



Interim presentation of financial results for the first half of the year

prepared in accordance with International
Financial Reporting Standards as adopted by
the European Union

2022

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CEO'S FOREWORD

Lietuvos paštas met the first half of 2022 with changed situation in the market. On the one hand, the end of the quarantine has allowed the normal rhythm of work of post offices and mailmen to be restored and to interact with customers without any constraints to provide them with a high quality of daily services. At the same time, however, we have seen a change in consumer behaviour in the post-pandemic period. Shops and supermarkets that have reopened have started to attract customers, thus reducing the attractiveness of e-commerce and, with it, parcel volumes.

This can be seen in the statistics: the total volume of parcels sent domestically through Lietuvos paštas in the first six months of this year, as well as the volume of parcels arriving from abroad, has decreased by 42% overall. The decrease in the volume of parcels delivered by parcel lockers by courier services (LP EXPRESS) has been less significant and amounted to 11%, compared to the first half of 2021.

Efficient company operations are inextricably linked to improving conditions for employees, which has been a major focus of our work over the past six months. The collective agreement has been extended for a further two years and private health insurance has been granted to colleagues working for more than two years. In line with a consistent policy of salary increases, pay rises were also granted from 1 January and 1 June this year. More than 80% of Lietuvos paštas employees felt the positive change in pay. It is estimated that this change has led to salary increases of between 8% and 12% for mailmen. The

company's total salary increase fund this year amounts to EUR 2.6 million.

As the postal market continues to transform and more parcels are delivered by mailmen, we have also made sure that more than 300 new cars will reach them this year. Not only will they improve working conditions but will also allow to move around more conveniently, and faster and serve more customers at once.

In the first half of 2022, the majority of Lietuvos paštas revenues were generated from postal services (i.e., from letters and parcels), which amounted to EUR 33.1 million in the first half of 2022 and were 20% lower than in the same period last year. Retail sales revenues fell by 6.8%. At the same time, financial services revenues grew significantly by 54%, mainly driven by a 99% increase in revenues from the delivery and payment of pensions compared to the same period last year.

Costs in the first half of 2022 amounted to EUR 53.4 million, decreased by 5.9%. This was mainly due to a reduction in the cost of cross-border post transportation and settlements with foreign post offices. The latter was significantly influenced by a significant decrease in the overall flow of exports, including ETOE. Employee-related costs accounted for a majority of total costs - 43%.

In the second half of the year, we will continue to focus on the successful implementation of the company's strategic projects. Ensuring efficient operations and financial sustainability in an environment of unusually high energy and service prices will be a key challenge.



Asta Sungailienė

CEO

MANAGEMENT

GENERAL INFORMATION

Reporting Period

The consolidated and separate financial statements of Lietuvos paštas AB [“Lietuvos Paštas” or the “Company”] for the period ended 30 June 2022 have been prepared in accordance with the international financial reporting standards (IFRS), adopted for application in the European Union.

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

Share capital:

32 791 579 €

Ordinary registered
shares constituting the
share capital:

113 074 410

Nominal value
per share:

0,29 €

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

BASIC DETAILS OF LIETUVOS PAŠTAS

Name	Lietuvos paštas AB
Office address	J. Jasinskio Str. 16, 03500 Vilnius
Telephone	+370 700 55 400
E-mail	info@post.lt
Website address	www.lietuvospaštas.lt
Legal form	Public limited liability company (AB), a private legal entity with limited civil liability
Term of business	Indefinite
Company code	121215587
VAT payer's code	LT212155811
Manager of the Register of Legal Entities	State Enterprise Centre of Registers
Date of registration of Articles of Association [latest revision]	5 March 2019
Profile of activities	Postal, courier, financial and other services

LIETUVOS PAŠTAS GROUP COMPANIES

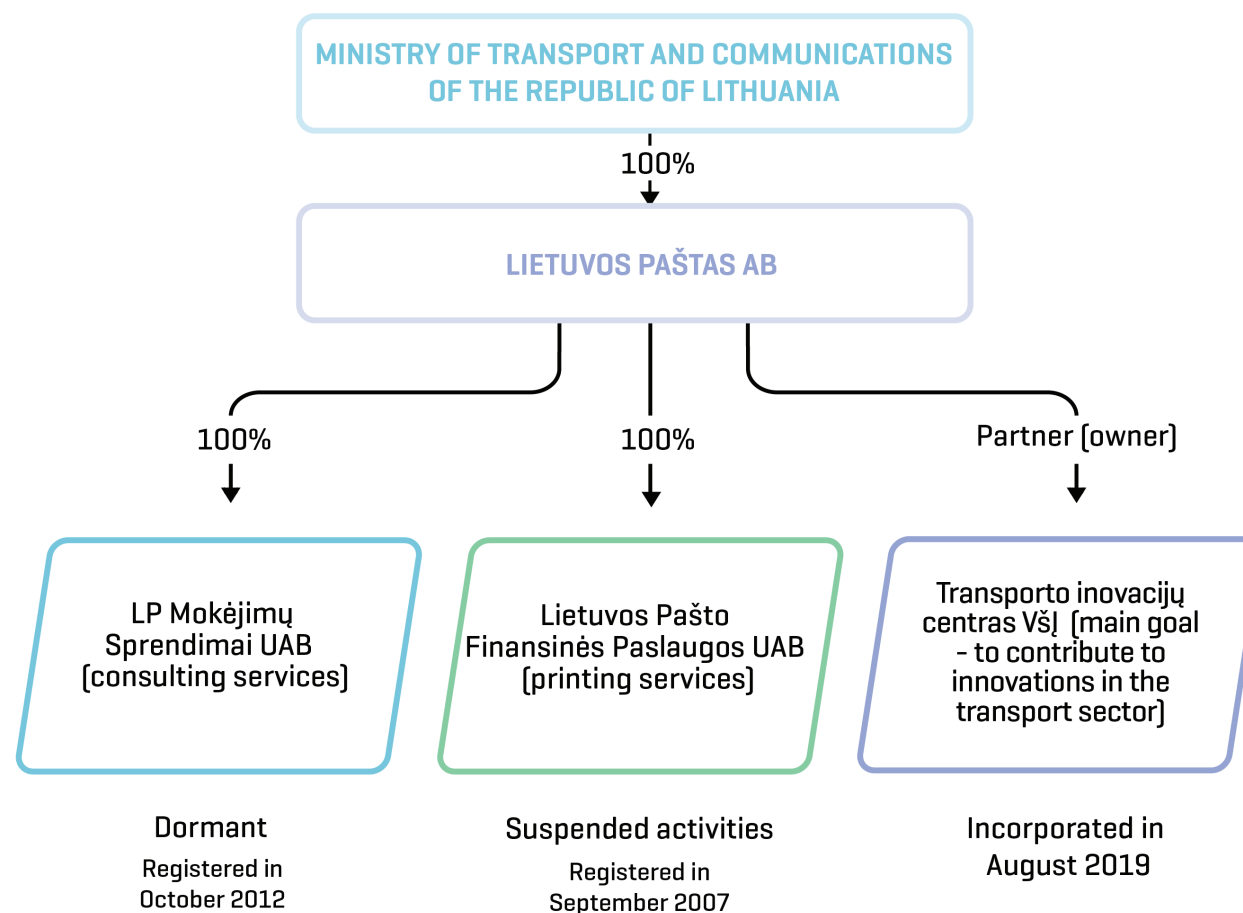
As of 30 June 2022, Lietuvos Paštas group companies [the “LP Group”] consisted of the parent company Lietuvos paštas AB and its wholly-owned subsidiaries:

- Lietuvos Pašto finansinės paslaugos UAB, the main activity of which is printing services, is currently not operating.
- LP mokėjimų sprendimai UAB, the main activity of which is consulting services, is currently not operating.

Transporto inovacijų centras VŠĮ, the main goals are to create opportunities for attracting, implementing, and testing innovations in the infrastructure of the transport sector, to activate cooperation in the transport sector in area of innovation, to carry out market analysis and to form investment proposals for innovations.

The owner of all shares of the LP group is the Republic of Lithuania. The Ministry of Transport of the Republic of Lithuania represents the state in exercising the rights granted by shares owned by the state in the company.

During the first half of 2022, LP Group did not purchase or transfer its own shares. Shares of other companies were not acquired or transferred.



MANAGEMENT OF LIETUVOS PAŠTAS

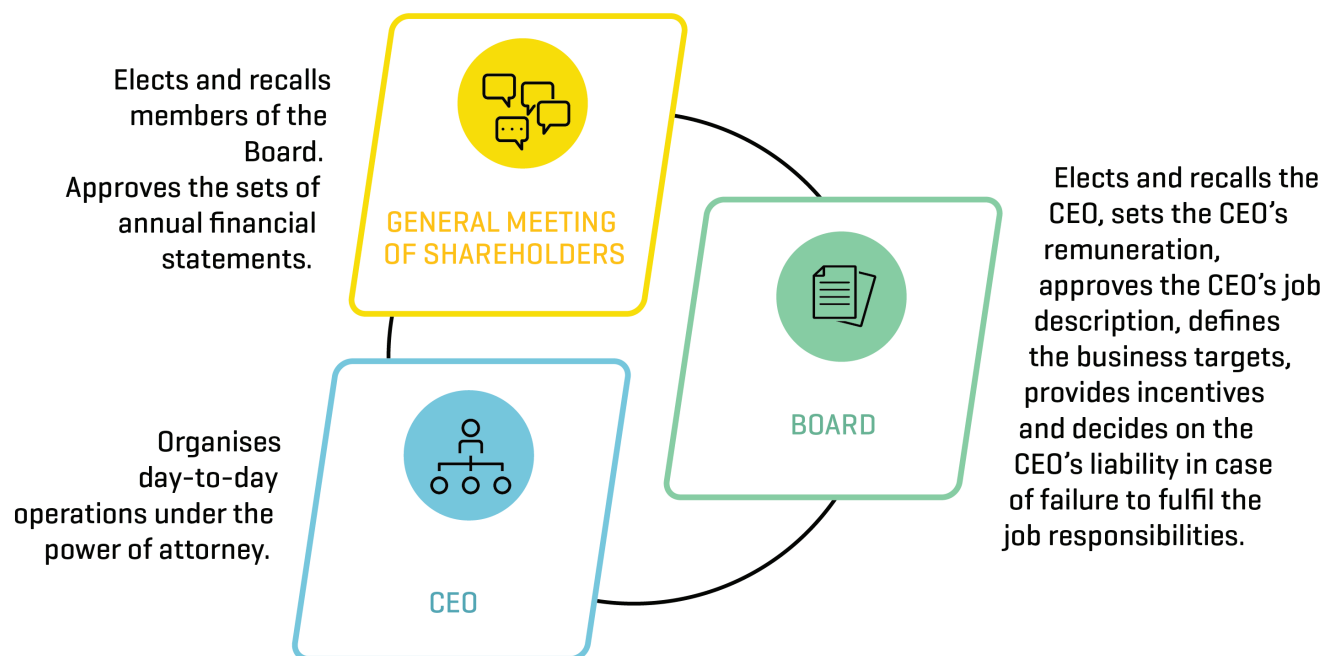
Management Bodies

According to the Article of Association of Lietuvos Paštas, the Company's management bodies are the following: the General Meeting of Shareholders, the Board, and the head of the Company – the Company's CEO. The Supervisory Board is not established in the Company. The Company's Board performs the supervisory functions specified in the law and the Company's Articles of Association.

The written decisions made by the Ministry of Transport and Communications, implementing the property and non-property rights of the Republic of Lithuania as a shareholder of the Company, are equivalent to the decisions of the General Meeting of Shareholders.

The Board of the Company is a collegial body consisting of 5 (five) members. The majority of them should be independent members, as defined in the legal acts of the Republic of Lithuania. Board members are elected for four years by the General Meeting of Shareholders, to which the Board is accountable. The Board elects the Chairperson of the Board from among its independent members. The selection of independent members of the Board is carried out in accordance with the procedure established by legal acts, with the help of an external independent recruitment agency. Candidates for the Company's Board are subject to the requirements established in legal acts. With the elected members of the Board, contracts of the form determined by the Minister of Transport and Communications concerning activity in the Board of the Company are concluded.

