



2023

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

TABLE OF CONTENTS

CEO'S FOREWORD	3
MANAGEMENT	4
EVENTS AND RESULTS	15
ACTIVITY ANALYSIS	25
STATEMENTS	37

CEO'S FOREWORD

Consistent growth, further modernisation of operations and a strong focus on employees and customers were the main highlights of the first half of 2023 at Lietuvos Paštas. In our day-to-day activities, we have continued to actively pursue the work already started in the company and to find the best solutions to achieve our goals.

In the first six months of the year, we have seen a significant increase in the volume of mail. The number of parcels travelling through the LP EXPRESS network increased by 49% compared to the same period a year ago. This is due to several interacting factors: the steady growth of e-commerce in Lithuania, the growing popularity of post offices as a parcel delivery channel, the extremely high quality indicators of LP EXPRESS and the trust of our customers in the services we provide.

After recording a significant loss of EUR 4.5 million before income tax in the first half of last year, today Lietuvos Paštas can already enjoy a more sustainable financial position. In the first half of 2023, the company's profit before income tax amounted to EUR 5.4 million. This result was mainly driven by a 12.2% increase in operating income and a 5.9% decrease in costs. The company's EBITDA increased by EUR 10.6 million year-on-year and reached EUR 10 million.

Nevertheless, the first half of the year did present some challenges, which are expected to continue in the near future. Traditional postal volumes have shrunk by around 24% and the slowdown in e-commerce growth compared

to the pandemic period, as well as geopolitical and economic uncertainties, are intensifying the competition in the parcel sector. These factors will require additional efforts and solutions to maintain the growth trends and financial sustainability achieved in the first half of 2023.

A modern, efficient company is impossible without engaged, professional employees, which is why we have continued to focus on improving our working conditions. Private health insurance was extended to loyal colleagues, and employees were given one-off financial incentives.

Other measures have also contributed to improving working conditions: in the first half of the year, 5 post offices and 4 parcel centres were renovated, and the renewed in-house e-learning system is helping to foster the professional development of staff.

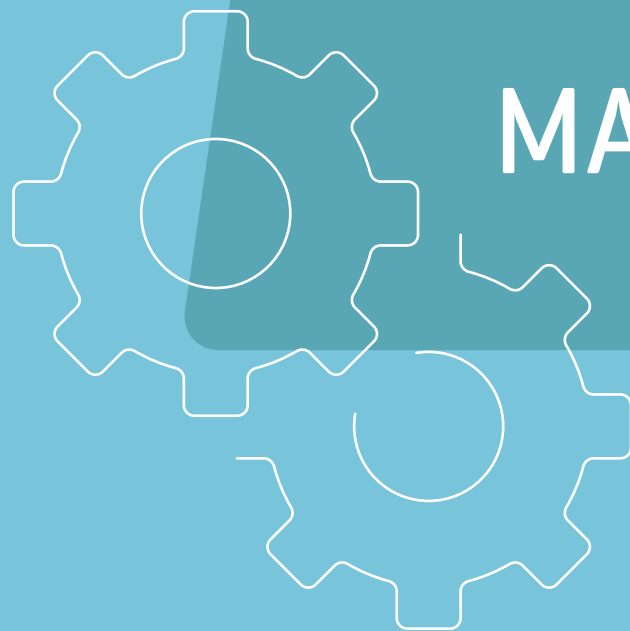
In order to ensure fast and convenient delivery of parcels, Lietuvos Paštas has been investing in new vehicles for letter carriers for several years now. This year, however, for the first time in the company's history, electric vehicles were tested in Vilnius, Kaunas and Klaipėda. This is an important step in considering and evaluating the introduction of more environmentally friendly solutions in the company's transport fleet.

In the second half of this year, we will continue to ensure fully sustainable growth of the company by maintaining our share of the parcel delivery market, by continuing to improve our operational efficiency and by focusing on finding new solutions that are relevant to the company's business.



Rolandas Zukas
CEO





MANAGEMENT

GENERAL INFORMATION

Reporting Period

The consolidated and separate financial statements of Lietuvos Paštas AB (“Lietuvos Paštas” or the “Company”) 30 June 2023 have been prepared in accordance with the International Financial Reporting Standards (IFRSs), as adopted by the European Union.

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

BASIC DETAILS OF LIETUVOS PAŠTAS

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

Share capital:

EUR 32 791 579

Ordinary registered
shares constituting the
share capital:

113 074 410

Nominal value per share

EUR 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.

LIETUVOS PAŠTAS GROUP

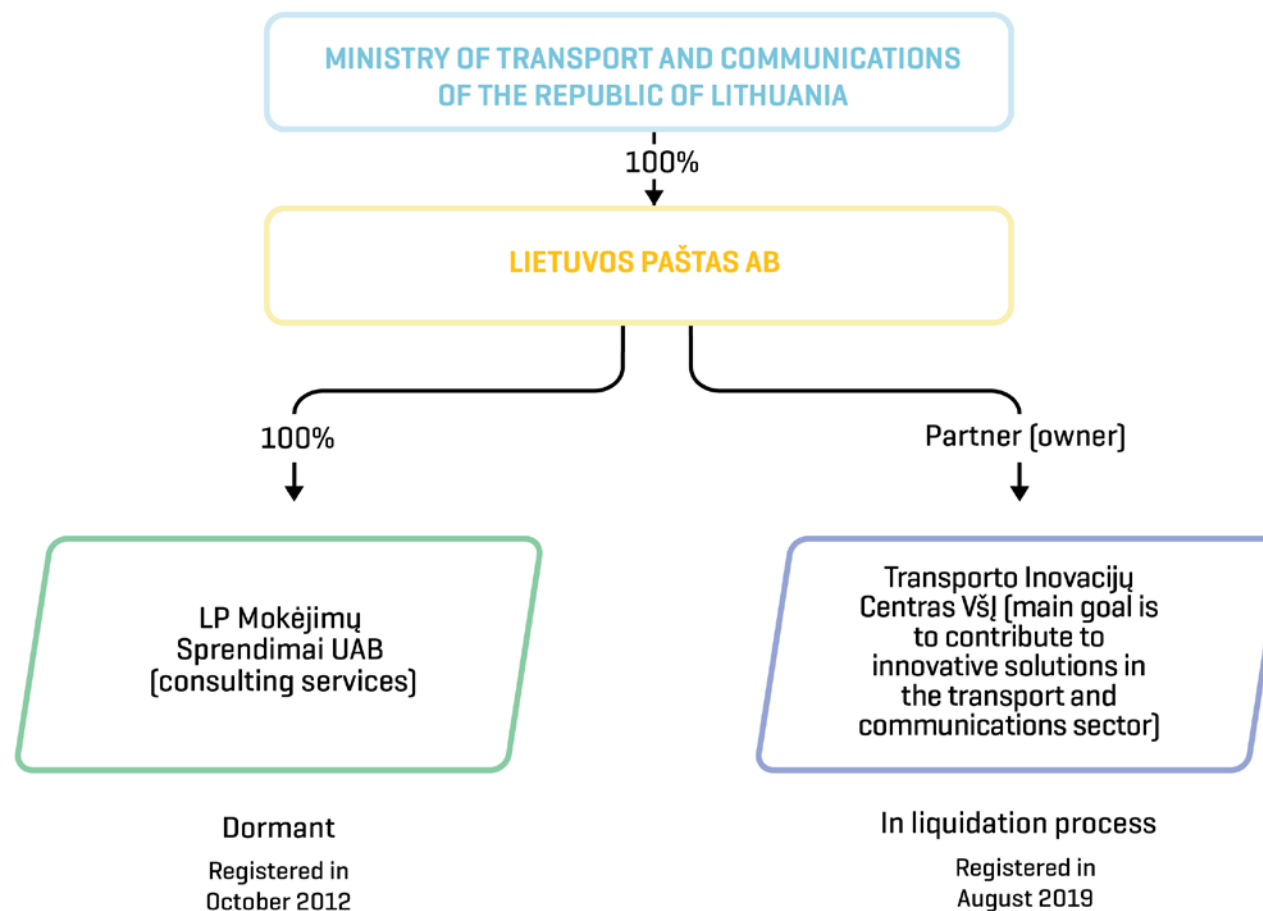
As of 30 June 2023, Lietuvos Paštas Group (the “LP Group”) consisted of the parent company Lietuvos Paštas and its subsidiary LP Mokėjimų Sprendimai UAB. LP Mokėjimų Sprendimai UAB’s main activity is consultancy services; the company is currently inactive.

Lietuvos Paštas is also a shareholder of the VŠĮ Transporto Inovacijų Centras”, together with Lietuvos Geležinkeliai AB and Kelių Priežiūra AB. “The main objective of the Transport Innovation Centre is to create opportunities for attracting, implementing and testing innovations in transport infrastructure, to foster cooperation on innovation in the transport sector, to carry out market analyses and to develop innovation investment proposals. On 12 January 2023, a decision was made to wind up the Transporto Inovacijų Centras.

LP Group is owned by the Republic of Lithuania.

The Ministry of Transport and Communications of the Republic of Lithuania represents the State in the implementation of the rights conferred by the shares owned by the State in Lietuvos Paštas.

LP Group did not acquire or dispose of any of its own shares during the first half of 2023.



