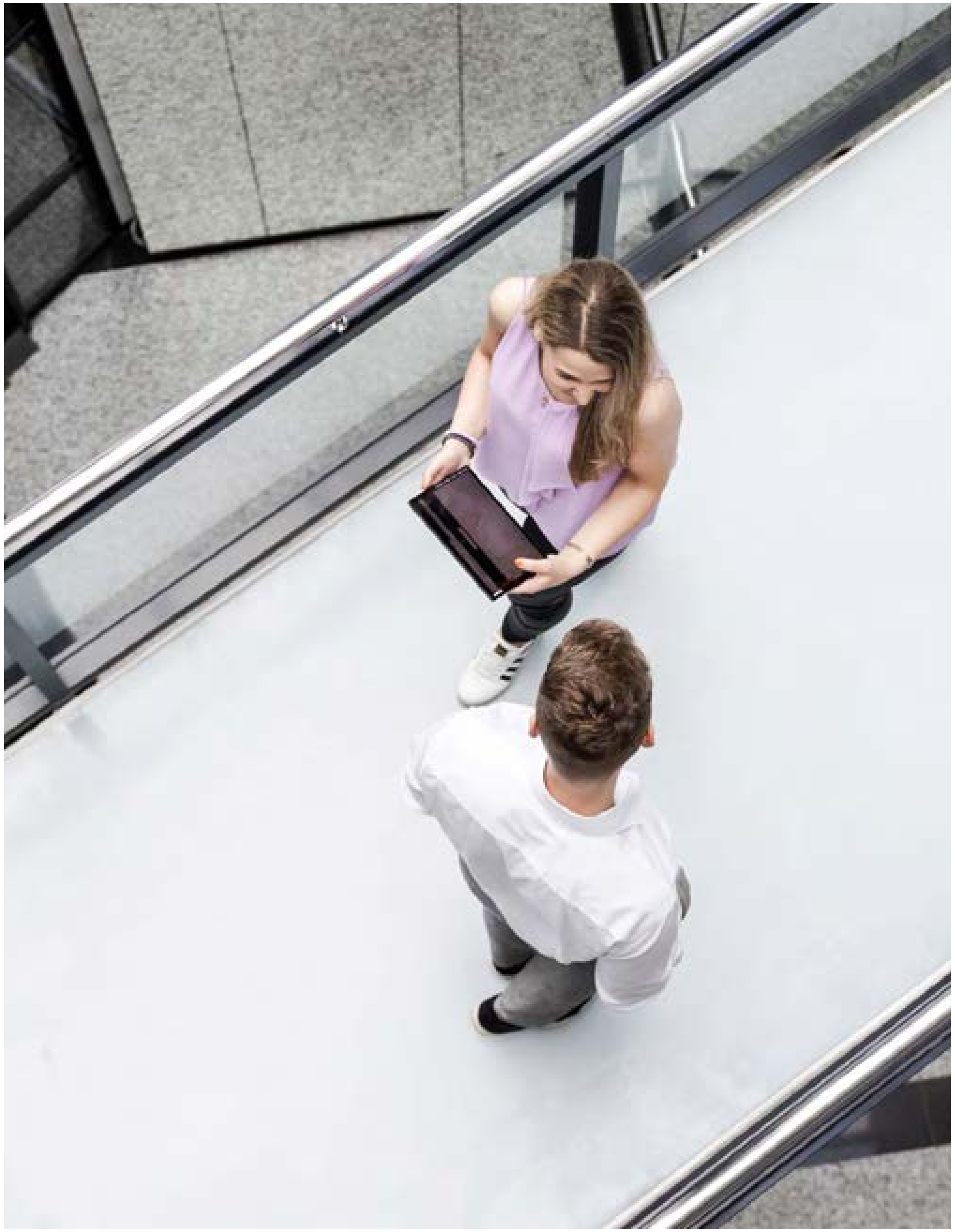
The deferred income tax liability of the Group arises in the case of companies located in countries where the profit for the financial year is subject to taxes. In addition, the Group is liable for deferred income tax with regard to investments in its subsidiaries and associates in Estonia and Latvia, unless the Group is able to control the timing of the reversal of taxable temporary differences and their reversal is not likely to happen in the foreseeable future. Examples of the reversal of taxable temporary differences are the payment of dividends, the sale or liquidation of an investment and other transactions.

As the Group controls the dividend policy of its subsidiaries, it is also able to control the timing of the reversal of taxable temporary differences related to the investment in question. If the dividend will be paid in the foreseeable future according to the estimate of the parent company, the deferred income tax liability is measured to the extent of the planned dividend payment, provided that funds and equity for the payment of the dividend are sufficient as of the reporting date, so that profits can be distributed in the foreseeable future.

When measuring the deferred income tax liability, the Group uses tax rates that, on the basis of tax rates in force on the reporting date, will presumably be applied to taxable temporary differences in the period when they are expected to be reversed.

The Group measures such tax liabilities, in accordance with IAS 12.46, using the tax rate that is expected to apply to the taxable temporary differences in the period in which the temporary differences are expected to reverse, based on the tax rates effective on the reporting date.

The maximum tax liability which would arise if all of the available equity were distributed as dividends, is disclosed in Note 14. Taxable temporary differences in respect of which no deferred income tax liability has been recognised are disclosed in Note 23.



Note 2 | Financial instruments

Trade and other receivables are recognised at amortised cost (less any allowance for impairment), using the effective interest method.

Trade payables, other current and non-current liabilities and loans received are stated at amortised cost, using the effective interest method.

thousand euros

Financial assets	Note	31.12.2022	31.12.2021
Cash	3	29 413	29 534
Trade receivables	4	12 292	12 318
Receivables from foreign postal administrations	4, 8	16 078	35 955
Other receivables	4	255	602
Total financial assets		**58 038**	**78 409**

Financial liabilities	Note	31.12.2022	31.12.2021
Trade payables	13	10 347	9 977
Payables to other postal administrations	13	20 706	42 582
Accruals and other liabilities	13	1 791	3 538
Debt obligations	12	11 976	25 062
Total financial liabilities		**44 819**	**81 159**

Note 3 | Cash

thousand euros

Financial assets	31.12.2022	31.12.2021
Cash in hand	683	1 641
Cash at bank	18 435	27 797
Term deposit	10 000	0
Cash in transit	295	96
Total cash (Note 2)	**29 413**	**29 534**
Average annual interest rate	0,6%	0%

Note 4 | Trade and other receivables

thousand euros

	31.12.2022	31.12.2021
Accounts receivable	12 434	11 034
Trade receivable from associate	2	1 452
Write-down of receivables	-39	-23
Expected credit loss	-105	-145
Total trade receivables (Note 2)	**12 292**	**12 318**
Other receivables	**31.12.2022**	**31.12.2021**
Terminal dues receivable from foreign postal administrations (Note 2)	14 937	32 912
of which estimated	4 077	7 196
actual	10 860	25 716
Other current receivables	255	602
Prepaid taxes	256	343
Prepayments for goods and services	694	753
Total other receivables	**16 141**	**34 610**
Total trade receivables and other receivables	**28 433**	**46 928**

thousand euros

Change in estimated receivables from foreign postal administrations	2022	2021
Estimated receivables at beginning of period	10 239	11 872
Additions	4 780	7 768
Transferred to actual	-9 800	-9 401
Estimated receivables at end of period (Note 8)	**5 219**	**10 239**

The change in the estimated receivables from foreign postal administrations includes both short-term and long-term receivables

Note 5 | Inventories

thousand euros

	31.12.2022	31.12.2021
Goods, raw material and services	539	543
Finished production	49	65
Goods for resale	361	375
Total inventories	**948**	**983**

Similar to 2021, there was no need to write down goods purchased for resale in 2022. At 31 December 2022, third party inventories of €316 thousand were under the physical custody of the Group (31 December 2021: €291 thousand).

Note 6 | Subsidiaries

At 31 December 2022, the Group had the following subsidiaries: UAB Omniva LT, SIA Omniva, OÜ Omniva and OÜ Finbite.

Subsidiary	Country	Parent's shares (%)	Group's shares(%)	Minority shareholding (%)	Preference shares (%)	Industry
OÜ Omniva	Eesti	100,0	100,0	-	-	-
OÜ Finbite	Eesti	100,0	100,0	-	-	Logistics of information
UAB Omniva LT	Leedu	100,0	100,0	-	-	Logistics
SIA Omniva	Läti	100,0	100,0	-	-	Logistics

All subsidiaries are subject to consolidation. The proportion of voting rights in subsidiaries owned by the parent company does not differ from the proportion of ordinary shares. The parent company does not own preference shares.