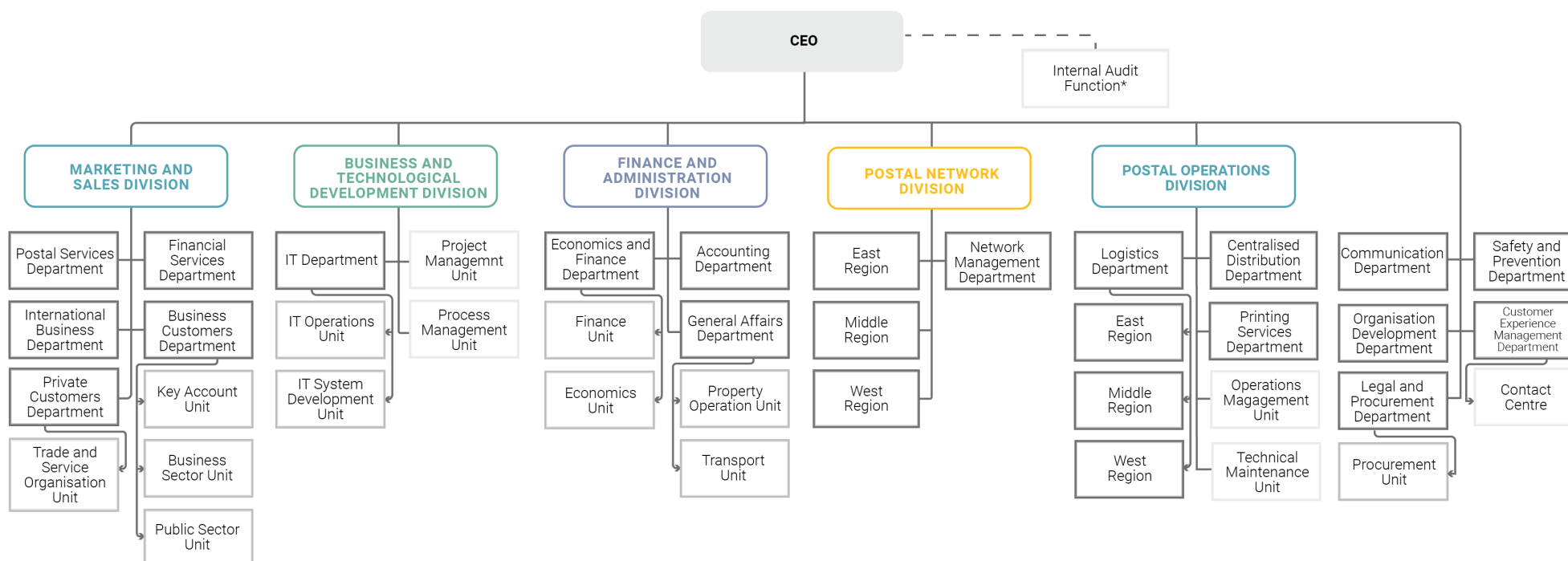
The functions and competence of the General Meeting of Shareholders, the Board and the CEO are established in the Company's Articles of Association registered in the Register of Legal Entities on 27 June 2019 and published publicly on the Company's website.



THE COMPANY'S ORGANISATIONAL STRUCTURE

The Company's structure consists of the CEO, five divisions (Marketing and Sales, Business and Technology Development, Finance and Administration, Network, Postal Operations) and 18 departments, of which 5 (Legal and Procurement, Communications, Organisational Development, Safety and Prevention, Customer Experience Management) are directly subordinated to the CEO.

APPROVED BY THE DECISION NO. 16-45 DATED 10 NOVEMBER 2021



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

LIETUVOS PAŠTAS BOARD COMPOSITION

	MINDAUGAS KYGUOLIS	SAULIUS KERZA	ALDITAS SAULIUS	ARNOLD SCHROVEN
Position in Lietuvos paštas	Independent Board Member and Chairman of the Board	Board Member	Independent Board Member	Independent Board Member
Qualification/education	Master in Law and Economics, Master in Business Administration, Master in Law	Master in Law	Master in Radio-physicist and International Economic Relations	Diploma in Mathematics, Diploma in Small Business Administration
Main workplace and responsibilities	Mediator	Director of Budgeting and Investment Department of the Ministry of Transport and Communications of the Republic of Lithuania [code 188620589, registered office address Gedimino pr. 17, Vilnius]		Schroven Consulting GmbH, Auf der Brüche 7, 58640 Iserlon, Germany HRB 3547, Executive Director [and shareholder]
Other management positions	Public Consultant to the Mayor of Kaunas District Municipality, independent Member of the Board of the Viešųjų investicijų plėtros agentūra AB [code 303039520, Gedimino pr. 18 / Jogailos st. 2, LT-01103 Vilnius, Lithuania]	Member of the Board of the State Enterprise Lithuanian Airports [code 120864074, registered office address Rodūnios kel. 10A, Vilnius]	Chairman of the Board of Investicijų ir verslo garantijos [INVEGA] [code 110084026, registered office address Konstitucijos pr. 7, Vilnius]	Night Star Express GmbH, Unna, Germany, Chairman of the Supervisory Board and Spezialwerte AG, Zweissweg 8, 59519 Möhnese, Germany HRB 6275, Member of the Supervisory Board

CHANGES IN THE COMPOSITION OF THE BOARD:

10/01/2022

Arnold Schroven started his tenure at the Board of Lietuvos Paštas.

31/01/2022

Saulė Balčiūnienė was recalled from the Board of Lietuvos Paštas by Order No. 3-57 of the Minister of Transport and Communications of the Republic of Lithuania Regarding the Board of Lietuvos Paštas AB.



MANAGEMENT TEAM

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

*Executive positions held elsewhere by the CEO Asta Sungailienė: Director of LP Mokėjimų sprendimai UAB [code 302889099, registered office address J. Jasinskio st. 16, Vilnius].

COMMITTEES

Audit and Risk Management Committee

By the decision of the Board of Lietuvos Paštas dated 18 August 2021, the composition of the Audit and Risk Management Committee of the Board of Lietuvos Paštas [“the Committee”] and its operating regulations were updated.

The Committee consists of at least 3 members, who are appointed for a period not exceeding 4 years. The term of a committee member's continuous term of office is no longer than two consecutive terms. Committee members are elected and dismissed by the Board. The term of office of the Committee is linked to and coincides with the term of office of the Board that appointed the Committee. The Committee consists of three independent members: at least 1 member is delegated by the decision of the Board from among the independent members of the Board; and at least 1 independent member is delegated from external candidates selected through public selection in accordance with the procedure established by the Board.

The main objectives of the Committee are to help the Board of Lietuvos Paštas to monitor and assess the following criteria of Lietuvos Paštas, its group of companies and individual companies of the group:

- process of preparing financial statements;
- audit of financial statements;
- independence and objectivity of the auditor;
- process of auditor selection;
- effectiveness of the internal audit function;
- effectiveness of risk management;
- compliance with external and internal legal acts.

The Committee, which consists of 3 independent members: Alditas Saulius, Marius Lukoševičius and Karolis Brazas, started its activities on 18/08/2021.

	ALDITAS SAULIUS	KAROLIS BRAZAS	MARIUS LUKOŠEVIČIUS
	Chairman of the Committee	Independent member of the Committee	Independent member of the Committee
	18/08/2021 – present	28/06/2019 – present	28/06/2019 – present
Other duties	Investicijų ir verslo garantijos UAB, Chairman of the Board Lietuvos Paštas AB, Member of the Board	Husqvarna Lietuva UAB, CFO for the Baltic Countries Duomenų logistikos centras UAB, CFAO Finansų ir korporatyvinio valdymo laboratorija MB, Director	Revolut Bank UAB, Senior Credit Manager
Qualification/ Education	Master in Radio-physicist and International Economic Relations	Bachelor in Management and Business Administration	Master in Economics

DIVIDEND POLICY

The parent company Lietuvos Paštas pays dividends under Resolution No. 20 of 14 January 1997 of the Lithuanian Government [revised version of Resolution No. 786, dated 11 August 2016], which establishes the principles for allocation of dividends per state-owned shares.

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

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

Pursuant to the Law on Companies, Lietuvos Paštas did not allocate or pay dividends to the shareholders for the 2020 and 2021 financial years, as the Company's equity is lower than the amount of the Company's share capital, legal reserve and other reserves.



INSTITUTION AND LEGAL ACTS REGULATING THE ACTIVITIES OF LIETUVOS PAŠTAS

COMMUNICATIONS REGULATORY AUTHORITY

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

BANK OF LITHUANIA

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

PUBLIC PROCUREMENT OFFICE

Law on Public Procurement of the Republic of Lithuania

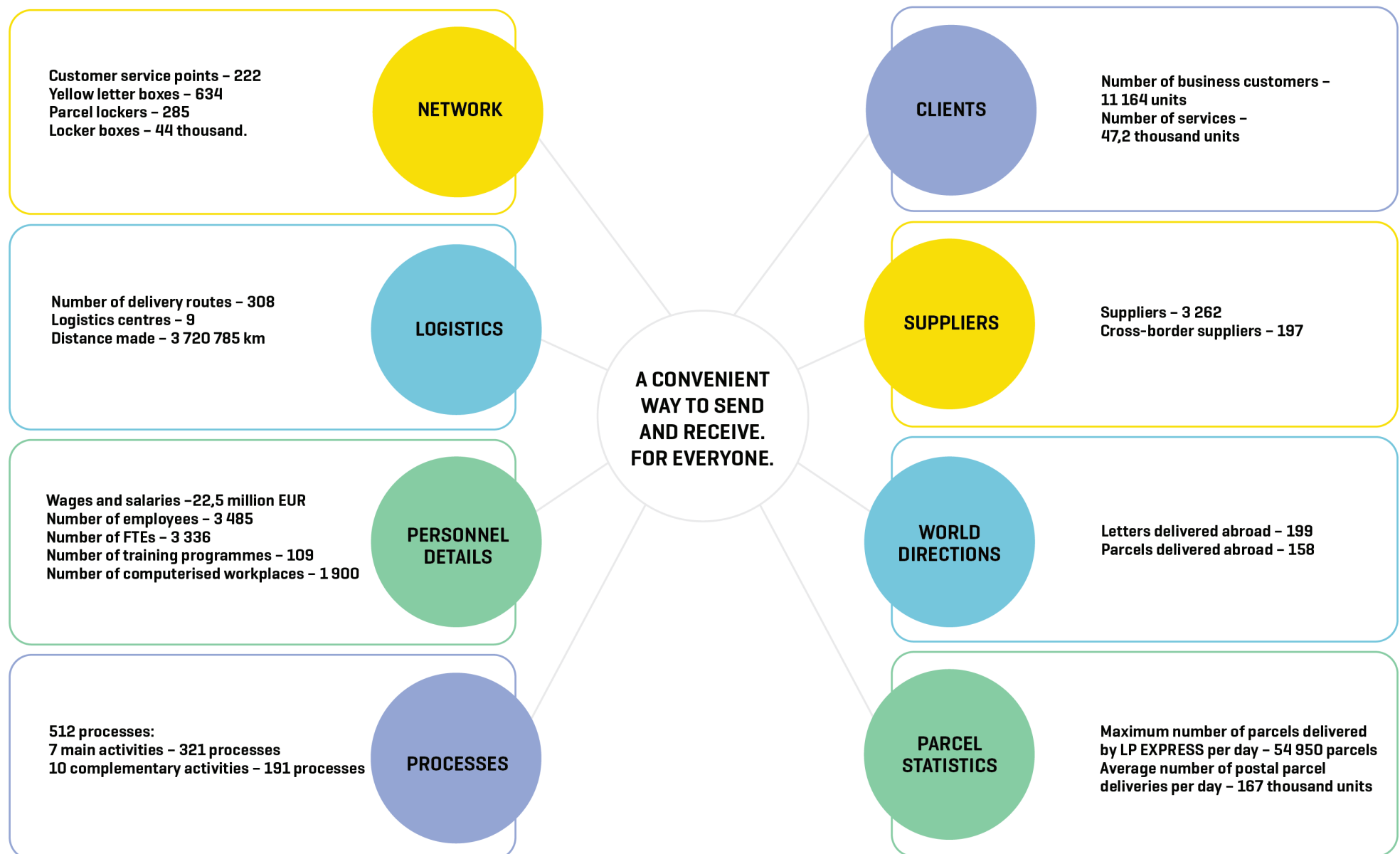
COORDINATING COMMISSION FOR THE PROTECTION OF OBJECTS IMPORTANT FOR ENSURING NATIONAL SECURITY