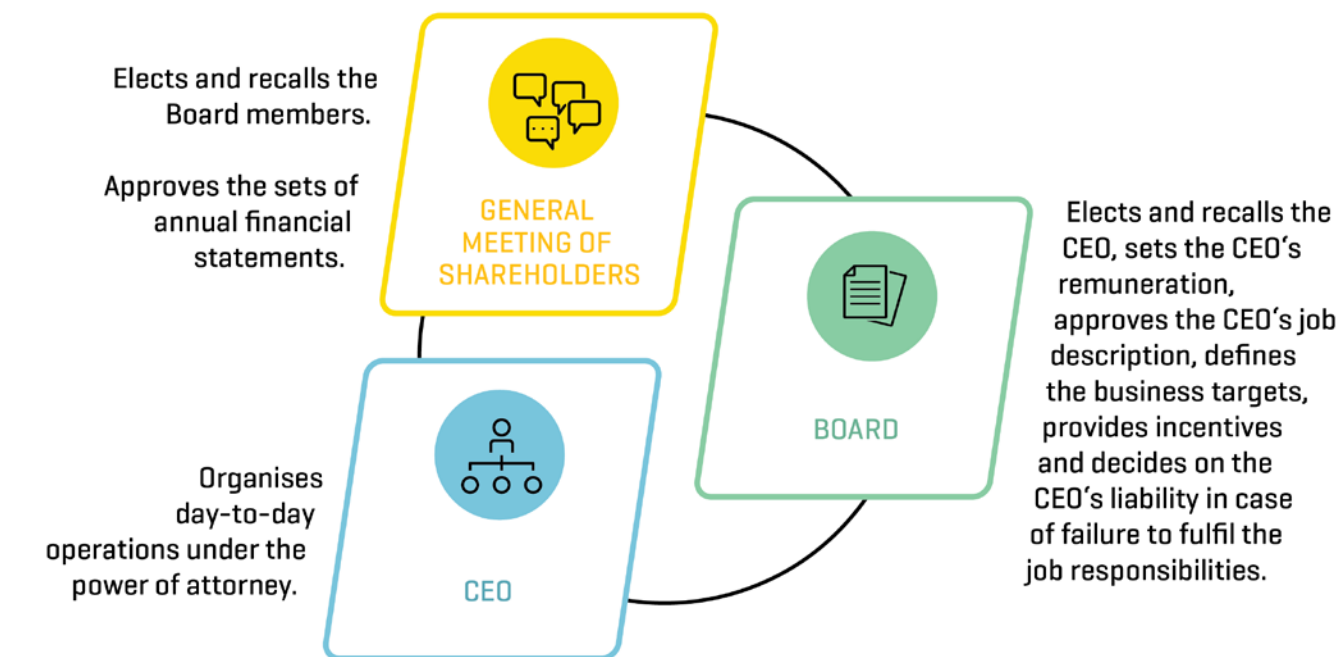
MANAGEMENT OF LIETUVOS PAŠTAS

Management bodies

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

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

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



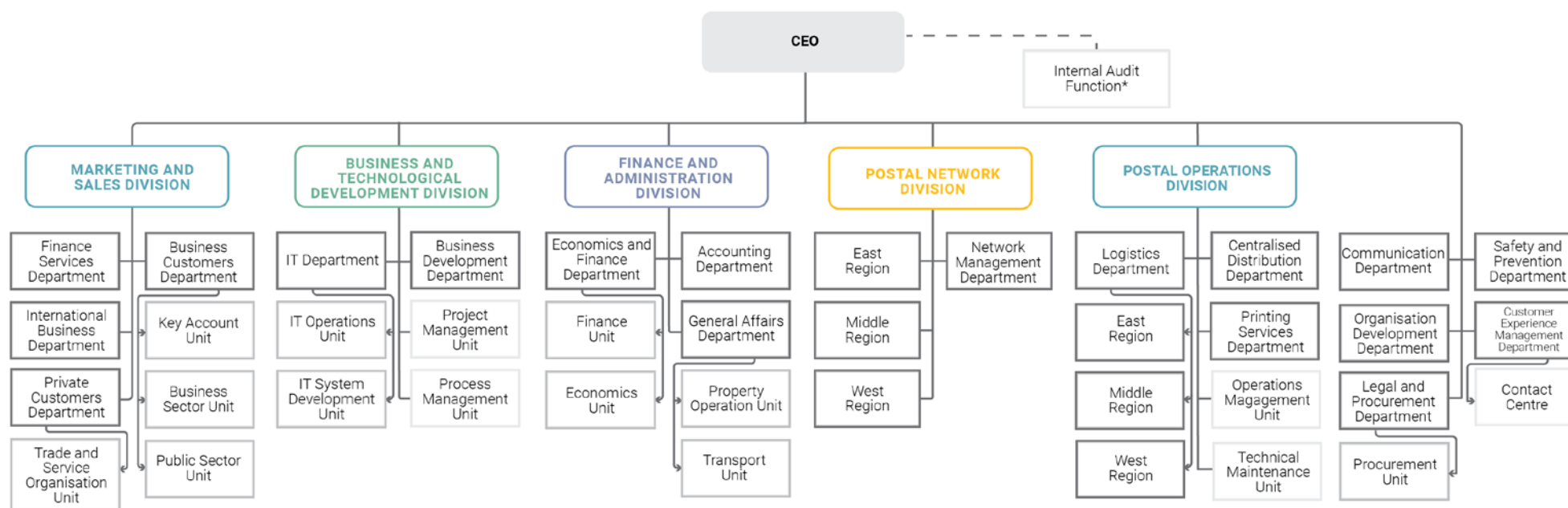
cipality managed company or its subsidiary company approved by Resolution No. 661 of the Government of the Republic of Lithuania in 17 June 2015. The elected members of the Board enter into contracts in the form prescribed by the Minister of Transport and Communications for serving on the Board of the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

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

ORGANISATIONAL STRUCTURE

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

APPROVED BY DECISION NO 15-41 OF 9 NOVEMBER 2022



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

LIETUVOS PAŠTAS BOARD COMPOSITION

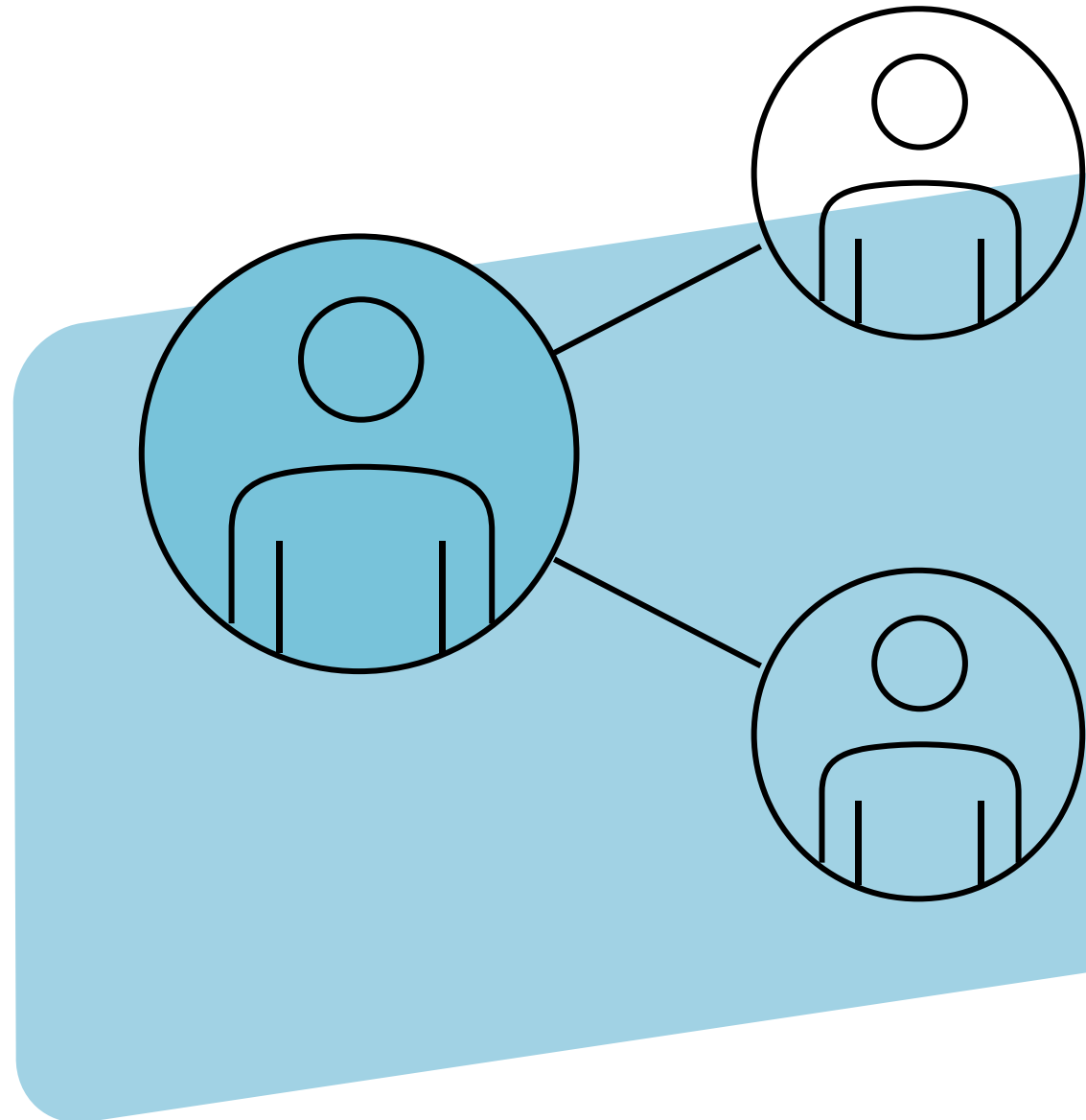
	MINDAUGAS KYGUOLIS	ALDITAS SAULIUS	ARNOLD SCHROVEN	JŪRATĖ STANIŠAUSKIENĖ
Job positions held at Lietuvos Paštas	Independent Board Member and Chairman of the Board	Independent Board Member	Independent Board Member	Independent Board Member
Professional qualification / education	Master in Law and Economics,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

* The Board composition relevant at the reporting date.

CHANGES IN THE BOARD COMPOSITION

2023 05 08

Vladislav Kondratovič was recalled
from the Board of Lietuvos Paštas.



MANAGEMENT TEAM

	ROLANDAS ZUKAS	JONAS SADAUSKAS	KASTYTIS VALANTINAS	VIKTORAS BALTUŠKONIS	RUSLANAS PROKOFJEVAS
Job position	Chief Executive Officer since 24 February 2023*	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 3 April 2023	Director of Business and Technology Development Division since 9 July 2021
Professional qualification / education	Master in Management and Business Administration	Master in Electronic Engineering and Master in Business Administration	Master in Management and Business Administration	Master in Business Administration and International Business Management	Master of Human Resource Management

* Asta Sungailienė held this position until 23 February 2023.

COMMITTEES

Audit And Risk Management Committee

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

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

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

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

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

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

Remuneration committee

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

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

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

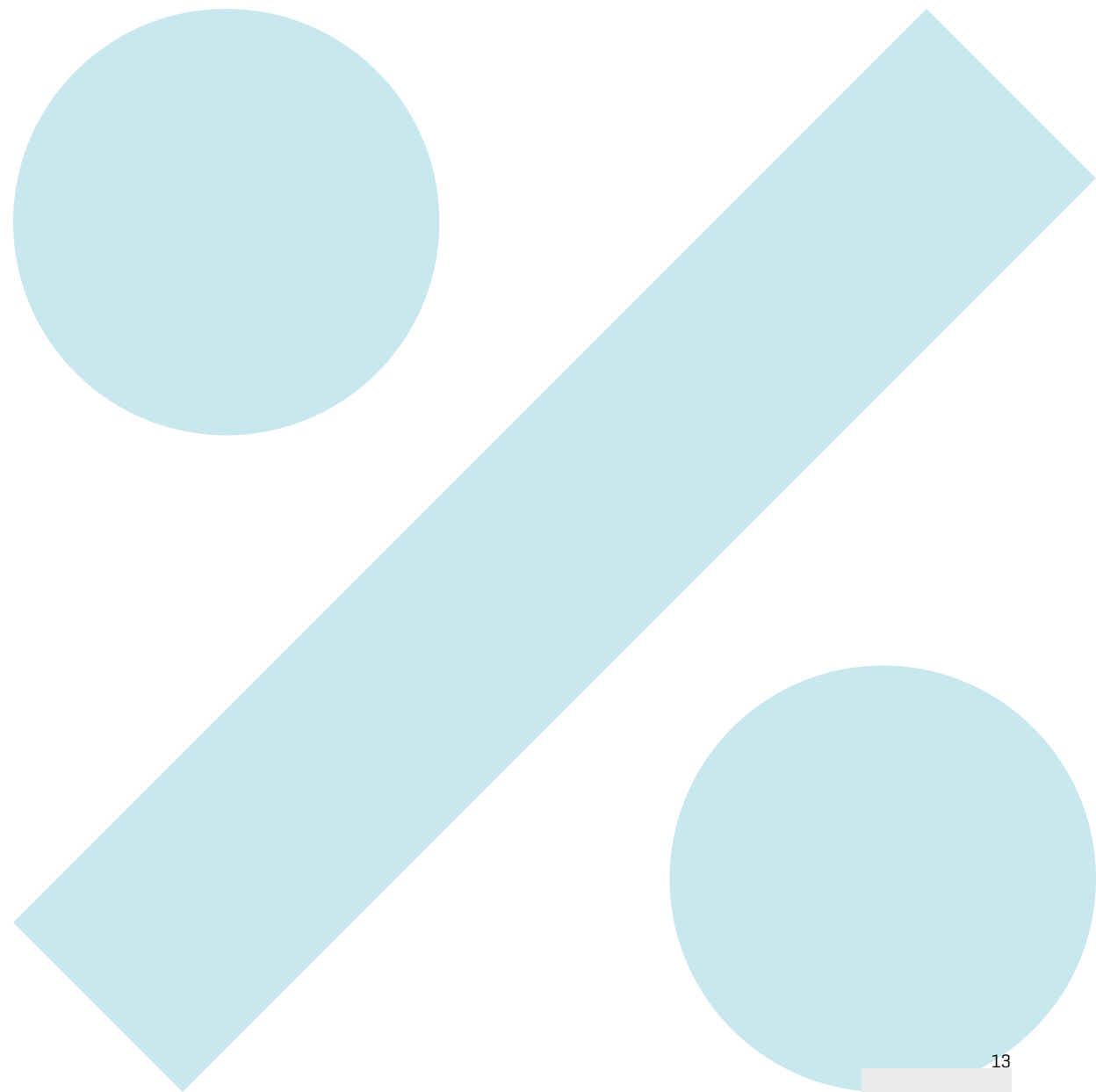
DIVIDEND POLICY

The Parent Company “Lietuvos paštas” pays dividends in accordance with Resolution No. 20 of the Government of the Republic of Lithuania of 14 January 1997 (wording of Resolution No. 786 of 11 August 2016), which establishes the principles for the allocation of dividends for shares owned by the State.