On 1 July 2022, the subsidiary AS Maksekeskus was sold. AS Maksekeskus was founded in 2012 with the aim of offering e-merchants and their customers secure and convenient payment solutions and services related to e-commerce. Payments are mediated in Estonia, Latvia, Lithuania and Finland through AS Maksekeskus. According to Omniva's strategy, the activities provided for the Payment Center were no longer strategically important for the company. The sale price of AS Maksekeskus' stake was €30,080 thousand, and the profit from the disposal was €26,970 thousand. At the time of the sale, AS Maksekeskuse current assets amounted to €5,631 thousand (of which cash was €5,349 thousand), non-current assets €1,301 thousand, liabilities €1,803 thousand. Non-controlling interest from the subsidiary AS Maksekeskus amounted to €2,096 thousand.

AS Eesti Post has adopted the unified brand Omniva. In 2022, as in 2021, there was no business activity in the subsidiary OÜ Omniva.

On 30 March 2022, UAB Omniva LT founded a subsidiary UAB Omniva LT Sorting. The establishment of the subsidiary is related to the establishment of a new logistics centre in Kaunas. The subsidiary is 100% owned by UAB Omniva LT.

Note 7 | Investment in the associate

AS Eesti Post's investments in the affiliate (Note 24):

thousand euros

		Holding (%)		
Name of affiliate	**Country of location**	**31 December 2022**	**31 December 2021**	**Accounting method**
Post11 OÜ	Eesti	30,0%	30,0%	calculated by the equity method

On 18 September 2015, an associate was established with China's largest privately-owned courier company S.F. Express to offer faster and more efficient delivery of goods between China and Europe. Affiliate Post11 is registered in Estonia. AS Eesti Post owns 30% of the company.

On 1 July 2022, by joint decision of the owners, the affiliated company Post11 ceased business operations. The decision was due to the changed international business environment and the need to optimize and reorganize business activities in Europe and the Baltics

In 2022, the Group's share of the loss of the associate, which is recognised using the equity method, was €393 thousand (2021: loss €556 thousand).

Note 8 | Non-current receivables and prepayments

thousand euros

	31.12.2022	**31.12.2021**
Non-current terminal dues receivable from foreign postal administrations (Note 2)	1 142	3 043
of which estimated	1 142	3 043
Prepaid expenses and lease payments	712	662
Deferred tax asset (Note 23)	1	1
Total long-term receivables and prepayments	**1 855**	**3 706**
of which due within 1–5 years	1 855	3 706

Note 9 | Fixed assets

Property, plant and equipment

	Land	Buildings	Machinery and equipment	Car fleet	Other property, plant and equipment	Assets under construction	Total
Acquisition cost 31 December 2020	**1 697**	**27 513**	**33 054**	**7 142**	**1 434**	**1 103**	**71 944**
Accumulated depreciation 31 December 2020	**0**	**-12 578**	**-14 178**	**-5 641**	**-913**	**0**	**-33 310**
Carrying amount 31 December 2020	**1 697**	**14 935**	**18 876**	**1 501**	**521**	**1 103**	**38 634**
Acquisition	0	107	1 669	44	241	3 825	5 886
Reclassification	0	0	2 161	0	0	-2 161	0
Sales at carrying amount	-1	-18	-5	-13	0	0	-38
Write-off at carrying amount	0	0	-91	-39	-5	0	-135
Depreciation calculated	0	-764	-3 415	-712	-199	0	-5 091
Acquisition cost 31 December 2021	**1 696**	**27 385**	**36 473**	**6 797**	**1 498**	**2 767**	**76 616**
Accumulated depreciation 31 December 2021	**0**	**-13 124**	**-17 272**	**-6 016**	**-939**	**0**	**-37 352**
Carrying amount 31 December 2021	**1 696**	**14 260**	**19 201**	**781**	**559**	**2 767**	**39 264**
Acquisition	0	0	0	0	0	10 706	10 706
Reclassification	0	422	2 597	346	423	- 3 788	0
Sale at residual value	-2	-108	0	-121	0	0	-232
Write-off at carrying amount	0	-2	-22	-1	0	-132	-157
Depreciation calculated	0	-4 241	-4 003	-604	-265	0	-9 113
Acquisition cost 31 December 2022	**1 694**	**27 139**	**38 012**	**6 291**	**1 531**	**9 553**	**84 220**
Accumulated depreciation 31 December 2022	**0**	**-16 808**	**-20 239**	**-5 890**	**-815**	**0**	**-43 752**
Carrying amount 31 December 2022	**1 694**	**10 331**	**17 773**	**401**	**716**	**9 553**	**40 468**

In 2022, the Group sold property, plant and equipment with an acquisition cost of €1,391 thousand (2021: €449 thousand) and accumulated depreciation of €1,159 thousand (2021: €411 thousand) for a sales price of €789 thousand (2021: €148 thousand). The acquisition cost of property, plant and equipment written off in 2022 amounted to €1,659 thousand (2021: €772 thousand) and accumulated depreciation amounted to €1,635 thousand (2021: €638 thousand).

No items of property, plant and equipment were written down during the reporting period (2021: €0).

At 31 December 2022, the total cost of fully depreciated property, plant and equipment still in use in the Group was €16,039 thousand (31 December 2021: 16,525 thousand).

Intangible assets

thousand euros

	Goodwill	Customer lists	Other intangible assets, incl software	Development of intangible assets	Total
Acquisition cost 31 December 2020	**1 168**	**395**	**23 398**	**1 004**	**25 965**
Accumulated depreciation 31 December 2020	**0**	**-317**	**-9 599**	**0**	**-9 916**
Carrying amount 31 December 2020	**1 168**	**78**	**13 798**	**1 004**	**16 047**
Acquisition	0	0	1 980	112	2 093
Reclassification	0	0	978	-978	0
Write off in residual value	0	0	-42	0	-42
Amortisation	0	-40	-5 624	0	-5 664
Acquisition cost 31 December 2021	**1 168**	**395**	**26 214**	**139**	**27 916**
Accumulated depreciation 31 December 2021	**0**	**-357**	**-15 124**	**0**	**-15 481**
Carrying amount 31 December 2021	**1 168**	**38**	**11 090**	**139**	**12 435**
Acquisition	0	0	528	2 657	3 185
Reclassification	0	0	1 286	-1 286	0
Write-off at carrying amount	0	0	-5	-455	-460
Disposal of subsidiary Maksekeskus AS	-77	0	-1 295	0	-1 372
Amortisation	0	-38	-4 966	0	-5 004
Acquisition cost 31 December 2022	**1091**	**395**	**25 139**	**1 055**	**27 680**
Accumulated depreciation 31 December 2022	**0**	**-395**	**-18 501**	**0**	**-18 896**
Carrying amount 31 December 2022	**1091**	**0**	**6 638**	**1 055**	**8 784**

At 31 December 2022, the total cost of fully amortised intangible assets still in use in the Group was €5,232 thousand (31 December 2021: 3,983 thousand). The acquisition cost of intangible assets written off in 2022 amounted to €508 thousand (2021: €141 thousand) and accumulated depreciation amounted to €503 thousand (2021: €99 thousand). The acquisition cost of intangible fixed assets written off from the sale of the subsidiary Maksekeskus AS in 2022 was €2,381 thousand, the accumulated depreciation was €1,086 thousand and goodwill related to the subsidiary was €77 thousand.

The amount of the acquisition of intangible fixed assets is related to the introduction of developments in the logistics information system, the solution for taxation of small shipments from outside the European Union, and software for private customer service.

Regarding the goodwill related to the acquisition of UAB Omniva LT, an impairment test was performed as of 31 December 2022. The carrying value of the tested cash generating unit's assets was €6,894 thousand (as of 31 December 2021 €2,899 thousand), which consisted of:

- the goodwill of UAB Omniva.
- the carrying value of customer lists of Omniva UAB
- other carrying value of tangible and intangible fixed assets related to the Lithuanian parcel business and net working capital.

The carrying amount of said cash generating unit (CGU) was compared with the value in use of the CGU's assets using the discounted cash flow method. The CGU's recoverable amount model included cash flows related to parcel vending and courier services. The cash flow forecast was based on the latest UAB Omniva LT business plan and the management's assessment.

Future cash flows are discounted using an assumed pre-tax discount rate of 10.4% (6.9% in 2021). The forecast period was 2023-2027 (5 years), based on the CGU's services business plan. When testing the asset's recoverable amount at the end of 2021, the years 2022-2026 (5 years) were used as the forecast period. UAB Omniva LT's revenue growth is expected to be faster in 2023 (an average of 12% per year over a total of five years).

As a result of the property value tests of UAB Omniva LT, no decrease in the value of the assets has been detected on the balance sheet date or in the comparison period. As a result of CGU impairment test cash flows exceed the value of the assets by more than ten times.