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

GOVERNMENT OF THE REPUBLIC OF LITHUANIA

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

EVENTS AND RESULTS



MAJOR EVENTS DURING THE REPORTING PERIOD

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

Collective labour agreement is extended for another two years



The logistics centre in Panevėžys moves to new premises



Suspension of commercial shipments to and from Russia and Belarus



Cooperation with NGOs in helping to organize support for the Ukrainian people



JANUARY →

FEBRUARY →

MARCH →

The wages of employees increase in accordance with the consistent policy of raising remuneration



The Governance Coordination Centre evaluated the strategic plan of Lietuvos Paštas with an exceptionally high score of 9.88 out of 10



Suspension of money transfers to and from Russia and Belarus



MAJOR EVENTS DURING THE REPORTING PERIOD

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

Part of employees were insured by private health insurance



The stamp “Ap[si]kabinimas” (Hug) is issued to support Ukraine’s fight against the aggressor



The stamp “Sumestinis Bayraktaras” (Crowdfunded Bayraktar) was presented which commemorates the civic initiative to raise support for the purchase of an unmanned aerial vehicle for Ukraine



Mailman got a 5-day week to improve working conditions



APRIL →

MAY →

JUNE →

Appreciation event “Pašto bitės 2021” (Postal Bees 2021), rewarding the employees who are most committed to company’s values



Kaunas Logistics Centre was relocated to new premises



First deliveries of nearly 300 new leased cars to mailman begin



KEY PERFORMANCE INDICATORS AND FINANCIAL RESULTS

INDICATORS	LP GROUP		COMPANY	
	6 MONTHS OF 2022	6 MONTHS OF 2021	6 MONTHS OF 2022	6 MONTHS OF 2021
Quantity of services rendered (thousands of units)	47 213	58 348	47 213	58 348
Quantity of UPS rendered (thousands of units)	3 595	7 562	3 595	7 562
FINANCIAL RESULTS (EUR '000)				
Revenue from operations	49 619	58 753	49 619	58 753
EBITDA	-607	4 958	-605	4 961
EBIT	-4 300	1 506	-4 299	1 507
Net profit/loss	-4 174	1 167	-4 173	1 168
Non-current assets	58 118	64 321	58 125	64 331
Current assets	53 494	61 945	53 417	61 795
Equity	23 077	34 862	23 007	34 722
EMPLOYEES				
Number of employees at the period end	3 487	4 184	3 485	4 182
Average relative number of employees, FTEs	3 337	3 782	3 336	3 781

KEY PERFORMANCE INDICATORS AND FINANCIAL RESULTS

INDICATORS	LP GROUP		COMPANY	
	6 MONTHS OF 2022	6 MONTHS OF 2021	6 MONTHS OF 2022	6 MONTHS OF 2021
PROFITABILITY INDICATORS, %				
Return on equity (ROE)	-18,1	3,3	-18,1	3,4
Return on assets (ROA)	-3,7	0,9	-3,7	0,9
EBITDA margin	-1,2	8,4	-1,2	8,4
EBIT margin	-8,7	2,6	-8,7	2,6
Net profit/loss margin	-8,4	2,0	-8,4	2,0
FINANCIAL LEVERAGE AND LIQUIDITY RATIOS				
Debt ratio	0,8	0,7	0,8	0,7
Equity to asset ratio	0,2	0,3	0,2	0,3
Current liquidity ratio	0,8	1,0	0,8	1,0
Net debt to EBITDA ratio	6,5	0,6	6,5	0,6
ASSETS TURNOVER RATIOS				
Non-current assets turnover ratio	0,8	0,8	0,8	0,8
Trade receivables turnover ratio	3,1	3,5	3,1	3,5

CALCULATION OF INDICATORS

Profitability ratios

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

EBIT = profit before tax + interest expenses – interest income

Return on equity (ROE) = net profit / equity

Return on assets (ROA) = net profit / assets

EBITDA margin = EBITDA / revenue from operations

EBIT margin = EBIT / revenue from operations

Net profit margin = net profit / revenue from operations

Financial leverage and liquidity ratios

Debt ratio = liabilities / assets

Equity to assets ratio = equity / assets

Current liquidity ratio = current assets / current liabilities

Net debt to EBITDA ratio = [financial debts – cash and cash equivalents] / EBITDA

Assets turnover ratios

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

Trade receivables turnover ratio = sales revenue / trade receivables

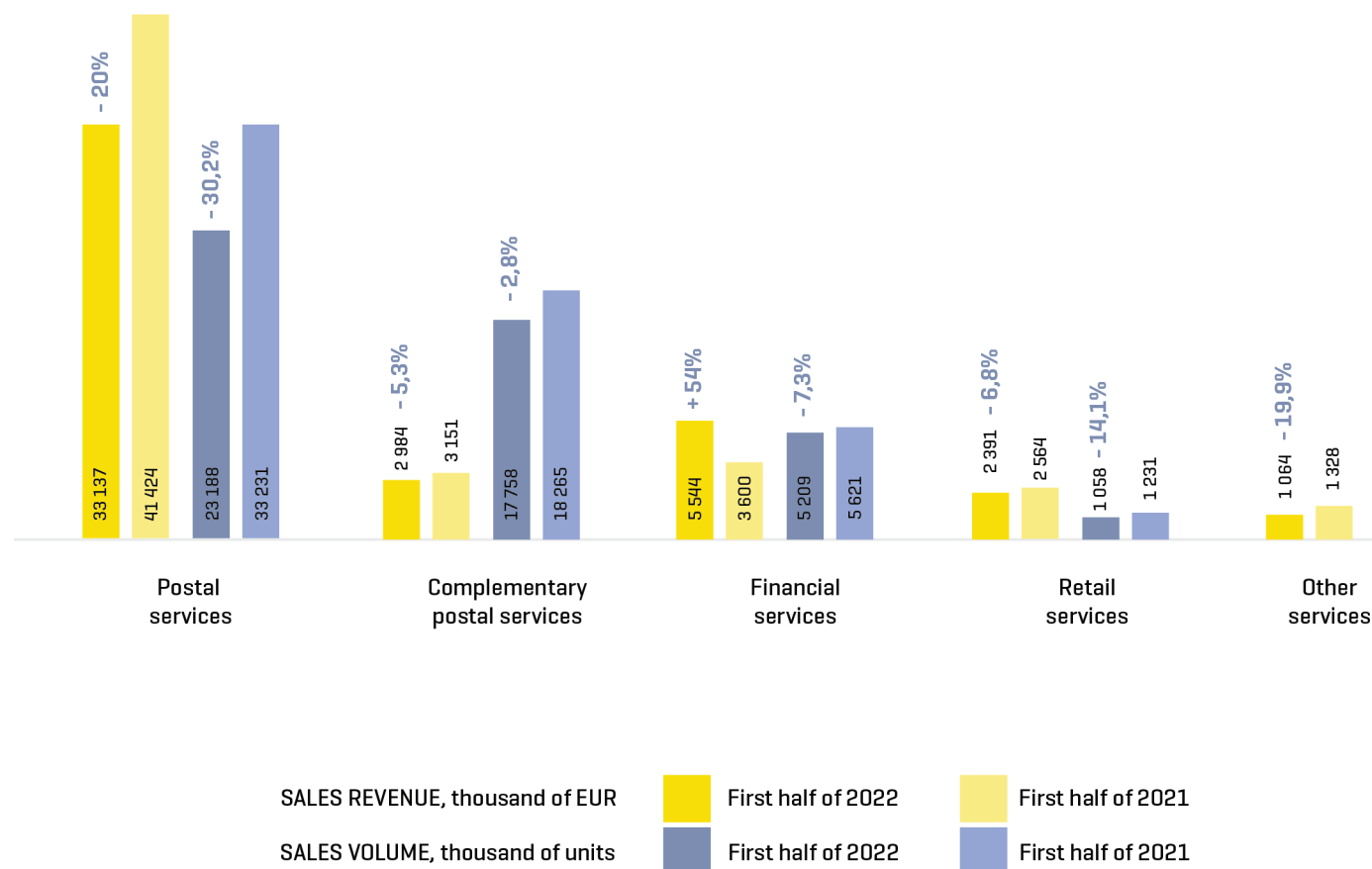


REVENUE

LP Group's sales revenue reached EUR 45.1 million in the first half of 2022. The largest share of LP Group's sales revenue, about 73 percent, was revenue from postal services. This part of the revenue amounted to EUR 33.1 million and changed due to lower service traffic from private customers and ETOE activity.

ETOE is a postal operator operating model established by the Universal Postal Union (UPU), which allows the operator to establish and manage postal accounting points in other countries.

Revenues from financial services increased significantly, by 54 percent – they reached EUR 5.5 million in the first half of 2022. Revenue from complementary postal services reached EUR 3.0 million and remained in the similar level as it was in the first half of 2021. Revenue from retail services amounted to EUR 2.4 million in the first half of 2022 and remained in the same level as it was in the relevant period of 2021.



EXPENSES

LP GROUP AND COMPANY OPERATING EXPENSES, EUR'000

	LP GROUP			COMPANY		
	6 MONTHS OF 2022	6 MONTHS OF 2021	CHANGE, %	6 MONTHS OF 2022	6 MONTHS OF 2021	CHANGE, %
Operating expenses	53 378	56 709	-5,9	53 377	56 708	-5,9
Employee-related expenses	23 138	23 739	-2,5	23 135	23 736	-2,5
Expenses of cross-border post transportation and settlements with foreign post offices	11 579	16 078	-28,0	11 579	16 078	-28,0
Expenses of utility services	1 455	1 104	31,8	1 455	1 104	31,8
Lease of motor vehicles and related expenses	1 377	1 096	25,7	1 377	1 096	25,6
Expenses of consumables and raw materials	1 675	1 293	29,5	1 675	1 293	29,5
Properly repair and maintenance	1 807	1 806	0,1	1 807	1 806	0,1
Depreciation and amortisation of non-current assets	3 693	3 453	6,9	3 694	3 454	6,9
Costs of goods and services for resale	1 366	1 710	-20,1	1 366	1 710	-20,1
Taxes [other than income tax]	850	525	61,9	850	525	61,9
Communication expenses	415	487	-14,8	415	487	-14,8
Other expenses	6 024	5 420	11,1	6 024	5 420	11,1

LP Group operating expenses for the first half of 2022 amounted to EUR 53.4 million and decreased by 5.9 percent compared to the data for the first half of 2021. This change was mainly due to a 28.0 percent decrease in the expenses of cross-border post transportation and settlements with foreign post offices, which was influenced by a significant decrease of parcels traffic from abroad after the abolition of value added tax (VAT) relief for small parcels from third countries from July 2021.

Employee-related expenses made up a significant part of operating expenses – 43 percent and reached EUR 23.1 million in the first half of 2022, or 2.5 percent less, compared to the data of the same period last year.

Due to increased market prices more was spent on utility services [31.8%], consumables and raw materials [29.5%].

Depreciation expenses of non-current assets increased by 6.9 percent due to increased depreciation from long-term lease contracts and the operation of the new Vilnius logistics centre and its distribution equipment.

The growth of other expenses [11.1%] was caused by the increased costs of operating the leased premises and services related to postal operations.

INVESTMENTS AND PROJECTS

LP Group's investments in property, plant and equipment and intangible assets in the first half of 2022 amounted to EUR 0.7 million and were 76.0 percent lower than in the first half of 2021.

Most of the investments in the first half of 2022 were allocated to containers for domestic logistics [EUR 0.2

million], renovation works of the premises of post offices and logistics centres [EUR 0.1 million], furniture, racks, safes, and other work tools [EUR 0.2 million].

Investments in intangible assets consisted of development of existing software and the development of a new Business Management System.

MAIN ONGOING PROJECTS

Aiming to manage the main business processes effectively, reduce the complexity of the IT architecture, and ensure the continuous operation of critical activities, **the Business Management System Update Project (VSN)** is being implemented.

A business needs analysis has already been carried out and a detailed internal needs analysis has been started: data structures, processes, requirements for the functionality of the new system are being refined, procurement documents for the implementation of the new business management system have been prepared.