Pursuant to the Law on Companies of the Republic of Lithuania, the General Meeting of Shareholders may not adopt a decision to grant and pay dividends if at least one of the following conditions is met:

- 1) the company has outstanding debts which have fallen due before the decision is taken;
- 2) the amount of distributable profit [loss] for the financial year is negative [loss];
- 3) the company's equity capital is less than, or would become less if dividends were paid, than the sum of the company's authorised capital, statutory reserve, revaluation reserve and reserve for the acquisition of own shares.

In accordance with the Law on Companies, “Lietuvos paštas” has not distributed or paid dividends to its shareholders for the financial years 2021 and 2022, as the company's equity is less than the sum of the company's authorised capital, statutory reserve, revaluation reserve and reserve for the acquisition of own shares.



INSTITUTION AND LEGAL ACTS REGULATING THE ACTIVITIES OF LIETUVOS PAŠTAS

COMMUNICATIONS REGULATORY AUTHORITY

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

LITHUANIAN BANK

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

PUBLIC PROCUREMENT OFFICE

Law on Public Procurement of the Republic of Lithuania

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

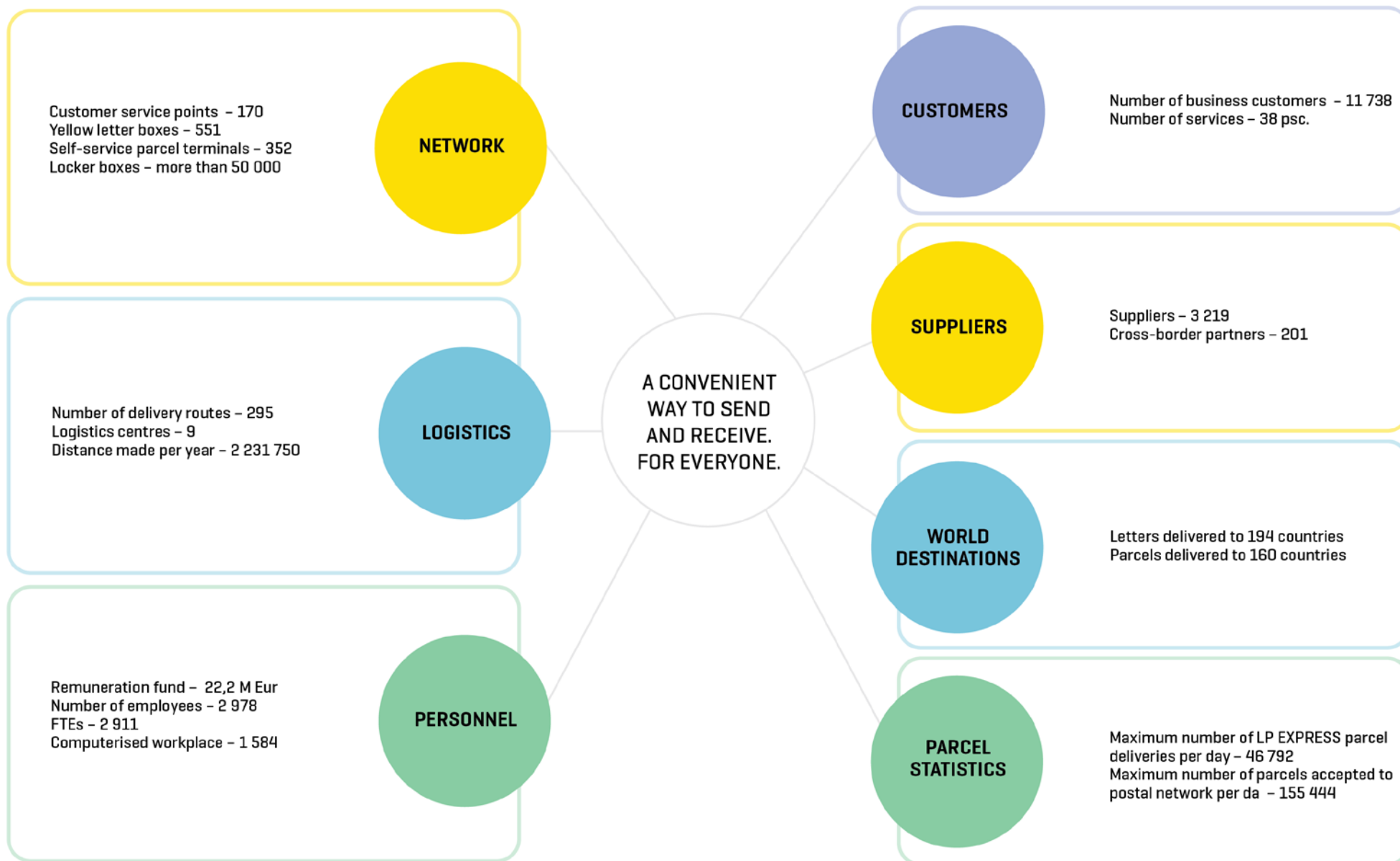
Law of the Republic of Lithuania on the Protection of Objects Important for Ensuring National Security (regarding the existence of Lietuvos Paštas as an undertaking important for national security)

GOVERNMENT OF THE REPUBLIC OF LITHUANIA

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

EVENTS AND RESULTS





MAJOR EVENTS DURING THE REPORTING PERIOD

● Governance
 ● Improvement of working conditions
 ● Services
 ● Initiatives

The LP EXPRESS network of parcel lockers has joined an extremely important social initiative in Lithuania – “Family Cards”



The Lithuanian Post Administration has settled in new premises – in the “Technopolis” office park



The sending of postal items to Russia was temporarily suspended



Mailman service is rated 9.66 points out of 10 – this is the result revealed by a survey of customers



For the second year in a row, the “Symbols of the City” campaign took place – 8 more symbols of Lithuanian cities were chosen



JANUARY →

FEBRUARY →

MARCH →

APRIL →

MAY →

JUNE →

New tariffs for the provided universal postal service [UPP] came into force



Rolandas Zukas became the new chief executive officer of the company



Tests of electric vehicles offered by different manufacturers have begun, which will be provided to the postmen of Vilnius, Kaunas and Klaipėda



The campaign “Donate a mailbox” was published, which aimed to draw attention to the problem of messy mailboxes



KEY PERFORMANCE INDICATORS AND FINANCIAL RESULTS

INDICATORS	LP GROUP		COMPANY	
	6 MONTHS OF 2023	6 MONTHS OF 2022	6 MONTHS OF 2023	6 MONTHS OF 2022
Services provided, thousand units	37 874	47 248*	37 874	47 248*
UPS (Universal Postal Service) provided, thousand units	4 859	3 595	4 859	3 595
FINANCIAL INDICATORS, EUR'000				
Operating income	55 660	49 619	55 660	49 619
EBITDA	10 023	-607	10 021	-605
EBIT	5 788	-4 300	5 787	-4 299
Net profit/loss	5 332	-4 174	5 331	-4 173
Non-current assets	58 401	58 118	58 401	58 125
Current assets	66 558	53 494	66 488	53 417
Equity	37 421	23 077	37 351	23 007
Investments	795	713	795	713
EMPLOYEES				
Number of employees at end of period	2 980	3 487	2 978	3 485
Average conditional number of employees, full-time positions	2 912	3 337	2 911	3 336

*The volumes of services provided in 6 months in 2022 in this table differ from those presented in the 2022 Interim Report due to a change in the calculation methodology.

KEY PERFORMANCE INDICATORS AND FINANCIAL RESULTS

INDICATORS	LP GROUP		COMPANY	
	6 MONTHS OF 2023	6 MONTHS OF 2022	6 MONTHS OF 2023	6 MONTHS OF 2022
PROFITABILITY RATIOS, %				
Return on equity [ROE]	14,2	-18,1	14,3	-18,1
Return on assets [ROA]	4,3	-3,7	4,3	-3,7
EBITDA margin	18,0	-1,2	18,0	-1,2
EBIT margin	10,4	-8,7	10,4	-8,7
Net profit/loss margin	9,6	-8,4	9,6	-8,4
FINANCIAL LEVERAGE AND LIQUIDITY RATIOS				
Debt ratio	0,7	0,8	0,7	0,8
Equity to asset ratio	0,3	0,2	0,3	0,2
Current liquidity ratio	1,0	0,8	1,0	0,8
Net debt to EBITDA ratio	-1,8	6,5	-1,8	6,5
ASSETS TURNOVER RATIOS				
Non-current assets turnover ratio	0,9	0,8	0,9	0,8
Trade receivables turnover ratio	4,7	3,1	4,7	3,1

CALCULATION OF INDICATORS

Profitability ratios

EBITDA = pre-tax profit + interest expense - interest income + depreciation + amortisation