Right-of-use assets

thousand euros

	Buildings	Facilities	Machinery and equipment	Car fleet	Total
Acquisition cost 31 December 2020	**2 801**	**19**	**0**	**264**	**3 084**
Accumulated depreciation 31 December2020	**-1 210**	**-10**	**0**	**-102**	**-1 322**
Carrying amount 31 December 2020	**1 591**	**9**	**0**	**162**	**1 762**
Additions through new leases	2 214	5	0	4 891	7 110
Reassessment of lease terms	435	0	0	0	435
Write-off at carrying amount	-24	-3	0	0	-27
Impairment	-23	0	0	0	-23
Depreciation	-1 110	-4	0	-327	-1 441
Acquisition cost 31 December 2021	**5 206**	**15**	**0**	**5 155**	**10 376**
Accumulated depreciation 31 December 2021	**-2 123**	**-5**	**0**	**-429**	**-2 557**
Carrying amount 31 December 2021	**3 083**	**10**	**0**	**4 726**	**7 819**
Additions through new leases	2 066	119	4 806	4 579	11 570
Reassessment of lease terms	88	0	1	-1 673	-1 584
Reclassification to Property, Plant and Equipment	0	0	0	-122	-122
Write-off at carrying amount	-24	-7	0	-37	-68
Impairment	-40	0	0	0	-40
Depreciation	-1 578	-43	-541	-1 497	-3 659
Acquisition cost 31 December 2022	**6 765**	**119**	**4 858**	**7 266**	**19 008**
Accumulated depreciation 31 December 2022	**-3 171**	**-40**	**-591**	**-1 290**	**-5 091**
Carrying amount 31 December 2022	**3 594**	**80**	**4 267**	**5 976**	**13 916**

There is a difference between the right-of-use asset and lease liability balances due to other direct costs that are necessary to bring the right-of-use asset to its working condition and location, also, due to lease liabilities payments that are not linear.

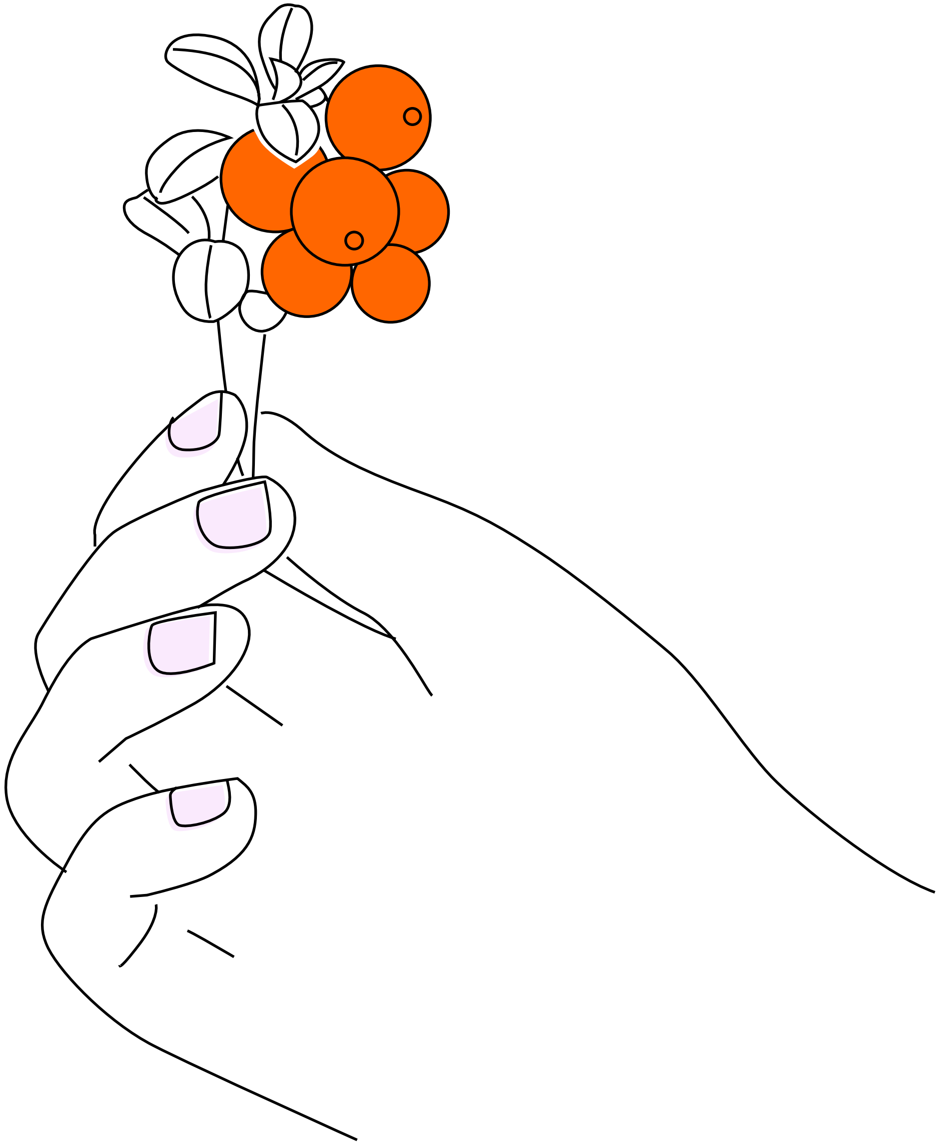
Note 10 | Lease liabilities

thousand euros

	31 December 2022	31 December 2021
Minimum lease payments	**12 673**	**8 412**
of which due within 12 months	4 432	2 790
within 1–5 years	8 241	5 622
Future interest expense	-819	-324
Present value of lease payments	**12 311**	**8 304**
Present value of lease payments	**12 311**	**8 304**
of which due within 12 months	4 257	2 736
within 1–5 years	8 054	5 568
Average annual interest rate	**2,8%**	**1,1%**

The Group leases buildings for post offices and spaces for parcel terminals. Machinery and equipment include leased parcel terminals and transport equipment. In the asset class of information and communication equipment, the Group leases all-flash disk arrays. See additional information regarding Right-of-use assets in Note 9. In 2022, cash outflows related to leases totalled €4,642 thousand (2021: €4,194 thousand).

Information regarding short-term leases and leases of low-value assets is disclosed in Note 11.



Note 11 | Short-term leases and leases of low-value assets

AS Eesti Post leases out the following assets under short-term leases:

thousand euros

Land and buildings	31 December 2022	31 December 2021
Acquisition cost	833	805
Accumulated depreciation	-460	-416
Carrying amount	373	389
Depreciation for the year	-22	-26

Leased out	31 December 2022	31 December 2021
Future rental income from leases that cannot be terminated	31	164
of which due within 12 months	26	164
Within 1-5 years	5	0
Advance lease payments received	7	7
of which due for next 12 months	7	7

	2022	2021
Rental income for reporting period (Note 17)	85	193

The Group leases out buildings under short-term leases. For items of property, plant and equipment that are partly in the Group's own use (owner-occupied) and partly leased out under short-term leases, the cost, accumulated depreciation and depreciation for the reporting period are presented based on the proportion of premises leased out. Buildings are partly owner-occupied and partly leased out if the portion that has been leased out cannot be sold separately. The figures include rental income from leases of property, plant and equipment.

Held under leases	31 December 2022	31 December 2021
Future lease payments under short-term leases and leases of low-value assets	12 871	12 857
of which due within 12 months	2 694	2 718
within 1–5 years	10 170	10 130
over 5 years	7	9

	2022	2021
Lease expense for reporting period (Note 19)	4 164	5 523
of which short-term lease expense	1 013	2 330
of which low-value asset lease expense	3 151	3 193

Short-term leases and leases of low-value assets are recognised in profit or loss as an expense on a straight-line basis over the lease term. Short-term leases are leases with a term of 12 months or less, with no option to buy out the underlying asset. The Group leases premises, hardware, data communications and other equipment, and fixtures and fittings under operating leases.

Note 12 | Interest-bearing borrowings

thousand euros thousand euros

	31 December 2022	31 December 2021
Current portion of long-term loans payable	0	2 646
Short-term portion of long-term lease payables (Note 10)	4 257	2 736
Total short-term borrowings	**4 257**	**5 382**
Long-term debt		
Long-term loans	0	14 112
Long-term lease payables (Note 10)	8 054	5 568
Total long-term debt obligations	**8 054**	**19 680**
Total debt obligations	**12 311**	**25 062**
of which due within 12 months	4 257	5 382
within 1–5 years	8 054	19 680
over 5 years	0	0

Average annual interest rate	**31 December 2022**	**31 December 2021**
Bank loans	0,0%	1,3%
Lease liabilities	2,8%	1,1%

thousand euros

	2022	2021
Opening balance	**25 062**	**24 007**
Loan repayments	-16 758	-2 646
New leases	10 514	8 069
Reassessment of existing leases	-1 866	-174
Lease payments	-4 642	-4 194
Closing balance	12 311	25 062

Increase in lease payables is mostly connected to financing obtained giving parcel automats as collateral under sales-leaseback agreement in the amount of €3,606 thousand. No gain or loss was recognised from the sale of the parcel automats. The right-of-use asset was recognised at the corresponding amount plus related acquisition and installation expenses.