INITIATIVES

- To ensure efficient, high-quality service provision to the customer, the Company continues to modernise work processes by providing convenient work tools. 159 employees of the Network Division have already been provided with new vehicles. By the end of the year, another 135 new vehicles are expected to be purchased and transferred to employees of the Network Division, and 20 to logistics employees. The fleet managed by the company will increase by 314 new vehicles in 2022.

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

PERFORMANCE INDICATORS	LP GROUP			COMPANY		
	6 MONTHS OF 2022	6 MONTHS OF 2021	CHANGE, %	6 MONTHS OF 2022	6 MONTHS OF 2021	CHANGE, %
Investments in PP&E and intangible assets	713	2 972	-76,0	713	2 972	-76,0
PP&E	526	2 705	-81,7	526	2 705	-81,7
Intangible assets	188	268	87,1	188	268	87,1

FINANCING

LP Group has signed overdraft agreements with the Lithuanian branch of OP Corporate Bank plc for financing the working capital of the LP Group. Lietuvos Paštas has signed a loan agreement with the Nordic Invest Bank [NIB] for the financing of the Company's

investment project in the amount of EUR 17.5 million, which was withdrawn in full as at 30 June 2022. The financing has a designated purpose as it is intended for the construction of a new centralised Vilnius Distribution Centre [VDC], for logistic fleet renewal and acqui-

sition of parcel lockers. The longest maturity term of financial debts is 7 years, with the last repayment date due in 2028

ACTIVITY ANALYSIS

OVERVIEW OF OPERATIONS

Membership in international organisations

Lietuvos paštas represents Lithuania in the main international postal organisations uniting the post offices of neighbouring countries and postal operators all over the world.

The Republic of Lithuania is a member of the Universal Postal Union [hereinafter referred to as UPU] since 1992 as a provider of the Universal Postal Service, Lietuvos paštas is an obligated operator, which the Republic of Lithuania has notified to UPU. Lietuvos paštas must follow UPU documents in its activities: UPU Articles of Association; The Universal Postal Convention and the Final Protocol, the UPU General Regulation and others.

Parent company Lietuvos paštas is a member of the PostEurop, a European postal operator association, one of the UPU regional unions (www.posteurop.org) and the Baltic Post Union [hereinafter referred to as

the BPU]. Lietuvos paštas participates in the activities of the International Postal Corporation, as well as the Nordic Post Union and the BPU Committee for the Improvement of Service Quality. Lietuvos paštas uses products developed by the International Postal Corporation: REIMS [payment system for international mail orders], EPG [e-post group], UNEX [mail delivery control system].

The membership of parent company Lietuvos paštas in international postal organizations ensures the opportunities of the international cooperation of the LP Group, is important in developing international cooperation relations, sharing experience and innovations of proven practice. All this allows the company to take over the good practices of other companies engaged in postal activities and to directly improve the services provided to ensure the needs of the users.

Research and development

The LP Group conducts long-term strategic planning, which helps to identify the company's development directions and required investments. In 2021–2025, projects important for the development of new services of the LP Group, automation of service processes and optimization of works, adaptation of infrastructure to customer needs and convenience will be continued.

Lietuvos Paštas actively carries out research and development activities in cooperation with Transporto inovacijų centras VŠĮ. This public institution was established together with Lietuvos Geležinkeliai AB and Kelių priežiūra AB in order to promote innovations and carry out research and development activities together.



LICENCED POSTAL ACTIVITIES

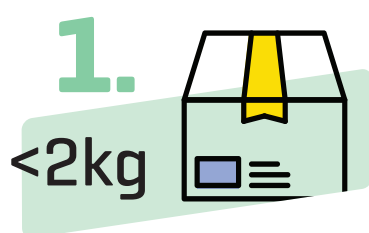
The basic rights and duties of users of the postal service are determined by the Republic of Lithuania Postal Law, the Civil Code of the Republic of Lithuania, the Republic of Lithuania Law on Consumer Protection, and

the rules for the provision of universal postal services [USP].

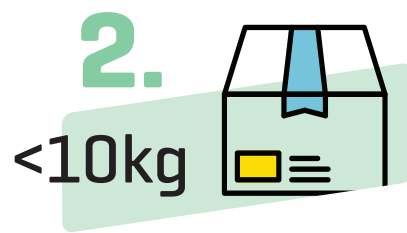
The Government of the Republic of Lithuania, by Resolution of 15 May 2019 No. 467 "On the obligation to

provide a universal postal service", obliged Lietuvos Paštas to provide a universal postal service throughout the territory of the Republic of Lithuania from 1 January 2020 to 31 December 2026.

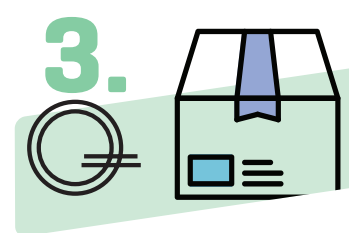
Pursuant to the Postal Law, the USP provider must provide the following universal postal service in the territory of the Republic of Lithuania:



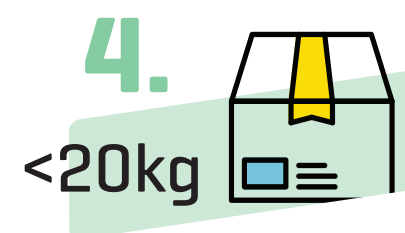
collect, sort, transport and deliver postal parcels up to 2 kilograms in weight*;



collect, sort, transport and deliver postal parcels up to 10 kilograms in weight*;



collect, sort, transport and deliver registered and insured postal items*;



deliver postal parcels of up to 20 kilograms received from other Member States.

**includes domestic and international postal service.*

The Postal Law obliges the USP provider to ensure uninterrupted provision of USP on the territory of the Republic of Lithuania for at least 5 business days a week for all users under equal conditions, except in cases of force majeure, as well as to ensure at least one collection of postal items and at least one delivery

per business day to the place of residence or registered office of the recipient of the postal service.

Lietuvos Paštas, obliged by the Government to provide USP, must deliver periodicals to subscribers in rural residential areas.

CRA approves USP's highest tariffs according to the weight tiers of postal items. In accordance with the approved maximum USP tariffs, new tariffs for universal and other postal services are approved by the order of the CEO of Lietuvos Paštas.

LICENCED ACTIVITIES OF ELECTRONIC MONEY INSTITUTION

Since 29 November 2016, the Company has been licenced as an electronic money institution. The following activities are licenced under this licence:

Money
remittances

Distribution and
redemption of
electronic money

Services that enable the
withdrawal of cash from a
payment account, and all
transactions related to the
management of a payment
account

Payment transaction,
including the transfer of
funds held in a payment
account opened at
the payment service
provider of the payment
service user or at
another payment service
provider's institution:
direct debit transfers,
including one-off direct
debit transfers, payment
transactions using a
payment card or similar
means and/or credit
transfers, including
recurring transfers

Issuance of
electronic
money

Issuance of means
of payment and/
or processing of
incoming payments

Services, which provide
conditions for depositing
cash into payment
accounts, and all operations
related to the management
of a payment account

PUBLIC POSTAL NETWORK

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

- in urban residential areas, the distance between a user's place of residence or a place of business to a stationary or non-stationary service point must not exceed 3 km in the straightest distance;
- rural residential areas served by one and the same eldership must have at least one stationary or non-stationary service point;

By the Order No. 3-624 of 15 October 2020 of the Minister of Transport and Communications [Regarding

the amendment of the Order No. 3-46 of 25 January 2013 of the Minister of Transport and Communications Regarding the approval of public postal network characteristics of the UPS provider], the following was established:

- all stationary postal service points must be accessible to people with disabilities until 1 January 2027.

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

- a rural residential area with more than 300 residents must have at least one mail-box for public use. In case a UPS provider in the territory of a rural residence en-

sures the provision of UPS in the agreed place of provision of the service, the mail-box for public use in that territory may be optional.

As at 30 June 2022, Lietuvos Paštas had a network of 596 UPS access points, which consisted of the following: 218 stationary post offices (155 in urban areas, 63 in rural areas), 4 postal subdivisions (4 in urban areas, 0 in rural areas), 1 agent (1 in urban areas, 0 in rural areas), 332 mobile mailman (MM) access points, 41 other UPS access points. The Group's financial services network PayPost consisted of 17 points.

As at 30 June 2022, Lietuvos Paštas operated a network of 285 parcel lockers. The total number of locker boxes in parcel lockers exceeded 44 thousand.



LOGISTICS

Logistics is a large and very important part of the company, and its processes are directly linked to many of the services we provide to our customers, such as the collection, distribution, transportation, and delivery of parcels. Logistics also ensures that post offices are supplied not only with consumables but also with retail goods.

2022 is a year in which cost management is crucial to the Company's logistics:

- The war in Ukraine has led to a dramatic increase in fuel costs, which account for between 15% and 40% of logistics costs;
- The lifting of the 2021 VAT exemption for shipments from third countries, which has led to a sharp drop in imports from China;
- Intense activity in post office optimisation, redistribution of resources, and support for Ukraine.

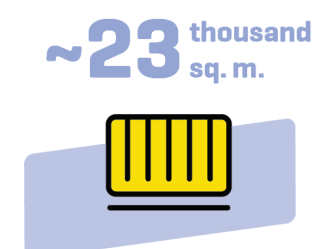
In the first half of 2022, 622 000 kg of international export shipments were transported by air and 172 000 kg by land. We have shipped to 235 countries around the world, 228 by air and 7 by land.



Number of routes



Serviced accounting points



Area of logistics centres



Couriers



Logistics centres



Distance made

EMPLOYEES

The number of employees of Lietuvos Paštas on 30 June 2022 decreased by 697 employees, from 4,182 to 3,485, compared to the same period in 2021. The number of employees on 30 June 2022 was 3,336, a decrease of 445 compared to 30 June 2021. The main contributors to the reduction in employees were the Smart Distribution Programme (SDP), which became operational on 1 March 2021, and the Network Division optimisation projects.

Several factors have contributed to the decline in employee numbers. The automated and centralised parcel distribution processes introduced during the implementation of the SDP have had a significant impact on the

work processes of employees working in logistics and postal services. As the manual distribution of parcels and letters has become redundant, the number of employees performing this function has gradually been reduced and their functions automated.

Due to changing structure of parcels and the declining letter market, all service areas (except Vilnius, Kaunas and Klaipėda) across Lithuania are under review, eliminating the function of pedestrian letter carriers and providing all letter carriers with company cars. In January and April 2022, pilot phases of the model were implemented in Šiauliai, Panevėžys, and Alytus regions. It also continued to optimise the provision of mobile letter

carrier services in rural areas, optimise PayPost offices by transferring their services to post offices, and optimise the operation of post offices by introducing a 5-day week.

The savings from the changes have been channelled into improving working conditions by providing modern working tools, such as company cars for letter carriers, as well as refurbishing post offices and logistics centres to ensure a proper working environment. The salary increases on 1 January and 1 June 2022 amounted to more than €2.6 million in 2022, with more than 80% of staff affected by salary changes.



SERVICES, MARKETS, CUSTOMERS

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

LP Group provides services to both residents and various companies and organisations, cooperates with foreign post offices and financial institutions. Lietuvos Paštas customers are divided into two segments: customers

who purchase services at post offices or parcel lockers [usually private customers], and customers who have concluded agreements with the company [usually business customers].

COMMERCIAL ACTIVITIES



SENDING OF ITEMS:

- sending and delivery of business postal items;



SENDING OF INFORMATION:

- sending of business correspondence;



FINANCIAL SERVICES



OTHER SERVICES:

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

SERVICES PROVIDED

SPECIAL OBLIGATIONS

SENDING OF ITEMS:

- sending and delivery of the UPS postal items;



SENDING OF INFORMATION:

- sending and delivery of the UPS correspondence;



OTHER SERVICES:

- deliveries of periodicals to subscribers in rural residential areas.



INFORMATION ON SPECIAL OBLIGATIONS

In accordance with the recommendations approved by the Order of the Minister of Economy of 20 December 2013 No. 4-1100 „On the determination of special obligations of state-owned enterprises and the approval of recommendations for information submission“ (new version No. 4-270 of 7 May 2018), Lietuvos Paštas AB, as the appointed supplier of the Universal Postal Service, provides universal postal and periodical delivery services to subscribers in rural residential areas assigned to special obligations.