EBIT = pre-tax profit + interest expense - interest income

return on equity (ROE) = net profit / equity

Return on assets (ROA) = net profit / assets

EBITDA margin = EBITDA / operating income

EBIT margin = EBIT / operating income

Net profit margin = net profit / operating income

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



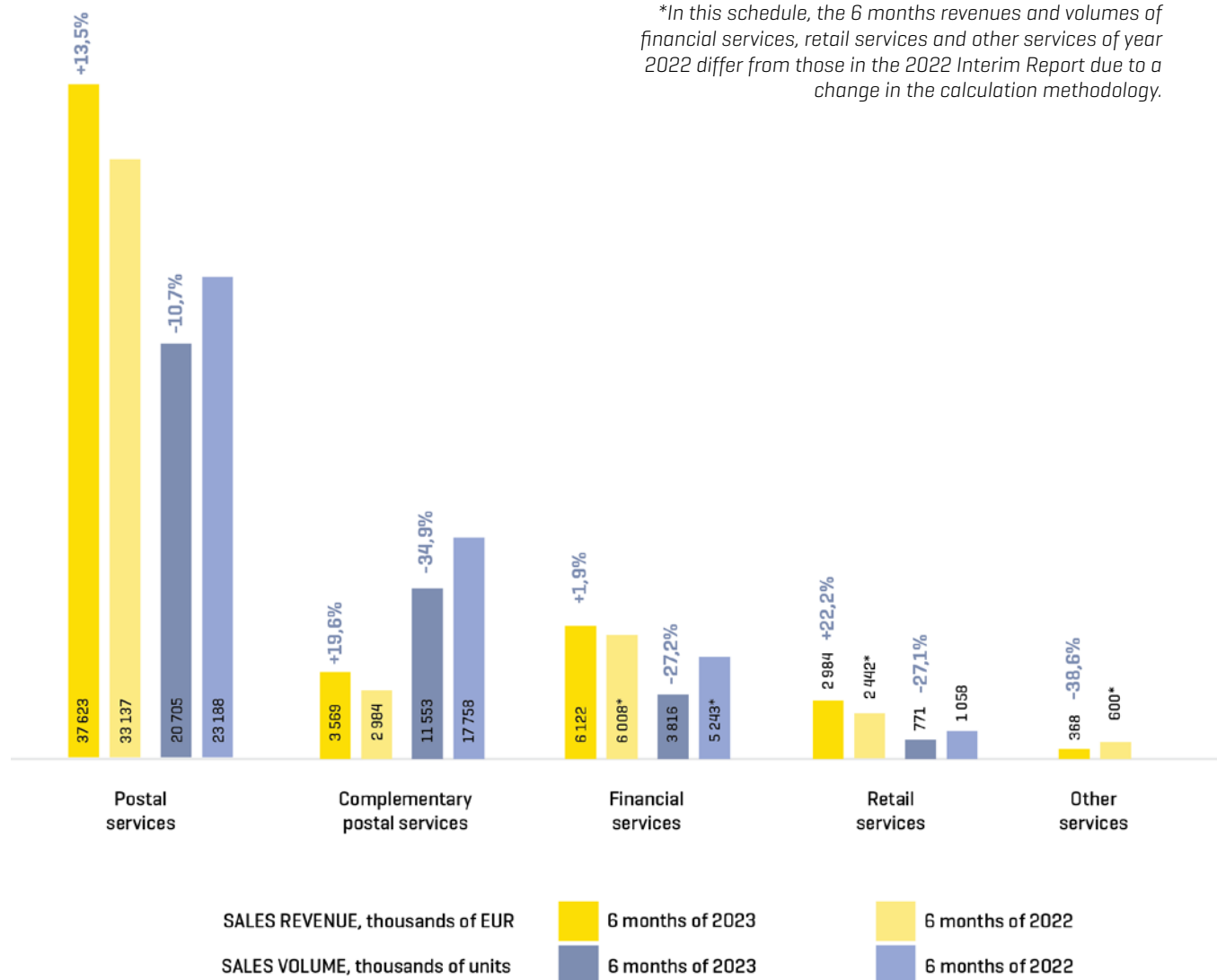
INCOME

LP Group's sales revenue for the first half of 2023 was EUR 50.6 million. This represents an increase of EUR 5.5 million compared to the first half of 2022. The largest share of sales revenue comes from postal services. Compared to the first half of last year and the first half of this year, although the volume of postal services has fallen, revenue from these services has increased by around EUR 4.5 million (13.5%). This is due to higher tariffs resulting from a significant increase in the cost of providing services.

When comparing the first half of 2023 and the first half of 2022, the revenue from complementary as well as retail services grew by around a fifth between the first half of 2023 and the first half of 2022, by EUR 0.6 million and EUR 0.5 million respectively. The increase in complementary services revenue is due to the increase in rates for the delivery of periodicals from 1 January 2023. The increase in retail revenue was due to an increase in the mark-up on subscription publications.

In the first half of 2023, other segment revenues were EUR 0.2 million lower than in the first half of 2022, mainly due to a drop in revenues from closed transit/transport services to partners.

**In this schedule, the 6 months revenues and volumes of financial services, retail services and other services of year 2022 differ from those in the 2022 Interim Report due to a change in the calculation methodology.*



EXPENSES

LP GROUP AND COMPANY OPERATING EXPENSES, EUR'000

	LP GROUP			COMPANY		
	6 MONTHS OF 2023	6 MONTHS OF 2022	CHANGE, %	6 MONTHS OF 2023	6 MONTHS OF 2022	CHANGE, %
Operating expenses	50 216	53 380	-5,9%	50 216	53 378	-5,9%
Employee-related expenses	22 921	23 178	-1,1%	22 918	23 175	-1,1%
Expenses of cross-border post transportation and settlements with foreign post offices	9 886	11 579	-14,6%	9 886	11 579	-14,6%
Expenses of utility services	1 112	1 455	-23,6%	1 112	1 455	-23,6%
Lease of motor vehicles and related expenses	1 416	1 377	2,9%	1 416	1 377	2,9%
Expenses of consumables and raw materials	1 275	1 675	-23,9%	1 275	1 675	-23,9%
Properly repair and maintenance	1 046	1 808	-42,1%	1 046	1 807	-42,1%
Depreciation and amortisation of non-current assets	4 234	3 693	14,7%	4 234	3 694	14,6%
Costs of goods and services for resale	1 501	1 366	9,8%	1 500	1 366	9,8%
Taxes (other than income tax)	797	850	-6,2%	797	850	-6,2%
Communication expenses	178	415	-57,1%	178	415	-57,1%
Other expenses	5 851	5 984	-2,2%	5 854	5 984	-2,2%

In the first half of 2023, LP Group's operating expenses amounted to EUR 50.2 million. The cost of the new investment is estimated at EUR 1.5 billion. It decreased by 5.9% in comparison with the first half of 2022.

Employee-related expenses accounted for the largest part of almost 46% of total expenses and were 1.1% lower compared with the first half of previous year..

Depreciation and amortisation expenses on non-current assets increased by EUR 0.5 million or 14.7% compared to the first half of 2022, due to an increase in depreciation from long-term rental contracts.

Due to decline in export post traffic, both parcels and letters, the expenses of cross-border post transportation and settlements with foreign post offices decreased significantly by EUR 1.7 million or 14.6% compared to the first half of 2022. In addition, property repair and maintenance expenses decreased by around Eur 0.8 million or 42.1% compared to the first half of 2022, mainly for servicing of computer equipment and programming services.

When comparing the first half of 2023 and the first half of 2022, expenses of utility services as well as expenses of consumables and raw materials decreased by almost a quarter because of the fall in market prices of electricity, heat and fuel.

PROFIT (LOSS) BEFORE PROFIT TAX, EBITDA AND EBIT

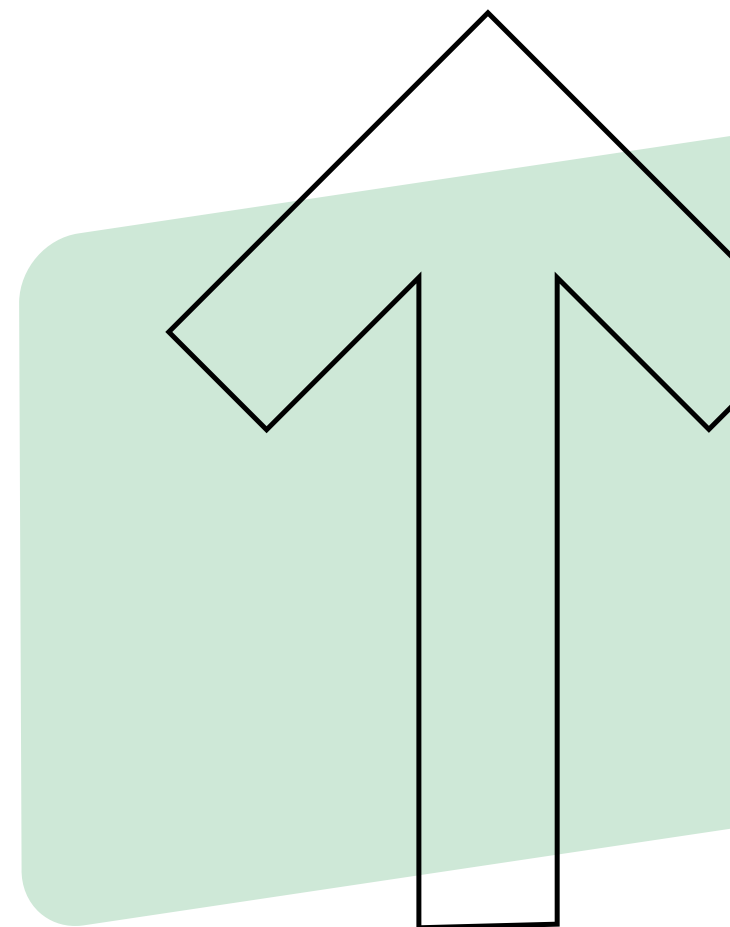
CHANGES IN PROFIT (LOSS) BEFORE INCOME TAX, EBITDA AND EBIT OF LP GROUP AND COMPANY, EUR'000

PERFORMANCE INDICATORS	LP GROUP			COMPANY		
	6 MONTHS OF 2023	6 MONTHS OF 2022	CHANGE, %	6 MONTHS OF 2023	6 MONTHS OF 2022	CHANGE, %
Profit (loss) before income tax	5 352	-4 508	219%	5 351	-4 507	219%
Adjusted profit (loss) before income tax*	4 680	-4 986	194%	4 679	-4 985	194%
EBITDA	10 023	-607	1 750%	10 021	-605	1 757%
Adjusted EBITDA*	9 351	-1 085	961%	9 350	-605	1 646%
EBIT	5 788	-4 300	235%	5 787	-4 299	235%
Adjusted EBIT*	5 116	-4 778	207%	5 115	-4 299	219%

After a loss before income tax of EUR 4.5 million in the first half of 2022, the LP Group generated a profit before income tax of EUR 5.4 million in the first half of 2023. This result was driven by a 12.2% increase in operating income and a 5.9% decrease in costs.

LP Group's EBITDA (earnings before interest, taxes, depreciation and amortisation) increased by EUR 10.6 million compared with the same period last year and reached EUR 10.0 million in the first half of 2023.

*The adjusted ratios are relevant for the internal performance evaluation and are obtained by eliminating the net result of the proceeds from the sale of non-current assets from operating income: EUR 478.1 thousand (first half of 2022) and EUR 671.8 thousand (first half of 2023).



INVESTMENTS AND PROJECTS

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

PERFORMANCE INDICATORS	LP GROUP			COMPANY		
	6 MONTHS OF 2023	6 MONTHS OF 2022	CHANGE, %	6 MONTHS OF 2023	6 MONTHS OF 2022	CHANGE, %
Investments in PP&E and intangible assets	795	713	11,4%	795	713	11,4%
PP&E	507	526	-3,6%	507	526	-3,6%
Intangible assets	288	187	53,4%	288	187	53,4%

In the first half of 2023, the LP Group's investments in PP&E and intangible assets amounted to EUR 0.8 million, an increase of 11.4% compared to the first half of 2022.

In the first half of 2023, the main investments were for the renovation of buildings – around EUR 0.3 million, software – EUR 0.2 million and furniture – EUR 0.1 million.

FINANCING

For the financing of the LP Group's working capital, a bank overdraft agreement has been signed with the Lithuanian branch of OP Corporate Bank plc. "Lietuvos paštas" has signed a loan agreement with Nordic

Invest Bank (NIB) for the financing of the Company's investment project in the amount of EUR 17.5 million. The funding is targeted to finance investments in the construction of the new centralised Vilnius Logistics

Centre (VLC), the renewal of the vehicle fleet and the purchase of parcel lockers. The longest maturity term is 7 year, with the last repayment date due in 2028. By 30 June 2023, EUR 4.7 million has been repaid.



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 Corpo-

ration: 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 & Development

The Group undertakes long-term strategic planning which facilitates identification of areas that need development and investments. During 2023-2026, important strategic projects will be continued in relation to the development of the Group's e-commerce solutions, process optimisation, service quality improvement, and creation of a motivating work environment. Further fo-

cus will be given to a number of other areas of operations, such as financial sustainability and climate impact mitigation.

Lietuvos Paštas pays special attention towards a number of innovation development areas – implementation of innovative solutions at LP EXPRESS network of parcel lockers and use of big data at the entire Company

level. In respect of the innovative solutions, the market potential of autonomous parcel lockers is actively analysed. In respect of big data, automation and digitalisation of operations is necessary to strengthen the Company's competitiveness, and for that purpose the tools are being developed to assist with important decisions based on big data analytics.