Some of the lease agreements have a fixed interest rate, some have a variable interest rate (linked to EURIBOR). According to the contracts, the interest rate is changed every six months (Note 25). In loan agreements, according to the terms of the loan agreements, the borrower is required to meet certain financial ratios, such as the debt to EBITDA ratio (debt to EBITDA ratio; EBITDA - net profit before financial income and expenses, corporate income tax and depreciation and amortization costs of tangible and intangible fixed assets), the debt service coverage ratio (DSCR or the EBITDA of the accounting period divided by the debt obligations to be paid during the accounting period) and the proportion of equity capital. The bank loans have been repaid as of 5 September 2022. In 2022, there was no breach of the covenants in the loan agreement.

Note 13 | Short-term payables and other long-term liabilities

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	31.12.2022	31.12.2021
Prepayments received	337	130
Trade payables (Note 2)	10 347	9 977
Payables to employees	6 475	7 606
Social tax accrued	753	705
Income tax accrued	323	298
Terminal dues payable to foreign postal administrations (Note 2)	19 960	36 904
Other short-term payables and accruals	78	76
Value added tax	402	580
Personal income tax	563	727
Social tax	1 151	1 119
Other taxes payable	101	554
Other liabilities	1 713	3 462
Total short-term payables and prepayments	**42 202**	**62 137**
Long-term terminal due payables to foreign postal administrations (Note 2)	746	5 678
Deferred tax liability (Note 23)	42	0
Deferred tax liability (Note 23)	864	1 015
Total other long-term payables	**1 652**	**6 694**
of which due within 1–5 years	1 652	6 694

In 2022, the decrease in obligations to foreign postal organizations in terms of final payments is related to the Russian-Ukrainian war that started in February 2022. Omniva stopped all international commercial cooperation in the direction of Russia and Belarus, continuing to offer only universal postal service in accordance with the Lausanne Agreement.

Note 14 | Equity

	31.12.2022	31.12.2021
Share capital (thousand euros)	15 714	15 714
Number of shares	1 571 412	1 571 412
Nominal value of shares (euros)	10	10
Maximum authorised number of ordinary shares according to the articles of association	4 000 000	4 000 000

In 2022, the Group paid dividends in the amount of €2,750 thousand, which resulted in an income tax expense of €580 thousand (€2,393 thousand in 2021, which included income tax expenses of €274 thousand), Note 23.

At 31 December 2022, the Group's retained earnings amounted to €50,368 thousand euros (31 December 2021: €27,683 thousand). The payout of dividends to the owner gives rise to an income tax charge of 20/80 on the amount paid out as net dividends, and from 2019 onwards, a more favourable tax rate of 14/86 can be partially applied to dividends paid out regularly.

Thus, the maximum net dividend that could be distributed from retained earnings as at the reporting date is €40,414 thousand and it would give rise to an income tax liability of €9,954 thousand. The maximum amount available for paying out as net dividends from retained earnings at 31 December 2021 was €22,239 thousand, which would have resulted in an income tax liability of €5,444 thousand.

Note 15 | Sales revenue from contracts with customers

Revenue by service

thousand euros

	2022	2021
Parcel services	74 353	78 486
Postal services	26 370	27 136
including postage stamps	2 197	2 456
Digital services	5 643	8 998
International services	16 552	29 684
Total sales revenue from contracts with customers	**122 918**	**144 304**

thousand euros

	2022		2021	
	Universal postal service	Other services	Universal postal service	Other services
Parcel services	9 368	64 986	13 053	65 433
Postal services	3 204	23 166	3 485	23 652
Digital services	0	5 643	0	8 998
International services	0	16 552	0	29 684
Total revenue from contracts with customers	**12 571**	**110 347**	**16 538**	**127 766**

Disaggregation of sales revenue from contracts with customers by location of customers

thousand euros

	2022	2021
Estonia	55 834	70 868
Denmark	9 292	8 082
China	16 071	23 184
Poland	1 594	265
Lithuania	19 002	18 861
Netherlands	1 054	921
Latvia	14 160	15 129
Spain	1 091	416
Russia	145	366
Other countries	4 675	6 212
Total sales revenue	**122 918**	**144 304**

The factor with the biggest impact on the decrease in the Group's sales revenue was the decrease in international transit service compared to the previous year. International transit revenues were €16.6 million in 2022, compared to the previous year, the volume of revenues has fallen by 45% (2021: €29.7 million). The result was significantly affected by the Russian-Ukrainian war that started in February 2022, as the revenues of international transit services were largely dependent on the crisis region. Omniva stopped all international commercial cooperation in the direction of Russia and Belarus, continuing to offer only universal postal service in accordance with the Lausanne Agreement.

Revenue from the sale of stamps under postal services in the reporting year was €2,197 thousand (2021: €2,456 thousand)

Note 16 | Subsidies and grants received

Subsidies and grants received by type

thousand euros

	2022	2021
Grant for delivery of periodicals	4 528	1 778
Compensation for unreasonable costs of universal postal service	0	912
Renewable energy subsidies	39	30
Wage support	18	8
Other	8	3
Total subsidies and grants	**4 593**	**2 731**

The Group received a grant from the state budget of the Republic of Estonia as support for the delivery of periodicals in rural areas. The said support was mediated to publishing houses. A wage subsidy was received from the Estonian Unemployment Insurance Fund and a renewable energy subsidy from Elering AS.

Note 17 | Other operating income

thousand euros

	2022	2021
Rental income (Note 11)	85	193
Profit from sale of fixed assets	557	110
Fines, default interest	34	31
Compensation for postal items	51	194
Utility payments received	45	39
Revenue from customs clearance and software use	38	406
Revenue from a special project	416	516
Accounting service	72	59
Profit on conversion of foreign currencies	0	362
Other	289	144
Total other operating revenue	**1 587**	**2 054**

In 2021 and 2022, Omniva supplied its parcel terminal software to the Croatian postal administration and started to advise on the creation of a parcel terminal network in Croatia. Revenue from the project is recognised under revenue from a special project.

Note 18 | Goods, raw materials and services

thousand euros

	2022	2021
Mail transport and delivery services	9 920	10 041
Goods	550	575
Fuel and energy	5 331	3 400
Raw materials	711	569
International terminal dues	3 831	12 708
International transport	11 903	14 842
Sorting and notification service	2 129	1 841
Cost of digital services	1 135	2 747
Other services	884	1 202
Total goods, raw materials and services	**36 394**	**47 924**

Note 19 | Operating expenses

thousand euros

	2022	2021
Repair and maintenance	1 685	1 454
Expenses on short-term leases (Note 11)	1 013	2 330
Expenses on leases of low-value assets (Note 11)	3 151	3 193
Property management and similar expenses	2 494	2 374
Bank and cash transit charges	690	951
Administration costs	1 008	1 356
Low-value assets consumed	276	473
Consultancy and training expenses	2 468	1 169
Advertising costs	1 797	1 904
IT expenses	2 604	2 423
Expenses on credit-impaired items (Note 25)	7	33
Other	2 322	1 818
Total other operating expenses	**19 514**	**19 479**

Note 20 | Employee benefits

thousand euros

	2022	2021
Wages and salaries	38 522	37 602
Termination benefits	304	508
Holiday pay	4 074	3 515
Social security contributions	10 606	10 489
Unemployment insurance contributions	218	218
Other	884	491
Total employee benefits	**54 609**	**52 823**
Average number of employees	2471	2408

Note 21 | Other operating expenses

thousand euros

	2022	2021
Default interest, fines and interest on taxes	20	121
Local taxes	225	88
Quality control	71	15
Loss on write-off of fixed assets (Note 9)	36	136
Foreign exchange losses	29	0
Humanitarian Aid to Ukraine	495	0
Other	155	309
Total other operating charges	**1 031**	**668**

The largest part of the Other line comprises the costs of liability insurance, credit insurance, membership fees for associations and write-offs.