USP tariffs must be based on the costs of USP provided, but accessible to all users of postal services, transparent and non-discriminatory. If the highest USP tariffs set by the Communications Regulatory Authority are lower than the costs incurred in providing USP, the difference between these costs and tariffs must be covered by the USP provider from the funds provided in the state budget in accordance with the procedure established by the Government. On 26 October 2021, the CRA approved the decision concerning the new tariffs of the Universal Postal Service [USP] provided by Lietuvos Paštas that are below the cost price level of 2020, which will be changed on 1 January 2022.

The service of delivering periodicals to subscribers in rural residential areas is not classified as USP, but the postal service provider, which is obliged by the Go-

vernment to provide USP, must deliver periodicals to subscribers in rural residential areas. During the first half of 2022, the company was not compensated for the losses of this service from the state budget.

Lietuvos Paštas, as a USP provider, manages accounting in accordance with the main principles of cost accounting management established by the Communications Regulatory Authority and the requirements of the cost accounting system, as well as other requirements related to cost accounting, including the requirement to perform an audit.

The main principles of managing cost accounting and the requirements for the cost accounting system are determined by the rules of cost accounting of the Universal Postal Service provider and the rules for calculating losses of the Universal Postal Service, which were amended on 1 January 2018.

According to the amended cost accounting rules of the Universal Postal Service provider, Lietuvos Paštas must apply the historical cost accounting principle in the cost accounting system – to account for non-current assets used in operations and corresponding costs at the book value of non-current assets without assessing the decrease and increase in the value of non-current assets, to allocate the return on investment that meets the criteria of reasonableness in the cost ac-

counting system as a separate group of costs and for final services to distribute it according to the volume of capital used for the provision of the corresponding final service. In its cost accounting system, the Company must clearly distinguish each universal postal service and each service of delivery of periodicals to subscribers in rural residential areas from other services provided by the provider.

According to the amended rules for calculating losses of the Universal Postal Service, the Company must account for and distribute the income and costs incurred in the provision of services in the cost accounting system according to geographical areas and according to users, and include in the costs the return on investment calculated according to the requirements of the Cost Accounting Rules.

In the set of financial statements for the year 2021, the Lietuvos Paštas Group does not present the distribution of financial information according to the functions performed in the balance sheet and profit [loss] report. Information about the special obligations carried out by the parent company Lietuvos Paštas shall be submitted in a separate document to the Governance Coordination Centre.

PREVENTION OF CORRUPTION

Transparency, integrity, and conduct of the highest standards are integral to our business. We set high standards for transparency in corporate governance and promote transparent, responsible, and ethical market conduct. Our activities are guided by the principle of zero tolerance for corruption and the inevitability of liability.

We strive to ensure that the Company meets the Anti-Corruption Management System standard, meets shareholder expectations, and sets an example for

others in terms of creating an anti-corruption culture, which is why each year we not only introduce new anti-corruption measures, strengthen, and improve existing ones by actively communicating this to our employees, but also get involved in various initiatives. And we are developing our anti-corruption environment in line with the key documents on anti-corruption — Anti-corruption policy, anti-corruption programme, and roadmap for the implementation of the anti-corruption programme 2021–2022.

Corruption Risk Assessment

In the first half of 2022, we conducted an anti-corruption assessment of the process of selling Real Estate to municipalities, and updated the procedure for renting out Real Estate, in line with the earlier assessment of the likelihood of corruption in this area.



Ensuring Employee Reliability

On 1 February 2022, the Candidate Screening Procedures Schedule came into force and 502 persons were screened for the Company's vacant positions. The checks identified 17 candidates who posed a risk.

Also, under the amended Law on Prevention of Corruption of the Republic of Lithuania, we have supplemented the list of positions for which a request is made to the Special Investigation Service of the Republic of Lithuania to provide information on a person seeking or holding a position in the Company. We have updated the regulations of the Department of Safety and Prevention and the job descriptions of employees responsible for creating a corruption-proof environment.

Public and private interest

We pay particular attention to the coordination and control of public and private interests. We declare our private interests publicly and honestly, avoid potential conflicts of interest, and recuse ourselves when they arise. We make decisions impartially and objectively, without prejudice or personal bias, based on factual and data-driven information.

36 declarations of private interests were

Raising Anti-Corruption Awareness

Training programme and targeted training

An Anti-corruption awareness programme is in place for all employees, which includes a test. 3,571 Company employees took part in the training programme and completed the test, almost 30% more than last year. 83% of employees passed the test.

Communication through internal information channels

Employees are regularly communicated about appropriate and inappropriate behaviour, new or updated measures to prevent corruption, involvement in initiatives, and encouragement to report irregularities.



Other Measures to Prevent Corruption

In line with changes to the Law on the Protection of Whistle-blowers of the Republic of Lithuania, we have updated the description of the procedure for submitting information under the Law on the Protection of Whistle-blowers of the Republic of Lithuania and the form for notifying an infringement.

We have prepared and sent a declaration of national security requirements to all our procurement contractors to ensure national security requirements.

Building an Open and Trusting Organisational Culture

Creating a culture of openness and trust is an integral part of the overall system of measures to create a corruption-proof environment, which we foster not only internally but also externally.

In the first half of 2022, at the Lithuanian Business Confederation event "Modern Business: Why You Need to Be Honest and Transparent", we presented the practice of Lietuvos Paštas in anti-corruption activities. In

the discussion "Creating an Anti-Corruption Environment in State and Municipal Managed Enterprises", organised by the Transparency Academy, we shared our experience in the development and implementation of the Anti-Corruption Board System.

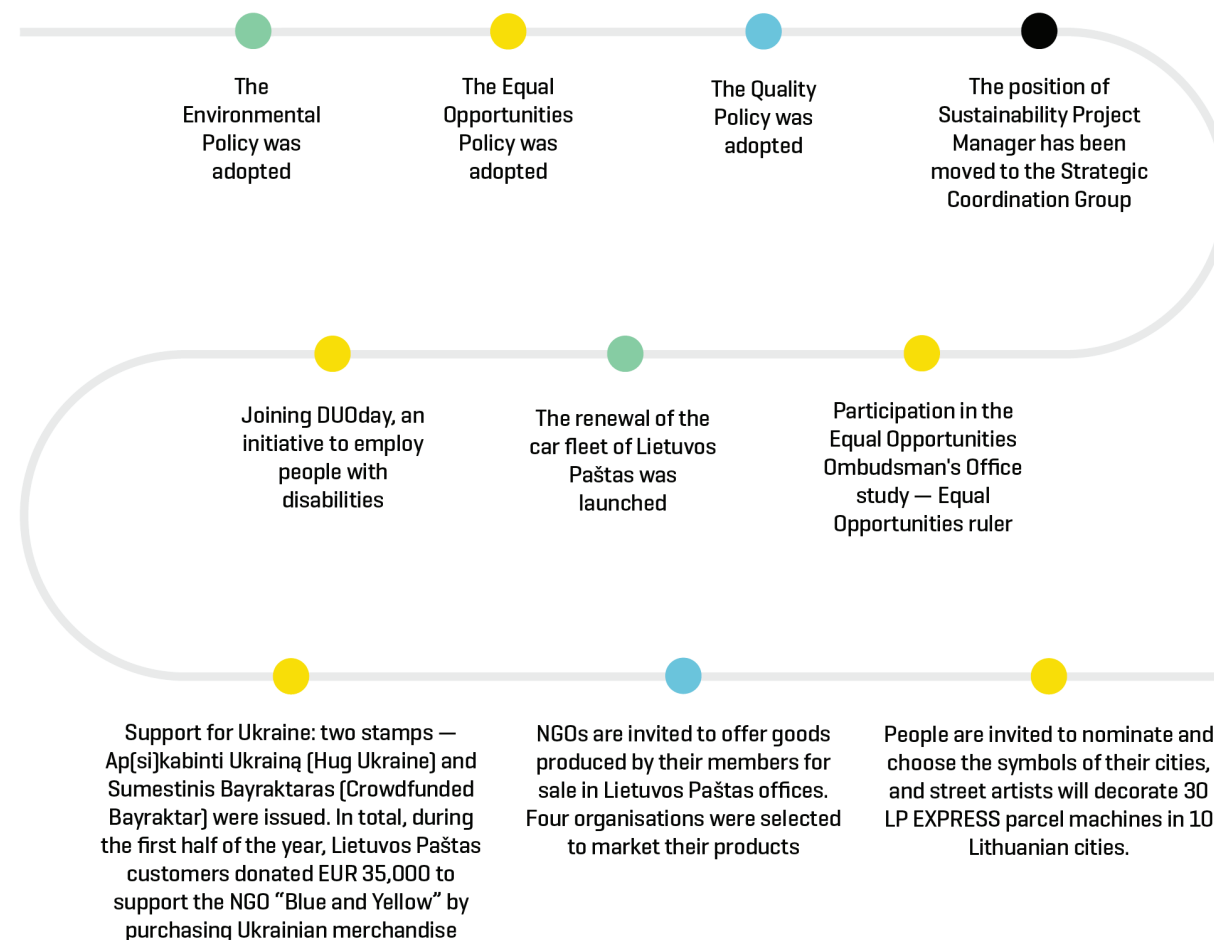
SUSTAINABLE DEVELOPMENT

● Social Responsibility
 ● Economical Responsibility
 ● Environmental Protection

Key developments in the first half of 2022:

In 2021, Lietuvos Paštas took firm steps to reinforce the priority of sustainable development in the Company's operations: a stakeholder survey and materiality assessment were conducted, and a sustainable development strategy and targets were developed and approved. The Company has implemented planned improvements and initiatives in line with sustainability priorities and data. Priority implementation work in sustainable development continued in the first half of this year, with the refinement and completion of the CO2 calculations and the launch of other sustainable development strategic initiatives planned for the second half of 2022.

Sustainable development remains one of the priorities of Lietuvos Paštas. The company has moved the position of Sustainability Project Manager to the Strategic Coordination Group to ensure that sustainability is integrated throughout the strategy, so that we can have a greater impact across the company. The company needs to act responsibly and implement initiatives and projects that add value to the surrounding environment and communities.



CONDENSED CONSOLIDATED AND SEPARATE INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED ON 30 JUNE 2022
(NON-AUDITED)

CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	NOTES	GROUP		COMPANY	
		30 JUNE 2022	30 JUNE 2021	30 JUNE 2022	30 JUNE 2021
Revenue from contracts with customers	4	45 120 518	52 067 276	45 120 518	52 067 276
Other income	5	4 498 103	6 685 602	4 498 103	6 685 602
		49 618 620	58 752 878	49 618 620	58 752 878
Employee-related expenses		(23 137 670)	(23 738 682)	(23 135 064)	(23 736 076)
Expenses of cross-border post transportation and settlements with foreign post offices		(11 578 692)	(16 078 111)	(11 578 692)	(16 078 111)
Depreciation and amortisation expenses of non-current assets		(3 692 620)	(3 452 634)	(3 694 244)	(3 454 258)
Cost of goods held for resale and services		(1 366 308)	(1 709 956)	(1 366 308)	(1 709 956)
Impairment of financial assets		(112 328)	(4 756)	(112 328)	(4 756)
Expenses of utility services		(1 454 736)	(1 103 690)	(1 454 736)	(1 103 690)
Short-term lease of motor vehicles and related expenses		(1 377 033)	(1 095 703)	(1 377 033)	(1 095 703)
Expenses of consumables and raw materials		(1 674 808)	(1 292 696)	(1 674 808)	(1 292 696)
Property repair and maintenance		(1 807 355)	(1 805 817)	(1 807 355)	(1 805 817)
Taxes [other than income tax]		(849 910)	(524 551)	(849 910)	(524 551)
Communications expenses		(415 465)	(487 184)	(415 465)	(487 184)
Other expenses	6	(5 911 501)	(5 415 417)	(5 911 474)	(5 415 391)
		(53 378 427)	(56 709 198)	(53 377 418)	(56 708 190)
Other gain/(losses)	7	(531 810)	(533 943)	(531 810)	(533 943)
Operating profit/(loss)		(4 291 617)	1 509 737	(4 290 608)	1 510 745