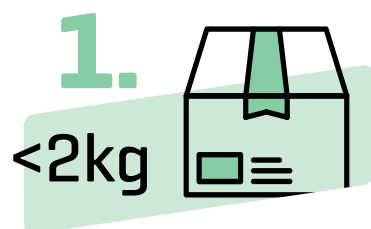
LICENSED ACTIVITIES OF POSTAL SERVICES

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

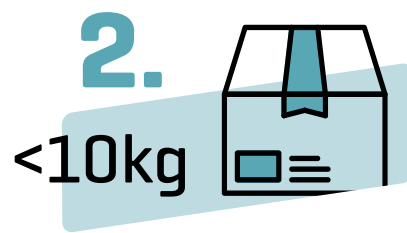
By Resolution No. 467 of 15 May 2019 of the Government of the Republic of Lithuania Regarding a designated provider of the universal postal service, Lietuvos

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

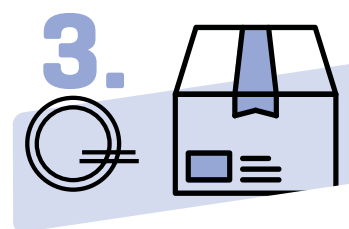
Under the Postal Law, the UPS provider is required to provide the following universal postal service across the territory of the Republic of Lithuania:



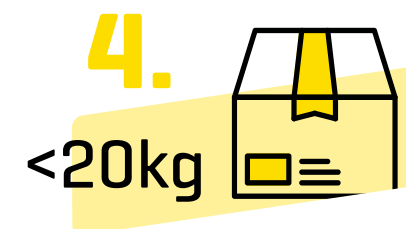
Clearance, sorting, transport and delivery of postal items up to 2 kg*



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



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



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

* covering domestic and international postal service.

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

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

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

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

LICENSED ACTIVITIES OF ELECTRONIC MONEY INSTITUTION

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

Money
remittance

Distribution and
redemption of
electronic money

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

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

Issuance of
electronic
money

Issuance of payment
instruments and/
or processing of
payments

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

PUBLIC POSTAL NETWORK

The parent company Lietuvos Paštas is obliged to maintain a certain network of post offices in order to comply with the requirements of the location of the UPS provision points:

- in urban areas, the distance from the user's place of residence or domicile to the place of provision of the fixed or non-fixed service shall not exceed 3 km as the furthest direct distance;
- in rural areas, there must be at least one fixed or non-fixed service point per sub-district.

By the Order of the Minister of Transport and Communications No 3-624 of 15 October 2020 "On the amen-

dment of the Order of the Minister of Transport and Communications of the Republic of Lithuania No 3-46 of 25 January 2013 "On the Approval of the Characteristics of the Postal Network of the Provider of Universal Postal Service", it was established that:

- by 1 January 2027, all fixed service points must be accessible to people with disabilities.

The newly approved characteristics of the UPS provider's postal network have been supplemented with the following point:

- in a rural area with more than 300 inhabitants, there must be at least one post box for public use. In the case

where the UPS provider ensures the provision of UPS in a rural residential area at the contracted place of service, a post box for public use may not be installed in that area

As of 30 June 2023, Lietuvos Paštas had a network of 274 UPS outlets, consisting of: 170 post offices (155 in urban areas, 15 in rural areas), 1 agent in urban area, 103 UPS outlets in rural areas.

As of 30 June 2023, Lietuvos Paštas operated a network of 352 post offices. The total number of post office boxes was 50,000.

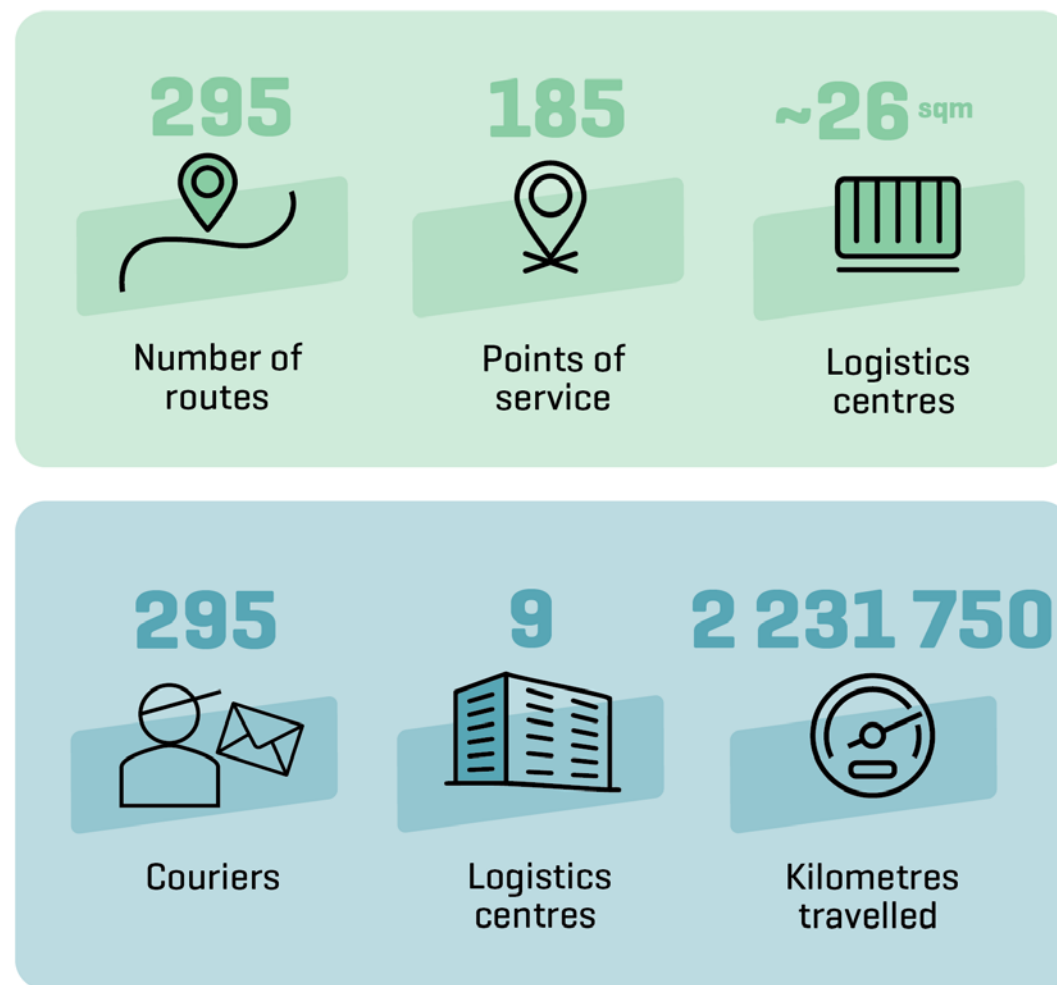


LOGISTICS

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

The first half of 2023 was an exceptional year for the Company's logistics due to:

- optimised routes and operations;
- renewed logistics fleet (124 old vehicles retired and 88 new vehicles purchased);
- optimised logistics routes: from 333 routes in 2022 to 295 routes in the first half of 2023;
- savings of more than **363,000** kilometres.



EMPLOYEES

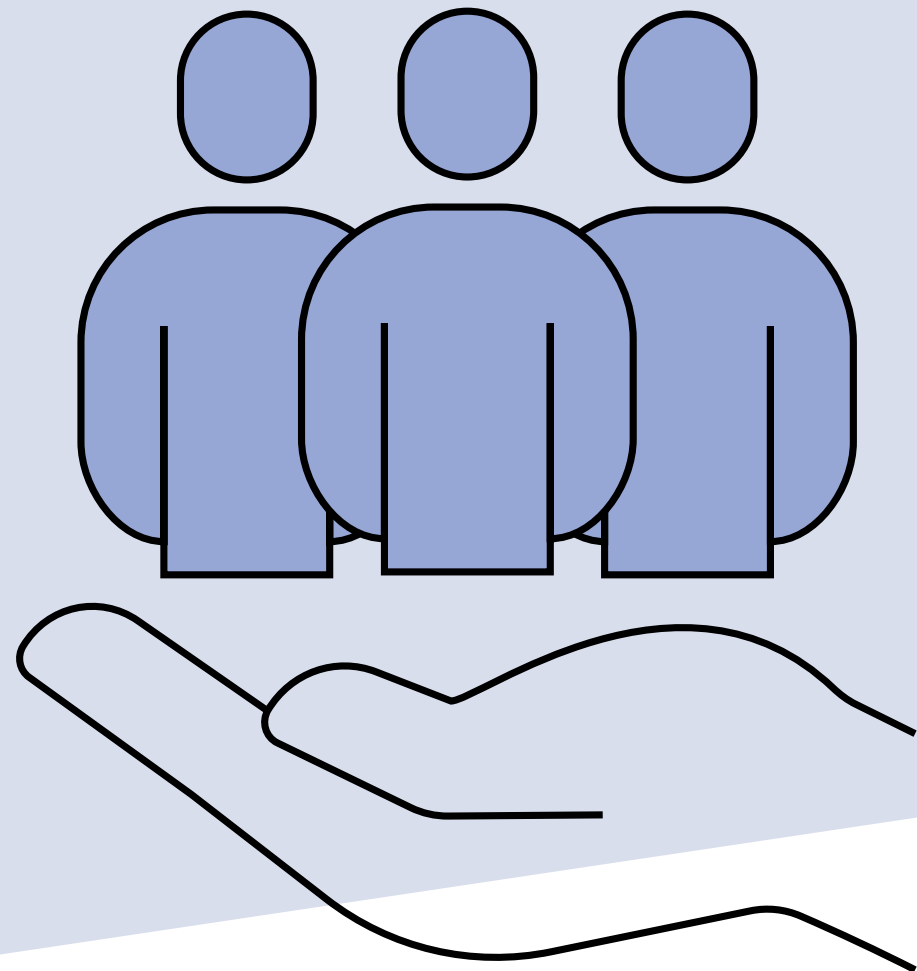
The number of staff of Lietuvos Paštas as of 30 June 2023 decreased by 507 employees, from 3,485 to 2,978, compared to the number of employees in the same period in 2022.

The number of full-time staff as of 30 June 2023 was 2,911, a decrease of 425 compared to 30 June 2022.

The decrease in the number of staff was caused by changes in the Network Division of Lietuvos Paštas due to changes in the parcel market and the decreasing volume of letters throughout Lithuania, the territories served (except Vilnius, Kaunas and Klaipėda) were revised by eliminating the function of pedestrian letter carriers and providing all letter carriers with company cars. The provision of mobile letter carriers in rural areas has also been optimised, with the introduction of a 5-day week for letter carriers.

The savings from the changes have been channelled into improving working conditions by providing modern working tools (letter carriers are provided with company cars) as well as renovating post offices and logistics centres to ensure a good working environment.

The wage bill in the first half of 2023 amounted to €22.2 million.



SERVICES, MARKETS, CUSTOMERS

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

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

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

COMMERCIAL ACTIVITIES



SENDING OF ITEMS:

- sending and delivery of business postal items;



SENDING OF INFORMATION:

- sending of business correspondence;



FINANCIAL SERVICES



OTHER SERVICES:

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

SERVICES PROVIDED

SPECIAL OBLIGATIONS

SENDING OF ITEMS:

- sending and delivery of the UPS postal items;



SENDING OF INFORMATION:

- sending and delivery of the UPS correspondence;



OTHER SERVICES:

- delivery of periodicals to subscribers in rural and sparsely populated, medium density urban areas;
- issue of postage stamps.



INFORMATION ABOUT SPECIAL OBLIGATIONS

In accordance with the recommendations approved by Order No. 4-1100 of the Minister of Economy of 20 December 2013 “On the determination of special obligations of state-owned enterprises and approval of recommendations for information submission” (edition No. 4-392 of 14 July 2023), the joint-stock company Lietuvos paštas, as the appointed supplier of the universal postal service, provides universal mail and periodical delivery services assigned to special obligations to subscribers of rural residential areas and cities that are located in sparsely and moderately densely populated residential areas.

The tariffs of Universal Postal Services (UPS) must be based on the costs of the provided UPS, accessible to all users of postal services, transparent and non-discriminatory. If the provision of UPS at the highest UPS rates set by the Communications Regulatory Authority is unprofitable and the loss constitutes an unreasonably high financial burden, the loss is compensated in accordance with the procedure established by the Government from the state budget. On 19 January 2023, RRT approved the new UPS maximum tariffs, which Lietuvos paštas applies from 1 February 2023.