Note 22 | Financial income and expenses

thousand euros

	2022	2021
Financial income		
Other financial income	3	302
Total financial income	**3**	**302**
Financial expenses		
Interest expenses	-311	-311
of which on bank loans	-122	-259
of which on leases	-189	-52
Foreign exchange losses	-173	-592
Total financial expenses	**-484**	**-903**

Note 23 | Income tax

thousand euros

	2022	2021
Income tax on distributions to owners:		
Income tax on dividends paid out (Note 13)	580	274
Income tax arising from foreign subsidiaries:		
Income tax expense payable	7	471
Deferred income tax liability on dividends:		
Deferred income tax payable	-151	325
Total income tax	**436**	**1 071**

Deferred income tax

	2022	2021
Opening balance	-1	-139
Change in financial year	0	138
Closing balance (Note 8)	-1	-1

Deferred income tax payable

	2022	2021
Opening balance	1 015	690
Change in financial year	-151	325
Closing balance (Note 13)	864	1 015

Note 24 | Transactions with related parties

The shares of AS Eesti Post are 100% held by the Republic of Estonia. For the purposes of these financial statements, related parties include government agencies, companies and partly or fully state-owned companies and affiliates. Key management personnel includes the members of the supervisory board and the management board and managers of the subsidiaries of AS Eesti Post. Related parties also include close family members of and entities under the control or significant influence of key management personnel. Transactions with related parties have been carried out at market price.

Transactions with related parties

thousand euros

	2022		2021	
Related party	**purchases**	**sales**	**purchases**	**sales**
Transactions with entities where members of the supervisory and management boards have significant influence				
Purchases and sales of goods	299	0	91	0
Purchases and sales of services	558	94	728	174
Transactions with the associate				
Purchases and sales of goods	0	1	0	1
Purchases and sales of services	11	1 561	793	10 931
Total transactions with related parties	**868**	**1 656**	**1 612**	**11 106**

In addition to the transactions of related parties, Eesti Post AS has carried out transactions with state-owned companies and agencies, including services resulting from the main business activity (postal, logistics and digital services) and subsidies received from the Social Insurance Board.

thousand euros

	31.12.2022	31.12.2021
Current receivables		
Entities where members of the supervisory and management boards have significant influence	1	19
Associate (Note 4)	2	1 450
Total current receivables from related parties	3	1 469
Current liabilities		
Entities where members of the supervisory and management boards have significant influence	2	87
Associate (Note 4)	0	2
Total current liabilities with related parties	**2**	**89**

	2022	2021
Dividends received from associate	**0**	**300**

Amounts received from the Social Insurance Board include amounts for the payout of state pensions and family and disability benefits. The fees from the payout of benefits were €40 thousand in 2022 (2021: €559 thousand). Decrease in benefits have decreased due to the service being stopped.

According to the estimates of the parent company's management, transactions with related parties have not resulted in doubtful receivables and therefore no allowance for impairment has been recognised. Note 24 does not include information about regular transactions with government agencies and public institutions and partly or wholly state-owned companies.

Remuneration to key management personnel

	2022	2021
Remuneration of key management personnel	**650**	**460**
Termination benefits to key management personnel	0	65
Total remuneration to key management personnel	650	525

The remuneration of key management personnel is recognised with the relevant tax expense. Key management personnel includes the members of the supervisory and management boards, heads of service lines and functions and the managers of subsidiaries of AS Eesti Post.

Payables to key management personnel

	31.12.2022	31.12.2021
Short-term payables to key management personnel	**27**	**25**

Members of the management boards of Group companies who are removed from office before the expiry of their term of office are entitled to termination benefits equal to their three months' remuneration. No severance pay is paid in case of early recall of members of the Group's Supervisory Board. If the service contracts of the members of the management boards of Group entities were terminated before the expiry of their contracts, the Group's termination benefits liability would amount to €124 thousand (2021: €116 thousand).

For received grants please refer to Note 16.

Note 25 | Objectives and principles of risk management

In its daily activities, the Group has to take into account various financial risks: credit risk, market risk (including interest rate risk and currency exchange rate risk), liquidity risk and capital management. The purpose of financial risk management is to control financial risks and thereby contribute to the achievement of the targeted financial results. The group's financial risk management is based on requirements arising from laws, regulations and international financial reporting standards, as well as on the Group's internal regulations and principles of good practice. The financial risks of the Group are managed according to the principles approved by the Group at the Group level in the finance department of the parent company.

Credit risk

Credit risk expresses the potential loss that would occur on the reporting date if the counterparty to the transaction is unable or unwilling to fulfil its contractual obligations. The Group is exposed to credit risks arising from business activities (mainly claims against buyers and other postal organizations) and from keeping cash and cash equivalents in banks (counterparty credit risk).

In order to reduce credit risks, the payment behaviour of customers is constantly monitored, the future perspectives of their businesses are analysed, including the business logic and its compliance with both general economic developments and the developments of the relevant economic sector, as well as the financial situation. If necessary, guarantees or credit insurance are included to mitigate risks.

Free funds are mainly kept in current accounts or time deposits of banks belonging to the Swedbank and SEB group. Banks operating in the Baltics belonging to the Swedbank and SEB group do not have separate Moody's credit ratings. Swedbank Group's parent company Swedbank AB has Moody's long-term credit rating Aa3 (2021 Aa3) and SEB Group's parent company Skandinaviska Enskilda Banken AB has Moody's long-term credit rating Aa3 (2021 Aa2).

The principles of the Group's allocation of free funds are guided by the principles of capital preservation and ensuring liquidity. According to the management, the Group does not have significant credit risks in terms of cash and cash equivalents.

thousand euros

	31.12.2022	31.12.2021
Cash	683	1 641
Bank accounts	18 435	27 797
Term deposit	10 000	0
Money on the way	295	96
Total money (Note 2)	**29 413**	**29 534**
Average interest rate	**0,6%**	**0%**

According to Moody's Investors Service / Standard & Poor's ratings or their equivalents, AS Eesti Posti Group funds are deposited as follows:

thousand euros

	31.12.2022	31.12.2021
Aaa-Aa3	28 313	23 281
Other	1 100	6 252
Total	29 413	29 534

Claims against other postal organisations (claims totalling €16,078 thousand as of 31 December 2022; claims totaling €35,955 thousand as of 31 December 2021) arise from forwarding shipments between postal organisations. On the basis of the data of confirmed forwarded shipments, mutual financial settlement of claims and liabilities is carried out.

Settlements between other postal organisations are based on settlement rules resulting from valid international multilateral agreements such as the Universal Postal Convention. The form of settlement with other postal organisations is a netting act, which reflects both claims and liabilities, which is why the credit risk to the Group is minimal. Claims and liabilities towards other postal organisations have not been set off in the Group's statement of financial position.

Claims and liabilities towards postal organisations of other countries:

thousand euros

	31.12.2022		31.12.2021	
Country	Claims	Obligations	Claims	Obligations
Netherlands	2 382	1 478	2 304	1 866
Belgium	2 232	501	3 070	2 399
China	2 162	5 703	4 162	7 744
Switzerland	1 590	1 477	1 373	1 414
Latvia	1 013	1 615	2 423	1 126
France	739	267	8 095	10 303
Germany	697	447	2 397	461
Finland	613	682	803	869
United States	480	930	728	985
Singapore	464	112	482	106
Italia	144	3 446	2 466	5 957
Other	3 562	4 048	7 651	9 352
Total	**16 078**	**20 706**	**35 955**	**42 582**

Generally, other postal organisations do not have credit ratings. Based on the Group's previous experience, in the opinion of the Group's management, the claims against other postal organisations do not need to be impaired, as there is no information that would indicate a decrease in the value of the claims.

Claims against customers (total of €12,292 thousand as of 31 December 2022, total of €12,318 thousand as of 31 December 2021) are assessed according to the rules used in the Group's companies. The majority of customers are contract customers. When signing a contract and opening credit, the background of each customer is checked separately.

As of 31 December 2022, €1,152 thousand of claims against customers were claims against the state and local government sector (€2,091 thousand as of 31 December 2021). The credit risk of these claims is estimated to be minimal.

The Group uses an internal credit rating system to assess the credit risk of customers. The credit rating system is a support system for credit decision-making, the main part of which is the classification of customer to assess their credit risk. The credit rating system differentiates customers and claims according to their risk level, based on the probability of payment default, taking into account the customer's economic situation, creditworthiness and other circumstances that may affect the fulfilment of the customer's obligations to the Group.

In the Group, the payment behaviour of all customers is monitored on an ongoing basis separately for all claims. Customers who have exceeded the payment deadline are dealt with personally in order to find solutions that would ensure the protection of the Group's interests in the best possible way. If the claim becomes past due, the Group's automated reminder and warning system sends a notification to the customer to pay the invoice. In addition, written reminders, offsets, conclusion of payment agreements, debt collectors or court proceedings are used to collect the debt.