	NOTES	GROUP		COMPANY	
		30 JUNE 2022	30 JUNE 2021	30 JUNE 2022	30 JUNE 2021
Finance income	8	576	5 530	576	5 530
Finance [costs]	8	(216 455)	(196 892)	(216 455)	(196 892)
Profit/[loss] before income tax		(4 507 496)	1 318 375	(4 506 487)	1 319 383
Income tax	9	333 842	(151 680)	333 842	(151 680)
Profit/[loss] for the period		(4 173 654)	1 166 695	(4 172 645)	1 167 703
Other comprehensive income/[expenses]					
Other comprehensive income/[expenses] that will be subsequently reclassified to profit or loss		-	-	-	-
Other comprehensive income/[expenses] that will not be subsequently reclassified to profit or loss		-	-	-	-
Total comprehensive income/[expenses] for the period		(4 173 654)	1 166 695	(4 172 645)	1 167 703

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

	NOTES	GROUP		COMPANY	
		30 JUNE 2022	31 DECEMBER 2021	30 JUNE 2022	31 DECEMBER 2021
ASSETS					
Non-current assets					
Intangible assets	10	4 189 918	4 331 668	4 189 914	4 331 668
Property, plant and equipment	10	40 742 305	42 068 791	40 743 387	42 071 496
Right-of-use assets	10	11 766 129	16 610 304	11 766 129	16 610 304
Investment property	10	883 137	898 135	883 137	898 135
Non-current financial assets	11	77 764	77 764	83 556	83 556
Deferred income tax assets	9	458 456	124 614	458 456	124 614
		58 117 708	64 111 276	58 124 578	64 119 773
Current assets					
Inventories	12	1 990 078	3 825 868	1 990 078	3 825 868
Trade receivables	13	14 473 372	14 743 201	14 473 372	14 743 201
Contract assets	14	8 634 974	9 569 943	8 634 974	9 569 943
Prepayments, deferred expenses	15	1 026 885	1 743 249	1 026 861	1 743 225
Other amounts receivable	16	8 238 574	4 594 402	8 192 792	4 548 620
Cash and cash equivalents	17	19 130 399	25 539 029	19 098 965	25 504 962
		53 494 281	60 015 692	53 417 041	59 935 819
Non-current assets held for sale		-	34 164	-	34 164
		53 494 281	60 049 857	53 417 041	59 969 984
Total assets		111 611 989	124 161 133	111 541 619	124 089 757

	NOTES	GROUP		COMPANY	
		30 JUNE 2022	31 DECEMBER 2021	30 JUNE 2022	31 DECEMBER 2021
EQUITY					
Share capital	18	32 791 579	32 791 579	32 791 579	32 791 579
Legal reserve		290	861 544	-	861 254
Other reserves		-	-	-	-
Retained earnings/(deficit)		(9 714 825)	(6 402 431)	(9 784 471)	(6 473 082)
Total equity		23 077 044	27 250 692	23 007 108	27 179 751
LIABILITIES					
Non-current liabilities					
Borrowings	19	12 833 334	14 000 000	12 833 334	14 000 000
Lease liabilities	20	8 370 852	13 398 941	8 370 852	13 398 941
Long-term employee benefits		135 635	135 635	135 635	135 635
Grants and subsidies		188 042	175 286	188 042	175 286
Deferred income tax liability		-	-	-	-
		21 527 863	27 709 862	21 527 863	27 709 862
Current liabilities					
Borrowings	19	2 333 333	2 333 333	2 333 333	2 333 333
Current portion of lease liabilities		3 401 010	3 396 944	3 401 010	3 396 944
Trade payables		19 318 878	19 010 745	19 318 878	19 010 745
Contract liabilities	21	11 952 198	14 881 596	11 952 198	14 881 596
Accrued expenses	22	25 540 981	25 303 393	25 540 981	25 303 393
Current portion of long-term employee benefits		346 473	346 473	346 473	346 473
Income tax		-	-	-	-
Other amounts payable	23	4 114 208	3 928 094	4 113 774	3 927 659
		67 007 082	69 200 578	67 006 648	69 200 143
Total liabilities		88 534 945	96 910 440	88 534 511	96 910 005
Total equity and liabilities		111 611 989	124 161 133	111 541 619	124 089 757

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

	NOTES	AT 30 JUNE			
		GROUP		COMPANY	
		2022	2021	2022	2021
Cash flows from operating activities					
Profit/(loss) for the period		[4 173 654]	1 166 695	[4 172 645]	1 167 703
Adjustments for non-cash items:					
Income tax	9	-	[615 690]	-	[615 690]
Depreciation and amortisation	10	3 726 108	3 476 556	3 727 726	3 478 181
(Gain)/loss on disposal of property, plant and equipment	5	[478 084]	[2 802 011]	[478 084]	[2 802 011]
Write-off and change of impairment of property, plant and equipment, property, plant and equipment held for sale and non-current intangible assets	10	472	325 964	472	325 964
Change in right-of-use assets/liabilities	10, 20	[263 739]	[325 909]	[263 739]	[325 909]
Change in impairment of trade receivables, contract assets and inventories	12, 13, 14	116 509	4 979	116 509	4 979
Change in impairment of loans granted and investment in the subsidiary	11	-	-	-	-
Increase/(decrease) in long-term employee benefits		-	-	-	-
Change in provisions	23	-	[537 000]	-	[537 000]
Change in deferred income tax	9	[333 842]	767 370	[333 842]	767 370
Elimination of results of financing activities		207 501	725 305	207 501	725 305
		[1 198 729]	2 186 260	[1 196 102]	2 188 893

	NOTES	AT 30 JUNE			
		GROUP		COMPANY	
		2022	2021	2022	2021
Changes in working capital:					
(Increase)/decrease in inventories	12	1 837 165	[223 168]	1 837 165	[223 168]
(Increase)/decrease in trade receivables	13	1 293 268	[4 108 892]	1 293 268	[4 108 892]
(Increase)/decrease in other receivables, prepayments and deferred expenses	15, 16	[2 927 807]	[4 496 752]	[2 927 807]	[4 496 752]
Change in contract assets	14	934 969	2 136 679	934 969	2 136 679
Increase/(decrease) in trade payables		308 133	[3 959 195]	308 133	[3 959 195]
Increase/(decrease) in other payables, prepayments received	23	186 115	3 265 024	186 116	3 264 585
Change in accrued expenses/contract liabilities	21, 22	[2 691 810]	6 211 023	[2 691 810]	6 211 023
Income tax paid		-	-	-	-
Net cash inflow from operating activities		[2 258 697]	1 010 979	[2 256 069]	1 013 173
Cash flows from investing activities					
(Acquisition) of non-current assets	10	[700 335]	[2 972 499]	[700 331]	[2 972 496]
Disposal of non-current assets	10	[349 649]	5 540 649	[349 649]	5 540 650
(Increase)/decrease in investments in other companies/institutions	11	-	-	-	-
Interest received	8	424	1 235	424	1 235
Net cash (outflow) from investing activities		[1 049 560]	2 569 385	[1 049 556]	2 569 389

	NOTES	AT 30 JUNE			
		GROUP		COMPANY	
		2022	2021	2022	2021
Cash flows from financing activities					
Proceeds from borrowings	19	-	4 109 280	-	4 109 280
[Repayments] of borrowings	19	(1 166 667)	-	(1 166 667)	-
Lease [payments]	20	(1 725 780)	(1 832 821)	(1 725 780)	(1 832 821)
[Paid] interest on lease payments	8	(171 095)	(168 216)	(171 095)	(168 216)
[Paid] interest to credit institutions	8	(36 830)	(4 967)	(36 830)	(4 967)
Net cash [outflow] from financing activities		(3 100 372)	2 103 276	(3 100 372)	2 103 276
Net increase/[decrease] in cash flows		(6 408 629)	5 683 640	(6 405 997)	5 685 838
Cash and cash equivalents at the beginning of the period		25 539 029	9 788 081	25 504 962	9 749 183
Cash and cash equivalents at the end of the period		19 130 399	15 471 721	19 098 965	15 435 021

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

GROUP	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY				
	SHARE CAPITAL	LEGAL RESERVE	OTHER RESERVES	RETAINED EARNINGS	TOTAL
Balance at 1 January 2021	32 791 579	861 544	-	42 649	33 695 772
Profit/(loss) for the period	-	-	-	1 166 695	1 166 695
Total comprehensive income for the period	-	-	-	1 166 695	1 166 695
Transferred from reserves	-	-	-	-	-
Approved dividends	-	-	-	-	-
Balance at 30 June 2021	32 791 579	861 544	-	1 209 344	34 862 467
Balance at 1 January 2022	32 791 579	861 544	-	(6 402 431)	27 250 692
Profit/(loss) for the period	-	-	-	(4 173 654)	(4 173 654)
Total comprehensive income for the period	-	-	-	(4 173 654)	(4 173 654)
Transferred from reserves	-	(861 254)	-	861 254	-
Approved dividends	-	-	-	-	-
Balance at 30 June 2022	32 791 579	290	-	(9 714 825)	23 077 044

COMPANY	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY				
	SHARE CAPITAL	LEGAL RESERVE	OTHER RESERVES	RETAINED EARNINGS	TOTAL
Balance at 1 January 2021	32 791 579	861 254	-	(98 058)	33 554 775
Profit/(loss) for the period	-	-	-	1 167 703	1 167 703
Total comprehensive income for the period	-	-	-	1 167 703	1 167 703
Transferred from reserves	-	-	-	-	-
Approved dividends	-	-	-	-	-
Balance at 30 June 2021	32 791 579	861 254	-	1 069 645	34 722 478
Balance at 1 January 2022	32 791 579	861 254	-	(6 473 082)	27 179 751
Profit/(loss) for the period	-	-	-	(4 172 645)	(4 172 645)
Total comprehensive income for the period	-	-	-	(4 172 645)	(4 172 645)
Transferred from reserves	-	(861 254)	-	861 254	-
Approved dividends	-	-	-	-	-
Balance at 30 June 2022	32 791 579	-	-	(9 784 471)	23 007 108

The accompanying Explanatory Note is an integral part of these Condensed Consolidated and Separate Interim Financial Statements

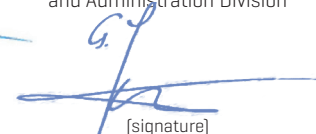
These financial statements were approved and signed on 22nd of July 2022 by:

Asta Sungailienė
Chief Executive Officer



[signature]

Greta Juodžiukynienė
Director of Finance
and Administration Division



[signature]

Sandra Putrimaitė
Head of Accounting Department,
Chief Accountant



[signature]

NOTES TO THE CONDENSED CONSOLIDATED AND SEPERATE INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Public Limited Liability Company Lietuvos paštas (the “Company”) is a public limited liability company registered in the Republic of Lithuania. Its registered office address is:

J. Jasinskio g. 16,
Vilnius,
Lithuania.

The Company started its activities on 2 January 1992 and was named State Enterprise Lietuvos Paštas. The Ministry of Transport and Communications of the Republic of Lithuania, by Order No. 3-587 of 23 December 2005 “On the Transformation of the State Enterprise Lietuvos Paštas into the Public Limited liability Company Lietuvos Paštas”, as of 3 January 2006, transformed the State Enterprise Lietuvos Paštas into the Public Limited Liability Company Lietuvos Paštas. The Ministry of Transport and Communications of the Republic of Lithuania owns 100 per cent of the shares of the Company. The activities of the Group include the provision of universal, other postal, courier, financial, and other services.

As at 30 June 2022 and 31 December 2021, the share capital of the Company consisted of 113 074 410 shares of EUR 0.29 each, ordinary and fully paid up. The Company has no own shares acquired. All shares of the Company are owned by the State, represented by the Ministry of Transport and Communications of the Republic of Lithuania.

As at 30 June 2022, the Company had the following wholly-owned subsidiaries: Lietuvos pašto finansinės paslaugos UAB, LP mokėjimų sprendimai UAB.

The data of subsidiaries at 30 June 2022 is presented below:

	LP mokėjimų sprendimai UAB	Lietuvos pašto finansi- nės paslaugos UAB
Country	Lithuania	Lithuania
Ownership interest held by the Company	100	100
Investment (carrying amount in EUR)	2 896	2 896
Profit/(loss) for six months 2022	(36 966)	-
Equity at 30 June 2022	(2 048 957)	1 510
Profile of activities	Dormant	Suspended activities

At 30 June 2022, the Group had 3 487 employees (30 June 2021 — 4 184).