The service of delivery of periodicals to subscribers of rural residential areas and cities that fall into sparsely and moderately densely populated residential areas is

not classified as UPS, however, the postal service provider, obliged by the Government to provide UPS, must deliver periodicals to subscribers in rural residential areas and cities that fall within sparsely and moderately densely populated residential areas. In 2022, the Company was compensated EUR 7.9 million from the state budget – for the losses of this service in the second half of 2021 and the first half of 2022.

Lietuvos paštas, as a provider of UPS, handles 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 independent audit.

The basic principles of managing cost accounting and the requirements for the cost accounting system are determined by the cost accounting rules of the Universal Postal Service provider and the rules for calculating losses of the Universal Postal Service.

According to the 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 fixed assets used in the activity and corresponding costs at the book value of fixed assets without assessing the decrease and incre-

ase in the value of fixed assets, in the cost accounting system to separate the investment return that meets the criteria of reasonableness as a separate cost group and to allocate it to final services according to the volume of capital used for the provision of the relevant 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 and cities that fall into sparsely and moderately densely populated residential areas from other services provided by the provider.

According to the rules for calculating the losses of the Universal Postal Service, the company is obliged to account and distribute the income and expenses incurred in the provision of services in the cost accounting system according to geographical areas and according to users, and to include the return on investment calculated in accordance with the requirements of the Cost Accounting Rules.

In the set of financial statements for the first half of 2023, the Lietuvos paštas Group does not present the distribution of financial information according to the functions performed in the balance sheet and profit [loss] statement. Information on the special obligations of the parent company Lietuvos paštas is submitted in a separate document to the Management Coordination Center.

PREVENTION OF CORRUPTION

Transparency is one of the most important principles of business today. We have high standards of transparency in corporate governance. We promote transparent, open, responsible and ethical market conduct.

We strive to ensure that the Company complies with the Anti-Corruption Management System standard, meets shareholder expectations, and becomes an example of

creating an anti-corruption culture for others, which is why each year we not only introduce new anti-corruption measures, strengthen and improve existing ones by actively communicating them to our employees, but also engage in various initiatives.

This year, the Company completed the implementation of the Anti-Corruption Programme 2021-2022 and its

Implementation Measures Plan. In order to continue to focus on building an anti-corruption culture in the Company, it has prepared a new Corruption Prevention Measures Plan 2023-2024. It also includes the results of the former Anti-Corruption Programme and its implementation plan.

Ensuring the Reliability of Staff

Screening of candidates

Good professional reputation and trustworthiness are among the most important ethical principles. In order to meet the requirements of these provisions, all candidates are screened against the criteria set out in the Candidate Screening Procedure. In the first half of this year, 450 candidates have already been screened and 19 who posed a risk have not been awarded contracts.

Public and private interests

We pay particular attention to the coordination and control of public and private interests. We declare our private interests publicly and honestly, avoiding potential conflicts of interest and recusing ourselves when

they arise. We make decisions impartially and objectively, without bias or personality, based on facts and data.

In the first half of this year, the Company paid close attention to the candidate selection process in order to strengthen the management of conflicts of interest for candidates appointed to management positions and to meet shareholder expectations regarding the management of risks related to potential conflicts of public and private interests, their visibility, potential nepotism or protection thereof. Following an analysis of the process of coordination and control of public and private interests, the Procedure for the Coordination and Control of Public and Private Interests and the list of duties for which the declaration of private interests is required were updated on 12 May 2023, with an obligation for

candidates selected for management positions to submit a declaration of private interests.

Also, at the Board meeting, both the CEO and the members of the Board additionally checked whether there are any familial or close ties in the Company, and reassessed the appearance of potential conflicts of interest.

Indicators for the first half of the year for the control of public and private interests:

- 45 declarations of private interests submitted/updated for staff and candidates;
- 1 early recommendation;
- no cases of recusal or suspension;
- staff counselling on the completion of declarations of private interests and declarations of interests.

Anti-Corruption Awareness Raising

Training programme and targeted training

An anti-corruption awareness raising programme is in place for all staff, which also includes a knowledge test. An anti-corruption awareness raising programme is organised annually and is mandatory for all staff with computerised workstations. This year, 2,649 of the Company's employees took part in the training programme and passed the test.

Communication through internal information channels

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

Building an Open and Trusting Organisational Culture

Building an open and trusting culture is an integral part of the overall framework of measures to create a corruption-proof environment, which we foster not only internally but also externally. The Company presented the candidate screening process to staff from as many as 6 external companies. The staff responsible for creating a corruption-proof environment participated in Transparency Afternoons organised by the Ministry of Transport and Communications of the Republic of Lithuania, in trainings, discussions and

events initiated by the Integrity Academy, and in the Whistleblower Protection Forum. Also, in Stockholm, at the Future of Financial Intelligence Sharing (FFIS) research programme, "Collaboration to Tackle Economic Crime", organised by the Royal United Services Institute (RUSI) together with the BIS Innovation Hub Nordic Centre.

For more information on the Company's corruption-proof environment, please visit <https://www.post.lt/lt/korupcijos-prevensija>.



SUSTAINABLE DEVELOPMENT

In the first half of 2023, the Company is steadily implementing planned operational improvements and initiatives in line with sustainability priorities and data. In 2023 Q1, the Sustainable Development Ini-

tiatives Plan was adopted, projects were launched to add value to the environment and communities, and a strong focus was placed on digitising processes.

First half of 2023 (timeline):

A new document management system and processes have been put in place to move away from paper contracts and reduce the use of paper in the organisation.

Testing of several types of electric vehicles to ensure that GHG emission reduction targets are met.

The renewal of the Lietuvos Paštas's car fleet continues: new service cars are provided to Klaipėda city letter carriers.

The Electronic Training Environment has been upgraded to make staff training even more convenient and efficient.

An initiative has been taken to ensure the availability of reusable packaging to customers and the use of reusable packaging boxes in the organisation's internal processes.

Following the 2022 Equal Opportunities Survey, an Equal Opportunities Improvement Plan was developed based on the results.

A procedure to prevent violence and harassment has been adopted.

Employees are invited to improve their knowledge on a wide range of wellness topics and to get active in the Wellness Month initiative.

Cooperation with two initiatives - the Family Card and the Rimantas Kaukėnas Support Group - has started.

Residents are invited to nominate and choose symbols for 8 cities, which will be used by street artists to decorate the 21 LP EXPRESS mailboxes.

Joining the DUOday Disability Employment Initiative, where 9 people with disabilities tried out jobs.

A call for non-governmental organisations to offer their products for sale at Lithuanian post offices.

CONDENSED CONSOLIDATED AND SEPARATE INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED ON 30 JUNE 2023
[NON-AUDITED]

CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	NOTES	GROUP		COMPANY	
		H1 2023	H1 2022	H1 2023	H1 2022
Revenue from contracts with customers	4	50 623	45 121	50 623	45 121
Other income	5	5 037	4 498	5 037	4 498
		55 660	49 619	55 660	49 619
Employee-related expenses		(22 921)	(23 178)	(22 918)	(23 175)
Expenses of cross-border post transportation and settlements with foreign post offices		(9 886)	(11 579)	(9 886)	(11 579)
Depreciation and amortisation expenses of non-current assets		(4 234)	(3 693)	(4 234)	(3 694)
Cost of goods held for resale and services		(1 501)	(1 366)	(1 500)	(1 366)
Impairment of financial assets		108	(112)	105	(112)
Expenses of utility services		(1 112)	(1 455)	(1 112)	(1 455)
Short-term lease of motor vehicles and related expenses		(1 416)	(1 377)	(1 416)	(1 377)
Expenses of consumables and raw materials		(1 275)	(1 675)	(1 275)	(1 675)
Property repair and maintenance		(1 046)	(1 808)	(1 046)	(1 807)
Taxes (other than income tax)		(797)	(850)	(797)	(850)
Communications expenses		(178)	(415)	(178)	(415)
Impairment of other assets (reversal of impairment)		-	-	-	-
Other expenses	6	(5 958)	(5 872)	(5 958)	(5 872)
		(50 216)	(53 380)	(50 216)	(53 378)
Other profit (loss)	7	344	(532)	344	(532)
Operating profit (loss)		5 788	(4 292)	5 788	(4 291)

	NOTES	GROUP		COMPANY	
		H1 2023	H1 2022	H1 2023	H1 2022
Income from financial activities	8	22	1	22	1
Financial activities (costs)	8	(458)	(216)	(459)	(216)
Profit (loss) before income tax		5 352	(4 508)	5 351	(4 507)
Income tax	9	(20)	333	(20)	333
Net profit (loss)		5 332	(4 174)	5 331	(4 173)
Other comprehensive income (expense)					
Other comprehensive income (expense) to be recognised as profit or losses in future periods		-	-	-	-
Other comprehensive income (expense) not recognised as profit or losses in future periods		-	-	-	-
Total comprehensive income (expense)		5 332	(4 174)	5 331	(4 173)

The following notes are an integral part of these financial statements.

These financial statements were approved and signed on 22nd of August 2023 by:

Rolandas Zukas
Chief Executive Officer



[signature]

Viktoras Baltuškonis
Director of Finance
and Administration



[signature]

Sandra Putrimaitė
Head of Accounting Department,
Chief Accountant



[signature]

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

	NOTES	GROUP		COMPANY	
		30 JUNE 2023	31 DECEMBER 2022	30 JUNE 2023	31 DECEMBER 2022
ASSETS					
Non-current assets					
Intangible assets	10	4 178	4 289	4 178	4 289
Property, plant and equipment	10	37 188	38 437	37 188	38 437
Right-of-use assets	10	16 607	13 593	16 607	13 593
Investment property	10	417	547	417	547
Non-current financial assets	11	11	71	11	77
Deferred income tax assets		-	-	-	-
		58 401	56 937	58 401	56 943
Current assets					
Inventories	12	3 285	3 323	3 285	3 323
Trade receivables	13	10 866	10 828	10 866	10 828
Contract assets	14	5 257	4 401	5 257	4 401
Prepayments, deferred expenses	15	1 431	1 706	1 431	1 706
Other amounts receivable	16	13 992	9 838	13 992	9 838
Cash and cash equivalents	17	30 868	33 892	30 798	33 817
		65 699	63 988	65 629	63 913
Non-current assets held for sale		859	958	859	958
		66 558	64 946	66 488	64 871
Total assets		124 959	121 883	124 889	121 814

	NOTES	GROUP		COMPANY	
		30 JUNE 2023	31 DECEMBER 2022	30 JUNE 2023	31 DECEMBER 2022
EQUITY					
Share capital		32 792	32 792	32 792	32 792
Legal reserve		-	-	-	-
Other reserves		-	-	-	-
Retained earnings/(deficit)		4 629	[703]	4 559	[771]
Total equity		37 421	32 089	37 351	32 020
LIABILITIES					
Non-current liabilities					
Borrowings	19	10 500	11 667	10 500	11 667
Lease liabilities	20	12 240	9 475	12 240	9 475
Long-term employee benefits		214	214	214	214
Grants and subsidies		105	139	105	139
Deferred income tax liability		54	34	54	34
		23 113	21 529	23 114	21 529
Current liabilities					
Borrowings	19	2 333	2 333	2 333	2 333
Current portion of lease liabilities	20	4 218	3 963	4 218	3 963
Trade payables		19 762	24 881	19 762	24 881
Contract liabilities	21	13 383	14 385	13 383	14 385
Accrued expenses	22	20 451	18 698	20 450	18 698
Current portion of long-term employee benefits		383	383	383	383
Income tax		-	-	-	-
Other amounts payable	23	3 895	3 622	3 895	3 621
		64 425	68 265	64 424	68 265
Total liabilities		87 538	89 794	87 538	89 794
Total equity and liabilities		124 959	121 883	124 889	121 814

The following notes are an integral part of these financial statements.