Credit insurance is additionally used to mitigate the credit risk of international customers. In the event of an insurance case, the insurer compensates up to 90% of the loss, the Group's deductible is 10%. The maximum liability of the insurer is €3,000 thousand.

As of the reporting date, 85.0% (31 December 2021 95.0%) of the unpaid invoices from customers were invoices before due date.

Trade receivables – a provision matrix for expected credit losses

thousand euros

31 December 2022	Not yet due	0-30	31-60	61-90	>91	Total
Expected credit loss	0,2%	0,9%	3%	67%	100%	
Total carrying amount	10 562	1 759	8	3	103	**12 436**
Write-down of receivables	-23	-16	0	-2	-103	**-144**
						12 292

thousand euros

31 December 2021	Not yet due	0-30	31-60	61-90	>91	Total
Expected credit loss	0,9%	0,9%	3%	67%	100%	
Total carrying amount	11 686	626	113	6	55	**13 364**
Write-down of receivables	-100	-6	-3	-4	-55	**-168**
						12 318

A provisioning matrix based on historical credit loss experience is used to estimate expected credit losses. As of 31 December 2022, the valuation allowance for expected credit losses of the Group was formed in the amount of €105 thousand (31 December 2021 provision in the amount of €145 thousand).

The Group applies the simplified method provided in IFRS 9 for the recognition of expected credit loss on all claims against customers, which allows for the recognition of an impairment loss in the amount of expected credit loss during the financial asset's lifetime. In order to estimate the expected credit loss, receivables from customers are divided into groups based on common credit risk characteristics and days overdue.

The following table shows the movements in the ECL valuation allowance.

Trade receivables – lifetime expected credit losses

	Credit-impaired receivables	Total
As at 31 December 2020	**-165**	**-165**
Expected lifetime credit losses in accordance with IFRS 9	-6	-6
Transfer to credit impaired	-23	-23
Amounts written off as uncollectible	21	21
Amounts recovered (previously written down/ off)	6	6
31 December 2021	**-168**	**-168**
Expected lifetime credit losses in accordance with IFRS 9	40	40
Transfer to credit impaired	-48	-48
Amounts written off as uncollectible	24	24
Amounts recovered (previously written down/ off)	7	7
31 December 2022	**-144**	**-144**

Market risks

Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of financial instruments will fluctuate in the future due to changes in market interest rates. Cash flow interest rate risk arises from the Group's floating rate debt obligations and is the risk that finance costs will increase if interest rates rise.

As of 31 December 2022, the Group had interest-bearing liabilities of €12,311 thousand (31 December 2021: €25,062 thousand), of which €4,257 thousand were short-term debt obligations in 2022 (31 December 2021: €5,382 thousand) and €8,054 thousand were long-term loans and lease obligations (31 December 2021: €19,680 thousand).

thousand euros

	31.12.2022	31.12.2021
Fixed rate liabilities	5 299	5 797
Liabilities with a variable interest rate for 6-12 months	7 012	19 265
Total interest-bearing liabilities	**12 311**	**25 062**

Some lease agreements have a variable interest rate (linked to EURIBOR). According to the contracts, the interest rate is changed every six months. Interest rates with EURIBOR range between 3.34-3.94% (2021: 1.13-1.25%).

When applying IFRS 16 from 1 January 2019, the Group recognised leases that were previously classified as operating leases as lease liabilities. Lease payments are discounted using an incremental borrowing interest rate. The mentioned interest rates are in the range of 0.48- 4.00% (2021: 0.48-1.17%).

A sensitivity analysis is used to assess the Group's interest rate risk, which describes the effect of the interest rate risk on the Group's profit through the estimated fluctuation of the six-month EURIBOR rate.

If, as of 31 December 2022, the six-month EURIBOR had increased by 100 basis points, or 1 percentage point, it would mean an increase in interest costs for the Group by €70 thousand (31 December 2021: by €11 thousand) given the amount of existing variable interest rate liabilities.

The table shows increase (+) or decrease (-) of interest expense based on movements in EURIBOR:

thousand euros	31.12.2022	31.12.2021
100 an increase of a basis point	70	11
100 a decrease of a basis point	-70	0

Although the six-month EURIBOR has risen significantly during the year (31 December 2022 2.693%; 31 December 2021 -0.546%), according to the management, a possible change in the six-month EURIBOR would not have a significant impact on the Group's profit for the reporting year.

In addition to the risk of changes in EURIBOR, the refinancing of liabilities entails the risk of changes in the Group's risk margin due to changes in the economic environment.

During the interest risk analysis, various options for mitigating risks are considered. Such options include refinancing, reducing existing liabilities and using fixed interest rate borrowings.

Currency risk

Currency risk is the risk that the fair value of financial instruments (translation risk) or cash flows will fluctuate in the future due to exchange rate changes. The most important settlement currency of the Group is the euro.

Calculation of final payments with postal organisations is in IMF settlement units (SDR) and euros, settlements in euros and US dollars. Currency risks are hedged either by harmonizing incoming and outgoing cash flows or by tying contractual payments to the euro exchange rate.

thousand euros

31.12.2022	Total EUR	inc USD	inc SDR
Short and long-term receivables	30 289	0	6 894
Total financial assets	30 289	0	6 894
Short-term and long-term liabilities	55 829	34	12 234
Total financial liabilities	**55 829**	**34**	**12 234**
Net currency position	**-6 722**	**-33**	**-5 341**
Positive change in currency position, %	0	3,89%	8,87%
Negative change in currency position, %	0	-3,75%	-9,16%
Negative impact on profit	**-562**	**-1**	**-474**
Positive impact on profit	**582**	**1**	**489**

31.12.2021	Total EUR	inc USD	inc SDR
Lühi- ja pikaajalised nõuded	50 634	12	16 240
Finantsvarad kokku	50 634	12	16 240
Lühi- ja pikaajalised kohustised	93 893	17	19 943
Finantskohustised kokku	**93 893**	**17**	**19 943**
Neto valuutapositsioon	**-4 586**	**-5**	**-3 702**
Valuutapositsiooni positiivne muutus, %	0	4,32%	2,54%
Valuutapositsiooni negatiivne muutus, %	0	-5,25%	-3,07%
Negatiivne mõju kasumile	**-117**	**0**	**-94**
Positiivne mõju kasumile	**141**	**0**	**114**

In the table above, the difference between the minimum and maximum exchange rate of 2022 and the average exchange rate of 2022 is taken as a percentage of the change in the currency position as of 31 December 2022. In the table as of 31 December 2021, the percentage change in the currency position is taken according to the same principle as in the table for 2022. The Group expects the same movement in the future as those experienced in the current period.

Liquidity risk

A company's liquidity, or solvency, reflects its ability to meet its payment obligations to creditors on time.

Liquidity risk is the risk that the Group will not be able to meet its financial obligations on time or in full due to a shortfall in cash flows.

As of 31 December 2022, and 31 December 2021, the current assets of the Group exceeded its short-term liabilities. The Group continues to generate positive cash flow from operating activities.

The Group uses a combination of the following solutions to manage liquidity risk: free money in current accounts, fixed-term deposits, availability of free credit lines, other financing and working capital management solutions offered on the market, continuous monitoring of cash flows and reconciliation of financial asset and liability maturities.

Conservative liquidity risk management is based on a sufficient balance of funds, ensuring the availability of free credit lines to satisfy financing needs, and the ability to close market positions.

In order to manage the Group's cash flows more efficiently, a unified Group account of the bank accounts of Eesti Post AS and its subsidiaries has been established, which allows the members of the Group account to use the Group's financial resources within the limits established by the Group.

As a liquidity means available for the quick fulfilment of obligations arising in the course of the Group's normal business activities, the average balance of funds is kept in banks, which can be used at short notice. The liquidity funds consists of cash and cash equivalents, fixed-term deposits, the original maturity of which does not exceed 3 months, and, if necessary, credit lines.

To mitigate the liquidity risk, the Group uses various sources of financing, such as bank loans, overdrafts, regular monitoring of customer claims and supply contracts.

The Group's management constantly monitors the Group's current cash flow forecasts to ensure the availability of sufficient financial resources to finance operational activities, while at the same time ensuring the fulfilment of loan obligations. The aforementioned cash flow forecasts are used as a basis for preparing the Group's financing plans and for monitoring possible contractual financing conditions (covenants).