Group/Company regulation

The activities of the Group/Company are regulated by the Postal Law of the Republic of Lithuania, the Law on Electronic Money and Electronic Money Institutions of the Republic of Lithuania, the Universal Postal Convention, and other documents.

Since 29 November 2016, the Public Limited Liability Company Lietuvos paštas has been licensed as an electronic money institution.

The regulation of the postal sector is carried out by the Communications Regulatory Authority of the Republic of Lithuania.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

These condensed consolidated and separate interim financial statements for the six-month period ended 30 June 2022 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable to interim financial reporting (International Accounting Standard (IAS) No. 34 “Interim financial reporting”).

In these condensed consolidated and separate interim financial statements, all amounts are presented in euro unless otherwise stated.

The Group/Company condensed consolidated and separate interim financial statements apply the same accounting policies and methods of computation as the 2021 annual consolidated and separate financial statements. For more information on the basis of preparation of the financial statements, please refer to the notes to the 2021 consolidated and separate financial statements of Private Limited Liability Company Lietuvos Paštas.

The financial year of the Group/Company is the same as the calendar year.

These financial statements for the period ended 30 June 2022 are unaudited. The annual financial statements for the year ended 31 December 2021 the audit was performed by Price-waterhouseCoopers UAB .

3. INFORMATION BY SEGMENTS

The shares of the Group/Company are not traded on the stock exchange and therefore the Group/Company does not apply IFRS 8 Operating Segments. For this reason, segment information is not presented in the interim financial statements.

4. SALES REVENUE

REVENUE FROM CONTRACTS WITH CUSTOMERS BY TYPE:

		GROUP/COMPANY	
		H1 2022	H1 2021
Unregulated pricing postal services	(a)	17 511 445	18 329 858
Regulated pricing postal services	(b)	5 399 933	6 550 746
Services to foreign post offices	(c)	1 995 279	8 014 325
Financial services	(d)	5 199 188	3 149 100
Courier services	(e)	9 252 409	10 252 264
Retail and commission trade		2 230 551	2 394 786
Subscriptions of periodical publications		1 451 016	1 418 088
Intermediation services	(f)	345 697	451 144
Other services	(g)	1 734 998	1 506 964
		45 120 518	52 067 276

a) Revenue from unregulated pricing postal services in the Group/Company was lower in the first six months of 2022 compared to the same period in 2021 due to lower revenues from ETOE activities in the Netherlands. ETOE is a postal operator operating model established by the Universal Postal Union (UPU), which allows an operator to set up and operate postal exchange offices in other countries. Mail sent from such a billing point shall be sent in the same way as it would be sent from an exchange point in the country of the operator.

b) Revenue from regulated pricing postal services was lower compared to the 1st half of 2021 due to a decrease in the volumes of the parcel service.

c) Revenue from services to foreign post offices fell by 75% as a result of a significant drop in the volume of international postal services received.

d) Financial services revenue increased by 65%. This change is due to an increase in pension delivery and payment revenues as a result of the successful public tender organised by "Sodra" for the provision of this services. As of 2022, the company delivers pensions and other benefits to customers in 42 territories served by "Sodra" branches, in 2021 it delivered to customers in 15 such territories.

e) Lower courier services revenue resulted from a decrease in volumes of domestic courier services.

f) Revenue from intermediation services declined compared to revenue received in the first half of 2021 as a result of decrease in intermediation services for providing credit to the client.

g) Other services revenue includes revenue from unaddressed advertising, printing and additional services.



5. OTHER INCOME

		GROUP/COMPANY	
		H1 2022	H1 2021
Leases	(a)	126 502	148 641
Compensation for subscription losses	(b)	3 570 109	3 683 583
Gain on disposal of non-current assets - net	(c)	478 084	2 802 011
Other income	(d)	323 408	51 368
		4 498 103	6 685 602

a) Leases income from premises declined due to decreased area of premises for rent.

b) The Company incurs losses while carrying out the mandatory activity of delivery of periodicals to subscribers in rural areas, which shall be compensated in accordance with the procedure established by the Government from the State budget. The losses are due to the fact that the maximum tariffs approved by the Government of the Republic of Lithuania for the delivery of periodicals to rural subscribers are significantly lower than the cost of the service. In view of the fact that the losses arise from the limitation of the price of the service, which does not generate sufficient revenue to cover the costs incurred, the Company has decided to reflect the compensation for the losses of the service for the delivery of periodicals to rural subscribers in the Statement of Comprehensive Income under the line "Other Income".

c) The net gain on disposal of non-current assets shows the difference between the income and expenses from the sale of non-current assets.

d) Other income increased due to recorded difference, arising between recognized right-of-use assets and accounted for long-term lease liabilities, in the termination of contracts for assets managed by the right-of-use recognized in the Company.

6. OTHER EXPENSES

		GROUP/COMPANY	
		H1 2022	H1 2021
External services of parcel delivery	(a)	3 062 037	3 300 276
Maintenance expenses for rented premises	(b)	657 715	97 528
Advertising and representation		212 194	188 435
Cash collection and escort duty	(c)	526 112	349 678
Consulting, audit, and security expenses	(d)	155 501	244 619
Bank charges	(e)	180 621	252 686
Insurance services		43 240	22 871
Office suppliers		53 394	53 105
Write-off expenses of inventories, amounts receivables, prepayments	(f)	28 974	47 969
Expenses related to postal operations	(g)	665 793	584 954
Other expenses	(h)	325 893	273 268
		5 911 474	5 415 391

a) Expenses for external services of parcel delivery decreased due to lower volumes of courier services.

b) Higher maintenance expenses for rented premises was influenced by the change of some long-term leases to short-term leases, where the lease of the leased property is not capitalised as an asset, but instead the lease costs are recorded.

c) Cash collection and escort duty increased due to higher scope of pension deliveries and other benefits provided by the Company from 2022.

d) The reduction in the cost of consulting, audit, and security services is due to a decrease in the volume of consultancy and legal services.

e) Bank charges were lower due to a decrease in payments by credit cards.

f) The write-off expenses of inventories, amounts receivables, prepayments item consists of write-offs of stolen or obsolete goods. Expenses for it were lower compared to the 1st half of 2021.

g) The increase in expenses related to postal operations is due to an increase in the cost of servicing post offices as a result of their expansion and the cost of maintenance of distribution equipment.

h) In the other expenses group, sales management and the cost of insurance for the provision of services increased.

7. OTHER GAIN/[LOSSES]

	GROUP/COMPANY	
	H1 2022	H1 2021
Foreign exchange gain	1 900 983	(552 380)
Foreign exchange loss	(2 432 794)	18 437
Total	(531 810)	(533 943)

The "Other gain/(losses)" item reflects the result of currency exchange.

8. FINANCE INCOME AND COSTS

	GROUP/COMPANY	
	H1 2022	H1 2021
Interest income	424	1 235
Interest on late payment	54	2 800
Other income from financial activities	97	1 496
Total finance income	576	5 530
Overdraft and loan interest expenses	(36 830)	(20 368)
Interest related to lease liabilities	(171 095)	(168 216)
Other expenses of financing activities	(8 530)	(8 308)
Total finance costs	(216 455)	(196 892)

9. INCOME TAX

	GROUP/COMPANY	
	H1 2022	H1 2021
Components of income tax (expenses)/benefit:		
Current year income tax (expenses)/benefit	-	-
Adjustment of previous year income tax	-	615 690
Deferred income tax (expenses)/benefit	333 842	[767 370]
Income tax (expenses)/benefit recognised in the statement of comprehensive income	333 842	[151 680]

As at 30 June 2022, deferred income tax calculated from tax losses is presented as a deferred income tax asset of EUR 458 456 in the statement of financial position of the Group/Company (from the statement

of financial position). Deferred income tax benefit was recorded in the statement of comprehensive income.

The deferred income tax asset and liability at 30 June 2022 and 2021 were accounted for using a rate of 15%.

10. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

GROUP	INTANGIBLE ASSETS	PP&E	INVESTMENT PROPERTY	RIGHT-OF-USE ASSETS
Period of 6 months ended 30 June 2021				
Net book amount at 31 December 2020	2 983 523	42 897 844	1 946 059	17 094 461
Additions	267 540	2 704 958	-	1 963 549
Disposals	-	[1 798 512]	[69 639]	-
Write-offs and impairment	-	[56]	-	[325 908]
Reclassifications	360 880	[337 022]	[23 858]	-
Depreciation and amortisation	[193 906]	[1 405 146]	[15 694]	[1 861 810]
Net book amount at 30 June 2021	3 418 037	42 062 066	1 836 868	16 870 292

GROUP	INTANGIBLE ASSETS	PP&E	INVESTMENT PROPERTY	RIGHT-OF-USE ASSETS
Period of 6 months ended 30 June 2022				
Net book amount at 31 December 2021	4 331 668	42 068 791	898 135	16 610 304
Additions	187 559	-	-	2 484 286
Disposals	-	-	-	-
Write-offs and impairment	-	[1]	-	[5 518 789]
Reclassifications	-	-	[7 833]	-
Depreciation and amortisation	[329 309]	-	[7 165]	[1 809 672]
Net book amount at 30 June 2022	4 189 918	42 068 789	883 137	11 766 129

During the first half of 2022, depreciation of the Group's property, plant and equipment, investment property, right-of-use assets and amortisation of intangible assets amounting to EUR 3 726 102 are included in depreciation and amortisation of non-current assets.

COMPANY	INTANGIBLE ASSETS	PP&E	INVESTMENT PROPERTY	RIGHT-OF-USE ASSETS
Period of 6 months ended 30 June 2021				
Net book amount at 31 December 2020	2 983 524	42 903 797	1 946 059	17 094 461
Additions	267 538	2 704 958	-	1 963 549
Disposals	-	[1 798 512]	[69 639]	-
Write-offs and impairment	-	[56]	-	[325 908]
Reclassifications	360 878	[337 020]	[23 858]	-
Depreciation and amortisation	[193 906]	[1 406 771]	[15 694]	[1 861 810]
Net book amount at 30 June 2021	3 418 034	42 066 396	1 836 868	16 870 292
Period of 6 months ended 30 June 2022				
Net book amount at 31 December 2021	4 331 668	42 071 496	898 135	16 610 304
Additions	187 555	525 532	-	2 484 286
Disposals	-	[279 422]	-	-
Write-offs and impairment	-	[472]	-	[5 518 789]
Reclassifications	-	7 833	[7 833]	-
Depreciation and amortisation	[329 309]	[1 581 580]	[7 165]	[1 809 672]
Net book amount at 30 June 2022	4 189 914	40 743 387	883 137	11 766 129

During the first half of 2022, depreciation of the Company's property, plant and equipment, investment property, right-of-use assets and amortisation of intangible assets amounting to EUR 3 727 726 are included in depreciation and amortisation of non-current assets.

11. NON-CURRENT FINANCIAL ASSETS

	GROUP		COMPANY	
	30 JUNE 2022	31 DECEMBER 2021	30 JUNE 2022	31 DECEMBER 2021
Investments in subsidiaries	-	-	23 543	23 543
Loans to subsidiaries	-	-	1 951 072	1 951 072
Investments in other companies, enterprises (a)	60 000	60 000	60 000	60 000
Amounts receivable after one year	175 120	180 676	175 120	180 676
	235 120	240 676	2 209 736	2 215 292
Impairment of loans to subsidiaries	-	-	(1 951 072)	(1 951 072)
Impairment of investments in subsidiaries	-	-	(17 751)	(17 751)
Impairment of amounts receivable after one year	(157 357)	(162 912)	(157 357)	(162 912)
	77 764	77 764	83 556	83 556

a) The Company became a venturer of a public enterprise Transporto inovacijų centras. The total value of the contributions is EUR 60 000. The venturers of the public enterprise have one vote each, irrespective of the amounts contributed by the venturers.

There were no significant changes in the valuation of non-current financial assets in the first half of 2022.

12. INVENTORIES

	GROUP/COMPANY	
	30 JUNE 2022	31 DECEMBER 2021
Inventories and consumables	152 070	220 605
Philately production	32 570	33 697
Goods for resale	1 823 002	3 590 505
	2 007 642	3 844 807
Impairment	(17 564)	(18 939)
	1 990 078	3 825 868

The Group/Company writes down inventories to net realisable value when the inventories are not used (not sold) for more than 12 months.