These financial statements were approved and signed on 22nd of August 2023 by:

Rolandas Zukas
Chief Executive Officer



[signature]

Viktoras Baltuškonis
Director of Finance
and Administration



[signature]

Sandra Putrimaitė
Head of Accounting Department,
Chief Accountant



[signature]

CONSOLIDATED AND SEPERATE STATEMENT OF CASH FLOWS

	FOR 30 JUNE				
	NOTES	GROUP		COMPANY	
		2023	2022	2023	2022
Cash flows from operating activities					
Profit/(loss) for the period		5 332	(4 174)	5 331	(4 173)
Adjustments for non-cash items:					
Income tax	9	-	-	-	-
Depreciation and amortisation	10	4 238	3 726	4 238	3 728
(Gain)/loss on disposal of property, plant and equipment	5	(672)	(478)	(672)	(478)
Write-off and change of impairment of property, plant and equipment, property, plant and equipment held for sale and non-current intangible assets	10	4	-	4	-
Change in right-of-use assets/liabilities	10, 20	-	(264)	-	(264)
Change in impairment of trade receivables, contract assets and inventories	12, 13, 14	(164)	117	(164)	117
Change in impairment of loans granted and investment in the subsidiary	11	60	-	66	-
Increase/(decrease) in long-term employee benefits		-	-	-	-
Change in provisions		-	-	-	-
Change in deferred income tax	9	20	(334)	20	(334)
Elimination of results of financing activities	8	437	208	437	208
		9 254	(1 199)	9 259	(1 196)

	FOR 30 JUNE				
	NOTES	GROUP		COMPANY	
		2023	2022	2023	2022
Changes in working capital:					
(Increase)/decrease in inventories	12	39	1 837	39	1 837
(Increase)/decrease in trade receivables	13	125	1 293	125	1 293
(Increase)/decrease in other receivables, prepayments and deferred expenses	15, 16	(3 880)	(2 928)	(3 880)	(2 928)
Change in contract assets	14	(856)	935	(856)	935
Increase/(decrease) in trade payables		(5 120)	308	(5 120)	308
Increase/(decrease) in other payables, prepayments received	23	274	186	274	186
Change in accrued expenses/contract liabilities	21, 22	752	(2 692)	751	(2 692)
Income tax paid		-	-	-	-
Net cash inflow from operating activities		589	(2 259)	593	(2 256)
Cash flows from investing activities					
(Acquisition) of non-current assets	10	(795)	(700)	(795)	(700)
Disposal of non-current assets	10	1 091	(350)	1 091	(350)
(Increase)/decrease in investments in other companies/institutions	11	-	-	-	-
Interest received	8	20	-	20	-
Net cash [outflow] from investing activities		317	(1 050)	317	(1 050)

	FOR 30 JUNE				
	NOTES	GROUP		COMPANY	
		2023	2022	2023	2022
Cash flows from financing activities					
Proceeds from borrowings	19	-	-	-	-
(Repayments) of borrowings	19	(1 167)	(1 167)	(1 167)	(1 167)
Lease (payments)		(2 306)	(1 726)	(2 306)	(1 726)
(Paid) interest on lease payments	8	(242)	(171)	(242)	(171)
(Paid) interest to credit institutions	8	(216)	(37)	(216)	(37)
Net cash (outflow) from financing activities		(3 930)	(3 100)	(3 930)	(3 100)
Net increase/(decrease) in cash flows		(3 023)	(6 409)	(3 020)	(6 406)
Cash and cash equivalents at the beginning of the period		33 892	25 539	33 817	25 505
Cash and cash equivalents at the end of the period		30 868	19 130	30 798	19 099

The following notes are an integral part of these financial statements.

These financial statements were approved and signed on 22nd of August 2023 by:

Rolandas Zukas
Chief Executive Officer



[signature]

Viktoras Baltuškonis
Director of Finance
and Administration



[signature]

Sandra Putrimaitė
Head of Accounting Department,
Chief Accountant



[signature]

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 2022	32 792	862	-	(6 402)	27 251
Net profit (loss)	-	-	-	(4 174)	(4 174)
Total comprehensive income for the period	-	-	-	(4 174)	(4 174)
Transferred from reserves	-	(861)	-	861	-
Dividends approved	-	-	-	-	-
Balance at 30 June 2022	32 792	-	-	(9 715)	23 077
Balance at 1 January 2023	32 792	-	-	(703)	32 089
Net profit (loss)	-	-	-	5 332	5 332
Total comprehensive income for the period	-	-	-	5 332	5 332
Transferred from reserves	-	-	-	-	-
Dividends approved	-	-	-	-	-
Balance at 30 June 2023	32 792	-	-	4 629	37 420

COMPANY	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY				
	SHARE CAPITAL	LEGAL RESERVE	OTHER RESERVES	RETAINED EARNINGS	TOTAL
Balance at 1 January 2022	32 792	861	-	(6 473)	27 180
Net profit (loss)	-	-	-	(4 173)	(4 173)
Total comprehensive income for the period	-	-	-	(4 173)	(4 173)
Transferred from reserves	-	(861)	-	861	-
Dividends approved	-	-	-	-	-
Balance at 30 June 2022	32 792	-	-	(9 784)	23 007
Balance at 1 January 2023	32 792	-	-	(771)	32 020
Net profit (loss)	-	-	-	5 331	5 331
Total comprehensive income for the period	-	-	-	5 331	5 331
Transferred from reserves	-	-	-	-	-
Dividends approved	-	-	-	-	-
Balance at 30 June 2023	32 792	-	-	4 559	37 351

The following notes are an integral part of these financial statements.

These financial statements were approved and signed on 22nd of August 2023 by:

Rolandas Zukas
Chief Executive Officer



[signature]

Viktoras Baltuškonis
Director of Finance
and Administration



[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.Balčikonio Str. 3,
 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, transformed the State Enterprise Lietuvos paštas into the public limited liability company Lietuvos paštas as from 3 January 2006. The Ministry of Transport and Communications of the Republic of Lithuania owns 100 per cent of the Company’s shares. The company’s activities include the provision of universal, other postal, courier, financial and other services.

On 30 June 2023 and 31 December 2022, the Company’s share capital consisted of 113 074 410 ordinary and fully paid-up shares with a nominal value of 0,29 euro cents each. The company has not purchased its own shares. All shares of the Company are held by the State, represented by the Ministry of Transport and Communications of the Republic of Lithuania.

On 30 June 2023, the GROUP consisted of the public limited liability company Lietuvos paštas and its wholly-owned subsidiary UAB “LP mokėjimų sprendimai”.

Data for subsidiaries at 30 June 2023 were:

	UAB “LP mokėjimų sprendimai”	UAB “Lietuvos pašto finansinės paslaugos”
Country	Lithuania	Lithuania
Shareholding in the Company (percentage)	100	-
Investment amount (accounting value in thousands of euros)	2 179	-
Profit (loss) for six months 2023	(20)	-
Equity as at 30 June 2023	69	-
Activities (services)	Dormant	Subsidiary is liquidated

During the reporting period, the liquidation of the subsidiary UAB “Lietuvos pašto finansinės paslaugos” was completed. It was deregistered from the Register of Legal Entities on 16 May 2023.

30 June 2023, the number of employees of the Group was 2 980 [3 487 at 30 June 2022].

Group/Company regulation

The activities of the Group/Company are governed by the Law on Post 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.

From 29 November 2016, public limited liability company Lietuvos paštas has an electronic money institution licence.

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 2023 have been prepared in accordance with International Financial Reporting Standards 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 thousands of euros, unless otherwise stated.

The Group/Company condensed consolidated and separate interim financial statements apply the same accounting policies and methods of computation as the 2022 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 2022 consolidated and separate financial statements of public limited liability company Lietuvos paštas.

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

These financial statements are unaudited for the period ended 30 June 2023. The annual accounts for the year ended 31 December 2022 were audited by UAB PricewaterhouseCoopers.

3. INFORMATION BY SEGMENT

The Group’s/Company’s shares are not traded on a 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 2023	H1 2022
Unregulated pricing postal services	[a]	17 934	17 511
Regulated pricing postal services	[b]	5 164	5 400
Services to foreign post offices	[c]	4 127	1 995
Financial services	[d]	5 901	5 199
Courier services	[e]	11 596	9 252
Retail and commission trade	[f]	2 420	2 231
Subscriptions of periodical publications	[g]	1 955	1 451
Intermediation services		212	346
Other services		1 313	1 735
Total		50 623	45 121

a) Revenue from regulated pricing postal services was 4% lower in the first half of 2023 than on the same period previous year due to a decrease in the volumes of the parcel service.

b) In the first half of 2023, compared to the corresponding period of 2022, revenue from services provided to foreign post offices increased by 107%. This has been influenced by an increase in incoming parcels from China.

c) Financial services revenue in the first half of 2023 increased by 14% compared to the first half of 2022, due to an increase in revenue from payouts of pensions and other benefits.

d) The increase in revenue from courier services is due to an increase in parcel volumes through the network of parcel lockers.

e) Income from retail and commission trade increased due to an increase in sales of first aid kits for cars and an increase in income from subscriptions to publications.

f) The increase of revenue in subscription of periodical publications is due to the increase in the rates for the delivery of periodicals from 1 January 2023.

g) Revenue from intermediation services decreased as a result of decline in intermediation services for providing credit to the client.



5. OTHER INCOME

		GROUP/COMPANY	
		H1 2023	H1 2022
Leases		101	127
Compensation for subscription losses	[a]	4 200	3 570
Gain on disposal of non-current assets - net	[b]	672	478
Other income		64	323
Total		5 037	4 498

a) In the event of losses incurred by the Company in the provision of the service of delivery of periodicals to subscribers in rural areas and in towns located in sparsely and moderately densely populated areas and falling within the scope of the special obligations, they shall be compensated for in accordance with the procedure laid down by the Government out of the State budget. Given that the loss is due to the limitation of the price of the service following the Government's approval of a below-cost service for the delivery of periodicals to subscribers in these areas, the Company recognises the reimbursement of the loss on the delivery of subscriptions in the Statement of Comprehensive Income in "Other Income".

b) The net result on the sale of non-current assets shows the difference between the proceeds from the sale of non-current assets and their residual value.

a) The increase in costs related to postal operations is due to an increase in the cost of servicing parcel lockers as a result of the expansion of the parcel lockers network.

b) The decrease in maintenance expenses for rented premises is due to the termination of the contract with UAB Istanas as from June 2022, which was accounted for as a short-term lease, where the lease of the leased property is not capitalised as an asset, but rather as a rental expense.

c) Costs of cash collection and escort duty increased in amounts delivered of pensions and other benefits.

d) Costs for consultancy, audit and security services decreased due to lower costs for security and legal services.

e) The cost of insurance services has increased as a result of the introduction of additional voluntary health insurance for staff from April 2023 and the increase in rates under the new contract.

f) When comparing other cost of the first half of the year with the same period previous year there is a visible increase. This change is due to the relatively small costs of the first half of 2022, which were caused by compensations accumulated in 2021, related to the termination of the lease agreement of the Kaunas Logistics Center, partial restoration in 2022 in the first half of the year. In 2021 December 22 between UAB Istanas, AB Lietuvos paštas and the General Prosecutor's Office of the Republic of Lithuania, which protects the public interest, a settlement agreement was concluded, according to which AB Lietuvos paštas undertook to pay the compensation stipulated in the settlement Agreement and to carry out the necessary repairs to the premises.

6. OTHER COSTS

		GROUP/COMPANY	
		H1 2023	H1 2022
External services of parcel delivery		3 378	3 062
Expenses related to postal operations	[a]	919	666
Maintenance expenses for rented premises	[b]	105	658
Advertising and representation		110	212
Cash collection and escort duty	[c]	375	526
Consulting, audit, and security expenses	[d]	46	156
Bank charges		174	181
Insurance services	[e]	115	43
Office suppliers		79	53
Write-off expenses of inventories, amounts receivables, prepayments		29	29
Other expenses	[f]	627	286
Total		5 958	5 872

7. OTHER GAIN/(LOSS)

	GROUP/COMPANY	
	H1 2023	H1 2022
Foreign exchange gain	709	1 901
Foreign exchange loss	(365)	(2 433)
Total	344	(532)

The "Other gains [losses]" caption reflects the result of currency exchange.