Analysis of undiscounted financial liabilities (principal and future interest payments) by payment terms:

thousand euros

31.12.2022	Undiscounted cash flow		Carrying amount	
	2023	2024-2027	2023	2024-2027
Bank loans (Note 12)	0	0	0	0
Lease liabilities (Note 10)	4 432	8 241	4 257	5 568
Trade payables (Note 13)	10 347	0	10 347	0
Payables to other postal administrations (Note 13)	19 960	746	19 960	746
Other payables (Note 13)	1 791	0	1 791	0
Total	**36 530**	**8 986**	**36 355**	**6 314**

31.12.2021	Undiscounted cash flow		Carrying amount	
	2022	2023-2026	2022	2023-2026
Bank loans (Note 12)	2 833	14 156	2 646	14 112
Lease liabilities (Note 10)	2 790	5 622	2 736	5 568
Trade payables (Note 13)	9 977	0	9 977	0
Payables to other postal administrations (Note 13)	36 904	5 678	36 904	5 678
Other payables (Note 13)	3 538	0	3 538	0
Total	**55 937**	**25 456**	**55 725**	**25 358**

As at 31 December 2022, the Group's cash and cash equivalents totalled €29,413 thousand (31 December 2021: €29,534 thousand).

As at 31 December 2022, working capital was positive at €12,335 thousand (31 December 2021: positive at €9,821 thousand). In management's opinion, the Group has sufficient liquidity.

Capital management

Capital risk is the risk arising from the fact that the level and quality of the Group's equity is below the optimal or established level for the Group.

As of 31 December 2022, the Group's equity totalled €67,653 thousand (31 December 2021 €47,065 thousand). All AS Eesti Post shares belong to the state.

The main goal of the Group in capital risk management is to maintain a strong equity base with the aim of ensuring sustainability in order to secure income for the shareholder and benefits for other stakeholders, and at the same time maintain an optimal capital structure to reduce the cost of capital while maintaining credibility in the eyes of the sole shareholder, creditors and the market. One of the goals set by the owner for AS Eesti Post is to carry out economic activities with lower-than-average risks and a conservative capital structure (equity ratio to total assets exceeding 35%).

The Group can regulate the equity structure with dividends paid to the shareholder or by repayments of paid-in share capital. Decisions regarding distribution of dividends, increase or decrease of share capital are made by the state through the Ministry of Economic Affairs and Communications. Dividends are paid in the Group in accordance with the dividend policy.

Equity ratio

thousand euros

	31.12.2022	31.12.2021
Assets	123 818	141 062
Equity	67 653	47 065
Equity ratio	**55%**	**33%**

<u>Fair values</u>

For the purposes of disclosure, the fair value of financial instruments is determined by discounting future contractual cash flows at current market interest rates that are available to the Group for similar financial instruments. According to management's estimates, the carrying amounts of financial assets (Note 2) and liabilities (Note 2) measured at amortised cost in the consolidated statement of financial position as at 31 December 2022 and 31 December 2021 did not differ significantly from their fair values as they were due to be settled within 12 months after the reporting date. Likewise, the fair values of long-term borrowings did not differ significantly from their carrying amounts as their interest rates corresponded to the market interest rates. The carrying amounts of long-term terminal dues to other postal organisations do not differ significantly from their fair values, as they are presented in the statement of financial position in amounts of consideration receivable or payable. When all inputs required to measure fair value are observable, the instrument is categorised to levels 1 or 2; when the inputs are unobservable, the instrument is categorised to level 3.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (e.g. over-the counter derivatives) is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Note 26 | Contingent liabilities and assets

<u>Potential risks related to the Tax and Customs Board</u>

Potential risks arising from tax audits – the tax authorities have not initiated or conducted tax audits or single case reviews at Group entities. The tax authority is entitled to review the Company's tax accounting within five years of the due date for filing a tax return and, if errors are identified, impose an additional amount of tax, interest and a penalty. According to management's estimates there are no circumstances which might cause the tax authorities to assess a significant amount of additional tax to be paid by the Group.

<u>Contingent assets and liabilities related to universal postal service</u>

AS Eesti Post's costs related to the performance of the universal postal service obligation exceed the revenue generated from the service. The affordable price charged for the universal postal service does not allow the service provider to cover the justified costs incurred in the performance of the service and to earn a reasonable profit.

According to management's estimates, in 2022 the loss from the provision of universal postal service was €2.7 million (2021: €1.8 million). This amount is management's best estimate of the expenditure required to meet the existing UPT obligation as at 31 December 2022 and is based on calculations using the current ABC cost model.

In accordance with subsections 41[1] (3) and (4) of the Postal Act, the loss from the provision of UPT will be compensated for by the Estonian Competition Authority to the extent to which the affordable price charged to customers does not enable cover the justifiable costs of the performance of the universal postal service obligation and earning a reasonable profit.

The Competition Authority will decide on the final amount of the compensation for 2022 after proceedings conducted based on audited annual data, which is why the compensation in excess of what the Group knows the fund can compensate for, is treated as a contingent asset in these consolidated financial statements.

<u>Pending legal disputes</u>

On 20 December 2019, the Competition Authority issued an injunction to AS Eesti Post, with which it detected a violation of Section 16 p. 4 of Competition Act regarding the discounts applied by AS Eesti Post to home delivery service of advertisement with address and home delivery service of advertisement without address, and obliged AS Eesti Post to stop applying discounts to theses services that are depending on the volume of all-Estonian orders prospectively no later than 31 January 2020.

AS Eesti Post filed a complaint about the injunction to the administrative court on 9 January 2020 and requested the annulment of the injunction and suspension of its validity in the order preliminary legal protection. The court took the appeal into proceedings and granted the legal defence, extending the effective date of the injunction to 1 January 2021. AS Eesti Post fulfilled the injunction on 1 January 2021.

On 12 2021, the Tallinn Administrative Court made a decision dismissing the appeal of AS Eesti Post. AS Eesti Post has contested the ruling in the Tallinn District Court, where the proceedings are ongoing. It is not possible to estimate when the decision of the district court can be expected.

On 7 2020, Expo filed a lawsuit against AS Eesti Post demanding compensation in the amount of €610 thousand. The basis is that AS Eesti Post has abused its dominant position in the advertising discount system (see point 1), which excludes Expo from the market as AS Eesti Post is the only competitor in this segment. EXPO requested the suspension of the civil case until the ruling of the administrative case has entered into force (see point 1). The court agreed to suspend the proceedings. TGS Baltic has estimated that it will take approximately five years for a possible final decision to be made, because the civil case can only be resolved after the decision in the administrative case comes into force.

At the current stage of the proceedings, it is extremely difficult to assess the probability of Expo's lawsuit being satisfied, because until now it has been very difficult to enforce civil legal claims arising from the Competition Act in Estonia. The potential maximum loss is the amount of the claim plus interest charges.

On 26 April 2021, Unifiedpost AS submitted a complaint to the Competition Authority regarding end-customer-based discount that is set out in the business letter discount rules of AS Eesti Post, which is provided to customers whose volumes in the I zone exceed 15,000 pieces per month. On 18 June 2021, Expo also submitted a similar complaint to the Competition Board. Unifiedpost AS and Expo found that the AS Eesti Post pricing model contradicts both the Postal Act and the Competition Act.

On 02 August 2021, the Regulatory Service of the Competition Authority made a decision in which it found that the AS Eesti Post pricing model does not contradict the Postal Act.

The Competition Supervision Service of the Competition Authority continued with the proceedings regarding possible contradictions with the Competition Act. AS Eesti Post has provided them with information as well as presented its views. At the moment required it is unknown how long the proceedings and the result are going to take.

On 21 2021, the Competition Authority submitted a request to retrieve information from AS Eesti Post regarding the complaint filed by Expo against AS Eesti Post on 1 2021, in which Expo accuses AS Eesti Post that (i) AS Eesti Post has refused to serve Expo in areas of Zone I where Expo's transmission network does not reach; (ii) AS Eesti Post provides discounts to end-customers in Zone I that Expo finds to be non-transparent ; (iii) AS Eesti Post implements a discount campaign on Mondays deliveries.

AS Eesti Post submitted its response to the Competition Authority on 1 November 2021, in which they justified the legality of AS Eesti Post's activities. It is unknown how much time will the proceedings take as well as the result.

On 14 December 2021, the Competition Authority forwarded a notice to the AS Eesti Post regarding the initiation of the supervision procedures regarding the sharing of UPT costs. The Competition Authority started the monitoring procedure because, based on the submitted forecasted declarations of AS Eesti Post for the first three quarters of 2021, the UPT compensation for this period would amount to nearly €1.8 million, which is close to the amount of UPT compensation paid for the entire year 2020.

On 13 May 2022, Eesti Post submitted a request to the Competition Authority with letter No. 8.1 3/0323, in which it requested compensation of €1,612 thousand for the unreasonable costs of the UPT 2021. The Competition Authority made a draft decision on 21 December 2022, in which it plans to reject the request for compensation of unreasonable costs in 2021. The final result of the proceedings may have an impact on the requested compensation amount, but the probability of the outcome cannot be estimated.