The cost of inventories written off and goods sold is recognised in the Group's/Company's statement of comprehensive income. At 30 June 2022, the cost of goods sold was EUR 1 425 564, the value of fuel consumed was EUR 1 318 905 and the cost of other inventories was EUR 205 643.

At 30 June 2022, The Group/Company had inventories stored on the basis of consignment amounting to EUR 372 463 (31 December 2021 – EUR 453 248).

13. TRADE RECEIVABLES

	GROUP/COMPANY	
	30 JUNE 2022	31 DECEMBER 2021
Trade receivables - gross	9 661 708	9 149 293
Receivables from foreign post offices - gross	5 430 326	6 094 685
	15 092 033	15 243 978
Impairment of trade receivables	[587 138]	[469 254]
Impairment of receivables from foreign post offices	[31 523]	[31 523]
Total impairment	[618 661]	[500 777]
	14 473 372	14 743 201

Receivables from buyers of services on the local market are interest-free and usually have a payment term of 30 days. The payment deadline for invoices agreed with buyers of international services is 6 weeks.

The Group/Company has calculated the impairment of receivables by carrying out a loss analysis of historical data of the past 24 months. The Group/Company believes that historical loss information provides a reasonable basis for estimating expected credit losses on receivables, as the risk profile and lending practices of its customers have not changed significantly over several years.

14. CONTRACT ASSETS

	GROUP/COMPANY	
	30 JUNE 2022	31 DECEMBER 2021
Accrued revenue from foreign post offices	9 949 865	10 884 834
Impairment of accrued revenue from foreign post offices	[1 314 891]	[1 314 891]
	8 634 974	9 569 943

Under contract assets, the Company presented accrued revenue from foreign post offices by reducing it by the advances received from the same international partners for the same services rendered.

The activities of the Group/Company are based on international agreements which regulate the rules for the issue and settlement of accounting documents for postal services provided. Under these arrangements, the Group/Company usually reconciles the actual shipment data, including volumes of postal services provided and receivables, only in the following years after the presentation of the statement of financial position. The Group/Company accrues revenue and it is shown as contract assets in the Statement of Financial Position. The contract assets is the right to receive consideration in exchange for goods or services that have been transferred to the customer. If the Group/Company delivers goods or services to a customer before payment is made or

before payment is due, the contract assets are recorded at an amount equal to the contingent consideration earned and reduced by the amount of the advance received from the customer. When calculating the accrued revenue for services rendered, the Group/Company considers the actual volumes of services rendered/received and the latest valid fees and statistical data on service volumes.

Settlements related to postal operations are carried out in accordance with the provisions of the Universal Postal Convention. The designated postal operators of the countries pay for the services in accordance with these provisions and therefore the Group/Company does not see any risk of probable credit losses. The Group/Company has never had a credit loss due to non-settlement by state designated postal operators.

15. PREPAYMENTS, DEFERRED EXPENSES

		GROUP/COMPANY	
		30 JUNE 2022	31 DECEMBER 2021
Deferred expenses	[a]	936 782	833 541
Prepayments for services		88 748	818 141
Prepaid income tax		1 331	91 543
		1 026 861	1 743 225

a) The deferred expenses include deferred costs for insurance, subscriptions, licence support, software leases, and participation in international postal systems, most of which will be recognised as an expense in the periods of 2022-2023 years.

16. OTHER AMOUNTS RECEIVABLE

	GROUP		COMPANY	
	30 JUNE 2022	31 DECEMBER 2021	30 JUNE 2022	31 DECEMBER 2021
Compensation receivable for subscription loss	7 253 341	3 683 232	7 253 341	3 683 232
Prepayments to the budget	45 782	45 782	-	-
Other amounts receivable	939 451	865 388	939 451	865 388
	8 238 574	4 594 402	8 192 792	4 548 620

The Government has set lower tariffs for the service of delivering periodicals to subscribers in rural areas than the cost of this service. The Postal Law of the Republic of Lithuania approves the covering of the difference in such costs and tariffs from the state budget in accordance with the procedure established by the Government. In 2021, The Group/Company incurred a loss of EUR 7 289 474 for the service of delivering periodicals to subscribers in rural areas, and was compensated EUR 7 111 547 (for uncompensated losses of 2020 and for losses of the first half of 2021). During the first six months of 2022, the Group/Company recorded a receivable amount of EUR 3 570 109 related to compensation for the delivery of periodicals to subscribers in rural residential areas.

17. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	30 JUNE 2022	31 DECEMBER 2021	30 JUNE 2022	31 DECEMBER 2021
Cash at bank	16 941 561	23 795 654	16 910 127	23 761 587
Cash on hand	1 234 927	827 246	1 234 927	827 246
Cash in transit	953 910	916 129	953 910	916 129
	19 130 399	25 539 029	19 098 965	25 504 962

The fair value of cash and cash equivalents as at 30 June 2022 and 31 December 2021 approximate their carrying amount.

The Group and the Company hold their monetary funds only at the highest rated credit institutions. Management did not identified any indicators of impairment of monetary funds and did not accounted for them in the Statement of Comprehensive Income.

18. SHARE CAPITAL

As at 30 June 2022 and 31 December 2021, the Republic of Lithuania owns 113 074 410 ordinary shares of the Company with a nominal value of EUR 0.29 each. As at 30 June 2022 and 31 December 2021, all shares

were fully paid. According to the Law on Companies of the Republic of Lithuania, the shareholder's equity should not be lower than 1/2 of the company's share capital, as specified in the Articles of Association.

19. BORROWINGS

As at 30 June 2022, the Group/Company had a bank overdraft agreement of EUR 15 000 000 with the Lithuanian branch of OP Corporate Bank plc, signed on 29 October 2021 and valid until 29 October 2023. Under the agreements, the overdraft is used to finance the working capital. Interest on the overdraft used — 3 months EURIBOR + 1.17%. EURIBOR may not be less than 0% in the interest calculation.

At 30 June 2022, the amount of unused bank account overdrafts amounted to EUR 15 000 000 [31 December 2021 — EUR 15 000 000].

In December 2018, the Group/Company has entered into a EUR 17 500 000 special-purpose long-term loan agreement with the Nordic Investment Bank for a period of 10 years for the construction of a new automa-

ted distribution centre in Vilnius, for the renovation of the logistics and postal transport fleet and for the development of the parcel lockers. The loan agreement is valid until 31 December 2028, the interest rate applied is 6 months EURIBOR + 0.95 %. EURIBOR may not be lower than -0.95% in the interest calculation. The entire loan is used and EUR 2 333 333 of it has already been repaid by 30 June 2022. A part of Group's/Company's property, plant and equipment with a residual value of EUR 10 318 764 is pledged to Nordic Investment Bank as collateral for a loan.

All borrowings are denominated in euros, so there is no risk of exchange rate fluctuations.

20. LEASE LIABILITIES

	GROUP/COMPANY	
	30 JUNE 2022	31 DECEMBER 2021
Balance at 31 December 2021	16 795 885	16 907 927
Liabilities under new contracts	2 484 286	3 804 182
Expired liabilities [terminated contracts]	[5 782 528]	[335 622]
Interest charged	171 095	828 848
Paid to lessors	[1 896 875]	[4 409 450]
	11 771 863	16 795 885

In accordance with IFRS 16 "Leases", the future lease payments of the Group/Company under non-cancellable contracts are accounted for at the present value [discount rate of 2.64%] of the future [unpaid] lease payments. Lease liabilities increase with the monthly recognition of interest expenses and decrease as lease payments are made.

21. CONTRACT LIABILITIES

	GROUP/COMPANY	
	30 JUNE 2022	31 DECEMBER 2021
Advance amounts received for subscribed publications	1 452 815	4 073 167
Other advance amounts received	10 297 656	10 339 715
Deferred revenue	201 727	468 714
	11 952 198	14 881 596

The Group/Company presents the advances received from 1 January 2019 in the Statement of Financial Position under Contract liabilities. Advances received are subscription prepayments and prepayments received from foreign post offices (designated operators). A contractual obligation is an obligation to provide goods or services to a customer for which consideration has been received (or is receivable). If

the customer pays before the Company delivers goods or services, the contractual obligation is recognised when payment is received. Contractual obligations are recognised as revenue when the Company meets contract obligations.

In the statements of financial position at 30 June 2022, the line item Contract liabilities, other advances received for services, do not show

advances paid by foreign post offices in respect of international postal services if the advances are received from the same foreign post offices and for the same services as those recorded in accrued revenue accounted for in assets. These prepayments received are offset against accrued revenue as homogeneous assets and liabilities.

22. ACCRUED EXPENSES

	GROUP/COMPANY	
	30 JUNE 2022	31 DECEMBER 2021
Accrued expenses for services rendered by foreign post offices	21 196 304	19 725 117
Accrued vacation reserve	3 964 775	3 871 503
Accrual of variable part of remuneration, annual bonuses	250 002	210 000
Other	129 900	1 496 773
	25 540 981	25 303 393

Accrued expenses for services provided by foreign post offices/ designated operators will only be finalised and invoiced in the year following the date of the statements of financial position. In the statement of financial position, accrued expenses are reduced by advances paid for the same services to the same overseas operators as a reversal of homogeneous asset and liability items.

23. OTHER AMOUNTS PAYABLE

		GROUP		COMPANY	
		30 JUNE 2022	31 DECEMBER 2021	30 JUNE 2022	31 DECEMBER 2021
Liabilities under an employment relationship	(a)	3 398 818	3 267 268	3 398 384	3 266 833
Restructuring provision		290 000	290 000	290 000	290 000
Taxes [excluding corporation tax]		417 638	359 796	417 638	359 796
Other		7 752	11 029	7 752	11 029
		4 114 208	3 928 093	4 113 774	3 927 658

24. RELATED-PARTY TRANSACTIONS

COMPENSAION TO KEY MANAGEMENT PERSONNEL

The total remuneration paid to the Group's/Company's key management personal [5 managers] for the first half of 2022 amounted to EUR 250 thousand (first half of 2021: EUR 321 thousand; 6 managers). There were no significant loans, guarantees, other disbursements, accruals or transfers of assets to the key management personnel of the Group/Company.

TRANSACTIONS WITH OTHER RELATED PARTIES

Parties are considered to be related when one party has the ability to control another, or can make significant influence on its financial and operating decisions. Related parties of the Group/Company are

state enterprises whose ownership rights and obligations are exercised by the Ministry of Transport and Communications of the Republic of Lithuania (the official list is available on the website www.sumin.lt). The Group/Company does not consider the enterprises controlled by the Ministry of Transport and Communications of the Republic of Lithuania as a single customer, as there is no significant economic integration between such companies.

Transactions with the related parties include regular sales and purchases of goods and services related to the Company's activity.

The Parent Company was granted a loan of EUR 1 951 072 to LP mokėjimų sprendimai UAB. As at 31 December 2021, an impairment recognised for the full amount of the loan.

Presented below are the transactions of the Public Limited Liability company Lietuvos Paštas with related parties during 2022 and the first half of 2021 and the corresponding balances of amounts receivable/payable as at 30 June 2022 and 2021:

		PURCHASES OF GOODS AND SERVICES	SALES OF GOODS AND SERVICES	AMOUNT PAYABLE TO RELATED PARTIES	AMOUNT RECEIVABLE FROM RELATED PARTIES
Lietuvos pašto finansinės paslaugos UAB	31 December 2021	-	-	-	-
	30 June 2022	-	-	-	-
LP mokėjimų sprendimai UAB	31 December 2021	-	-	-	1 951 072
	30 June 2022	-	-	-	1 951 072

25. OFF-BALANCE SHEET COMMITMENTS

The Group/Company has provided guarantees and sureties to banks for the delivery of pensions and other benefits and provision of other services. Performance guarantees contracts for the delivery of social benefits (pensions and allowances), acceptance and administration of payments, and fulfillment of postal service have been signed and at 30 June 2022 amounted to EUR 2 543 731 [31 December 2021: EUR 1 210 033].

26. EVENTS AFTER THE END OF THE REPORTING PERIOD

During July 2022, the Group/Company sold non-current assets recorded in the line item „Property, plant, and equipment” in the statement of financial position with a carrying amount of EUR 613 000 at 30 June 2022 and a sale price of EUR1 473 000.