Based of the request of DPD Eesti OÜ's, the Competition Authority has initiated a supervisory procedure, where the Competition Authority is investigating activities of AS Eesti Post related to parcel box services and has asked AS Eesti Post to provide information. At the moment, it is not possible to estimate the result and time as well as the financial impact of these proceedings to AS Eesti Post.

Note 27 | Events after reporting date

On 27 January 2023, AS Ekspress Post announced that, by the decision of the Board, it will end the company's home delivery service in 2023 and lay off about 450 employees, most of whom delivered periodicals early in the morning. Based on this decision, Eesti Post AS has decided to increase the early morning deliveries, ensuring a situation where the change for the reader or a newspaper subscriber is minimal.

Note 28 | Primary financial statements of parent company

In accordance with the Estonian Accounting Act, the notes to the consolidated financial statements have to include the primary financial statements of the consolidating entity (the parent's statement of comprehensive income, statement of financial position, statement of cash flows and statement of changes in equity). The primary financial statements of the parent have been prepared using the same accounting policies as were applied in preparing the consolidated financial statements, except that investments in subsidiaries and associates have been accounted for using the acquisition cost method.

Statement of financial position of parent company

thousand euros	31.12.2022	31.12.2021
Assets		
Current assets		
Cash	26 006	15 606
Trade receivables and other receivables	25 491	42 046
Receivables from subsidiaries	5 538	7 188
Receivables from affiliates	2	1 452
Inventories	892	927
Total current assets	**57 929**	**67 219**
Fixed assets		
Investments in subsidiaries	6 450	7 099
Investments in affiliate	0	1
Long-term receivables and lease prepayments	1 399	3 339
Property, plant and equipment	24 091	28 141
Right-of-use assets	4 275	2 016
Intangible assets	7 610	9 972
Total fixed assets	**43 825**	**50 568**
Total assets	**101 754**	**117 786**
Liabilities and equty		
Current liabilities		
Debt obligations	1 066	3 337
Payables and prepayments	36 110	54 755
Payables to subsidiaries	1 433	1 132
Payables to affiliates	0	2
Provisions	0	105
Total current liabilities	**38 609**	**59 330**
Long-term liabilities		
Long-term debt	2 695	15 440
Other long-term payables	787	5 678
Total non-current liabilities	**3 482**	**21 119**
Total liabilities	**42 091**	**80 449**
Equity		
Share capital	15 714	15 714
Statutory reserve	1 571	1 571
Retained earnings	42 377	20 052
Total equity	**59 663**	**37 337**
Total liabilities and equity	**101 754**	**117 786**

Statement of comprehensive income

thousand euros	2022	2021
Sales revenue from contracts with customers	88 010	105 994
Grants received	4 593	2 731
Other operating revenue	7 958	6 796
Goods, raw material and services	-40 685	-51 133
Other expenses	-13 258	-10 693
Staff costs	-36 470	-35 910
Depreciation and impairment of fixed assets	-12 831	-10 839
Other operating expenses	-688	-314
Operating profit (+) / loss (-)	**-3 371**	**6 632**
Financial income	5	1 885
Financial expenses	-410	-876
Income from the sale of a subsidiary	29 432	0
Profit before income tax	**25 656**	**7 641**
Income tax expenses	-580	-274
Net profit for reporting period	**25 076**	**7 366**
Comprehensive income for period	**25 076**	**7 366**

Cash flow statement of parent company

thousand euros

	2022	2021
Cash flows from operating activities		
Net profit for reporting period	25 076	7 366
Adjustments:		
Depreciation and impairment of fixed assets	12 831	10 839
Loss on write-off of fixed assets	463	182
Profit from sale of fixed assets	-372	-164
Interest income	-5	-18
Interest expenses	236	284
Dividend income	0	-1 866
Income tax expenses	580	274
Disposal of a subsidiary	-29 432	0
Other adjustments	-14	0
Change in receivables and prepayments related to operating activities	21 596	-6 290
Change in inventories	36	84
Change in liabilities and advances relating to operating activities	-25 172	-9 670
Total cash flow from operating activities	**5 822**	**1 020**

	2022	2021
Cash flow from investing activities		
Paid on acquisition of fixed assets	-5 234	-1 944
Disposal of subsidiaries	30 080	0
Dividends received	0	1 866
Received from sale of property, plant and equipment	483	7 466
Repayments of loans granted	0	633
Interest received	5	18
Total cash flow from investing activities	**25 334**	**8 039**
Cash flow from financing activities		
Repayments of borrowings	-16 758	-2 646
Sale-leaseback under lease terms	979	0
Payments of lease liabilities	-1 134	-3 547
Dividends paid	-2 750	-2 393
Interest paid	-236	-284
Income tax paid	-855	0
Total cash flow from financing activities	**-20 755**	**-8 870**
Total cash flow	**10 400**	**189**
Cash and cash equivalents at beginning of period	15 606	15 417
Change in cash and cash equivalents	10 400	189
Cash and cash equivalents at end of period	26 006	15 606

Statement of changes in equity of parent company

thousand euros

	Share capital	Statutory reserve	Retained earnings	Total equity
Balance 31 December 2020	**15 714**	**1 571**	**15 078**	**32 364**
Dividends paid	0	0	-2 393	**-2 393**
Net profit for reporting period	0	0	7 366	**7 366**
Balance 31 December 2021	**15 714**	**1 571**	**20 052**	**37 337**
Value of investments in subsidiaries and affiliate in separate statement of financial position of parent				-7 099
Value of investments in subsidiaries and affiliate by equity method				14 395
Adjusted unconsolidated equity 31 December 2021				**44 633**
Balance 31 December 2021	**15 714**	**1 571**	**20 052**	**37 337**
Dividends paid	0	0	-2 750	**-2 750**
Net profit for reporting period	0	0	25 076	**25 076**
Balance 31 December 2022	**15 714**	**1 571**	**42 379**	**59 663**
Value of investments in subsidiaries and affiliate in separate statement of financial position of parent				-6 450
Value of investments in subsidiaries and affiliate by equity method				15 471
Adjusted unconsolidated equity 31 December 2022				**68 684**

Under the Estonian Accounting Act, adjusted unconsolidated retained earnings are the amount from which a public limited company defined can make payouts to its shareholders.

Independent Auditor's Report

To the Shareholder of Aktsiaselts Eesti Post

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Aktsiaselts Eesti Post and its subsidiaries (together the "Group") as at 31 December 2022, and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated cash flow statement for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the notes to the 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 consolidated 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 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). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Reporting on other information including the Management report

The Management Board is responsible for the other information. The other information comprises the Management report and Omniva Group overview, Conduction, Management report, Sustainability (but does not include the consolidated financial statements and our auditor's report thereon).

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

In connection with our audit of the consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Management report, we also performed the procedures required by the Auditors Activities Act. Those procedures include considering whether the Management report is consistent, in all material respects, with the consolidated financial statements and is prepared in accordance with the requirements of the Accounting Act.

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

- the information given in the Management report for the financial year for which the consolidated financial statements are prepared is consistent, in all material respects, with the consolidated financial statements; and
- the Management report has been prepared in accordance with the requirements of the Accounting Act.

In addition, in light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Management report and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of the Management Board and those charged with governance for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated financial statements.

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

Translation note:

This version of our report is a translation from the original, which was prepared in Estonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.
- Conclude on the appropriateness of the Management Board'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 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that 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.

AS PricewaterhouseCoopers

/signed/	/signed/
Janno Hermanson Auditor's certificate no. 570	Kristiina Veermäe Auditor's certificate no. 596

23 March 2023
Tallinn, Estonia

Translation note:

This version of our report is a translation from the original, which was prepared in Estonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Profit distribution proposal

AS Eesti Post's retained earnings as at 31 December 2022 amounted to €50,368 thousand, including net profit for 2022 of €25,435 thousand.

The management board makes the general meeting the following profit allocation proposal regarding the retained earnings of AS Eesti Post group as at 31 December 2022:

- to pay €6,359 thousand as dividends, of which 6,231,177 euros is paid in cash and 127,823 euros is paid as non-monetary dividends
- to leave the remaining profit of €44,009 thousand undistributed due to the need to invest in order to increase Omniva's competitiveness.

Statement by the management board and signatures of the members of the management board to Group annual report 2022

The management board acknowledges and confirms its responsibility for the preparation of the Group annual report and the information presented in it.

The annual report of the AS Eesti Post Group for the financial year ended 31 December 2022 consists of the management report, the consolidated financial statements, the independent certified auditors' report and the profit distribution proposal. The management board has prepared the management report, the consolidated financial statements and the profit allocation proposal.

Mart Mägi

CEO

Kristi Unt

Member of the board

COO

Heiki Raadik

Member of the board

CFO

Tallinn, 23 March 2023