8. INCOME AND EXPENSES FROM FINANCIAL ACTIVITIES

	GROUP/COMPANY	
	H1 2023	H1 2022
Interest income	20	-
Interest on late payment	1	-
Other income from financial activities	-	-
Total revenue from financial activities	22	1
Overdraft and loan interest expenses	(216)	(37)
Interest on lease liability	(242)	(171)
Other financial operating expenses	(1)	(9)
Total cost of financial activities	(459)	(216)

9. INCOME TAX

	GROUP/COMPANY	
	H1 2023	H1 2022
Components of income tax (expenses)/benefit		
Current year income tax (expenses)/benefit	-	-
Adjustment of previous year income tax	-	-
Deferred income tax (expenses)/benefit	[20]	334
Income tax (expenses)/benefit recognised in the statement of comprehensive income	[20]	334

On 30 June 2023, in the Group/Company statement of financial position, deferred income tax calculated on tax losses is presented as a deferred income tax liability of EUR 54 thousand (from statement of

financial position). Deferred income tax expense has been recognised in the Statement of Comprehensive Income.

The deferred income tax asset and liability at 30 June 2023 and 2022 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
Six months ending on 30 June 2022				
Net book amount at 31 December 2021	4 332	42 069	898	16 610
Additions	187	527	-	2 484
Disposals	-	[281]	-	-
Write-offs and impairment	-	-	-	[5 518]
Reclassifications	-	8	[8]	-
Depreciation and amortisation	[329]	[1 580]	[7]	[1 810]
Net book amount at 30 June 2022	4 190	40 742	883	11 766

GROUP	INTANGIBLE ASSETS	PP&E	INVESTMENT PROPERTY	RIGHT-OF-USE ASSETS
Period of 6 months ended 30 June 2023				
Net book amount at 31 December 2022	4 289	38 437	547	13 593
Additions	288	507	-	5 570
Disposals	-	[289]	[31]	-
Write-offs and impairment	-	[4]	-	[244]
Reclassifications	-	94	[94]	-
Depreciation and amortisation	[399]	[1 557]	[4]	[2 312]
Net book amount at 30 June 2023	4 178	37 188	417	16 607

In the first half of 2023, depreciation of the Group's property, plant and equipment, investment property, right-of-use assets and amortisation of intangible assets amounting to EUR 4,272 thousand 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 2022				
Net book amount at 31 December 2021	4 332	42 071	898	16 610
Additions	188	526	-	2 484
Disposals	-	[279]	-	-
Write-downs and impairments	-	--	-	[5 519]
Reclassifications	-	8	[8]	-
Depreciation and amortisation	[329]	[1 582]	[7]	[1 810]
Net book amount at 30 June 2022	4 190	40 743	883	11 766
Period of 6 months ended 30 June 2023				
Net book amount at 31 December 2022	4 289	38 437	547	13 593
Additions	288	507	-	5 570
Disposals	-	[289]	[31]	-
Write-downs and impairments	-	[4]	-	[244]
Reclassifications	-	94	[94]	-
Depreciation and amortisation	[399]	[1 557]	[4]	[2 312]
Net book amount at 30 June 2023	4 178	37 188	417	16 607

In the first half of 2023, depreciation of the Company's property, plant and equipment, investment property, right-of-use assets and amortisation of intangible assets amounting to EUR 4,272 thousand are included in depreciation and amortisation of non-current assets.

11. NON-CURRENT FINANCIAL ASSETS

	GROUP		COMPANY	
	30 JUNE 2023	31 DECEMBER 2022	30 JUNE 2023	31 DECEMBER 2022
Investments in subsidiaries	-	-	2 179	24
Loans to subsidiaries	-	-	-	1 951
Investments in other companies, enterprises	60	60	60	60
Amounts receivable after one year	163	167	163	167
	223	227	2 402	2 201
Impairment of loans to subsidiaries	-	-	[2 179]	[1 969]
Impairment of investments in subsidiaries	[60]	-	[60]	-
Impairment of amounts receivable after one year	[152]	[156]	[152]	[156]
Total non-current financial assets	11	71	11	77

In 2019, the company became a shareholder in the public institution "Transporto inovacijų centras". The value of the investment in this company was EUR 60 thousand. With effect from 12 January 2023, the Extraordinary General Meeting of Shareholders passed a resolution to liquidate this company and therefore the Company has recorded an impairment of this investment.

On 16 May 2023, the Company's subsidiary UAB "Lietuvos pašto finansinės paslaugos" was deregistered from the Register of Legal Entities. In order to ensure that the equity capital of the subsidiary UAB "LP mokejimų sprendimai" is not less than ½ of the authorised capital specified in the Articles of Association, the public limited liability company Lietuvos paštas increased the authorised capital of the subsidiary by EUR 2 176 thousand.

There were no loans to subsidiaries during the reporting period.

12. INVENTORIES

	GROUP/COMPANY	
	30 JUNE 2023	31 DECEMBER 2022
Inventories and consumables	193	167
Philately production	34	33
Goods for resale	3 077	3 143
	3 304	3 343
Impairment	[19]	[20]
Total inventories	3 285	3 323

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 the cost of goods sold are recognised in the Group/Company statement of comprehensive income. As at 30 June 2023, the cost of goods sold amounted to EUR 1 567 thousand, the value of fuel consumed is EUR 979 thousand and the cost of other inventories is EUR 141 thousand. In 2022, the cost of goods sold is EUR 2 613 thousand, the value of fuel used is EUR 2 562 thousand and the cost of other inventories is EUR 372 thousand.

At 30 June 2023 the Group/Company had inventories stored on the basis of consignment of EUR 222 thousand [EUR 215 thousand in 2022] and these inventories have not been recognised in the statement of financial position.

13. TRADE RECEIVABLES

	GROUP/COMPANY	
	30 JUNE 2023	31 DECEMBER 2022
Trade receivables - gross	8 459	11 205
Receivables from foreign post offices - gross	2 890	269
	11 349	11 474
Impairment of trade receivables	(459)	(622)
Impairment of receivables from foreign post offices	(24)	(24)
Total impairment	(483)	(646)
Total trade receivables	10 866	10 828

Receivables from buyers of services on the local market are interest-free and usually have a payment term of 30 days. The deadline for payment of 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 for the previous 24 months. The Group/Company believes that historical loss information provides a reasonable basis for estimating probable credit losses on receivables as the risk profile of the Group's/Company's customers and the Group's/Company's lending practices have remained unchanged materially for several years.

14. CONTRACT ASSETS

	GROUP/COMPANY	
	30 JUNE 2023	31 DECEMBER 2022
Accrued revenue from foreign post offices	6 811	5 955
Impairment of accrued income from foreign post offices	(1 554)	(1 554)
Total contract assets	5 257	4 401

The Group's/Company's activities are based on international agreements which regulate the rules governing the issuing and settlement of accounting documents for postal services provided. Under these arrangements, the Group/Company usually reconciles the actual mail data, including volumes of postal services provided and receivables, usually only in the following year after the presentation of the financial status report. The Group/Company makes accruals of revenue, which are presented as contract assets in the Statement of Financial Position. The asset in a contract is the right to consideration in exchange for goods or services that have been transferred to the customer. If the Group/Company transfers goods or provides services to the customer before payment is made or before payment is due, the contract asset is accounted at an amount equal to the contingent consideration earned and reduced by the amount of the advance received from the customer. In calculating the accrued income for services rendered, the Group/Company shall consider the actual volumes of services rendered/received and the most recent known applicable rates and volume statistics.

In the article of contract assets, the Company showed the accrued income from foreign post offices after reducing it by the advances received from the same international partners for the same services provided.

The Group/company has calculated the impairment of accumulated foreign post revenue by grouping foreign post offices according to the credit ratings of the countries in which the foreign post offices operate. The Group/Company believes that this grouping of post offices by credit rating is a sufficient basis for assessing credit quality and determining the expected credit losses on accrued income. In addition to assessing the impairment of accumulated foreign postage income, the Group/Company assesses the risk that it will lapse. We consider that the probability of not recovering accrued income from foreign post offices recognised two years ago is 8%, three years ago is 50%, four years ago is 75% and five years ago or more is 100%.

15. PREPAYMENTS, DEFERRED EXPENSES

		GROUP/COMPANY	
		30 JUNE 2023	31 DECEMBER 2022
Deferred expenses	[a]	929	214
Prepayments for services		501	1 491
Prepaid income tax		1	1
Total		1 431	1 706

[a] The deferred charges 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 future periods between 2023 and 2024.

16. OTHER RECEIVABLES

		GROUP/COMPANY	
		30 JUNE 2023	31 DECEMBER 2022
Compensation receivable for subscription loss	[a]	8 911	4 711
Regulated pricing of postal service compensation receivable		4 964	4 964
Prepayments to the budget		-	-
Other receivables		117	163
Total		13 992	9 838

The Government has set the tariffs for the service of delivering periodicals to subscribers in rural areas below the cost of this service. The Law on Post of the Republic of Lithuania approves the coverage of the difference between such costs and tariffs from the state budget funds in accordance with the procedure established by the Government.

[a] The Company incurred a loss of EUR 8 976 thousand in 2022 on the delivery of periodicals to rural subscribers. In accordance with the Government's procedure for covering losses on the service of delivering periodicals to rural subscribers, the Company has been compensated for losses of EUR 7 947 thousand in 2022 (for the remaining uncompensated losses for 2021 and for the losses for the first half of 2022). During the first six months of 2023, the Group/Company recorded a receivable of EUR 4 200 thousand relating to the reimbursement of the delivery of periodicals to subscribers in rural residential areas.

17. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	30 JUNE 2023	31 DECEMBER 2022	30 JUNE 2023	31 DECEMBER 2022
Cash at bank	29 105	31 596	29 035	31 521
Cash on hand	980	978	980	978
Cash in transit	783	1 318	783	1 318
Total	30 868	33 892	30 798	33 817

The fair value of cash and cash equivalents at 30 June 2023 and 31 December 2022 approximates their carrying amount.

The Group and the Company hold their monetary funds at top-rated credit institutions. Management did not identify any indicators of impairment of monetary funds and has not recorded it in the Statement of Comprehensive Income.

18. SHARE CAPITAL

As at 30 June 2023 and 31 December 2022, the State owns 113 074 410 ordinary shares in the Company with a nominal value of EUR 0,29 each. At 30 June 2023 and 31 December 2022, all shares were fully paid

up. According to the Law on Companies of the Republic of Lithuania, a company's equity capital may not be less than 1/2 of its authorised capital, as specified in its articles of association.

19. BORROWINGS

On 30 June 2023, the Group/Company had overdraft agreements for EUR 15 000 thousand with the Lithuanian branch of OP Corporate Bank plc, signed on 29 October 2021 and valid until 29 October 2023. Under the contracts, the surplus on the bank account is used to finance working capital. Interest on the surplus used - 3-month EURIBOR + 1.17%. EURIBOR may not be set below 0% in the interest calculation.

At 30 June 2023, the amount of unused bank overdrafts amounted to EUR 15 000 thousand (31 December 2022: EUR 15 000 thousand).

On December 2018, the Group/Company has entered into a targeted long-term loan agreement with the Nordic Investment Bank in the amount of EUR 17,500 thousand for a period of 10 years for the construction of a new automated distribution centre in Vilnius, for the renovation of the logistics and postal transport fleet and for the development of self-service parcel terminals. The loan agreement is valid until 31 December 2028 and bears interest at 6-month EURIBOR + 0,95 %. The EURIBOR value cannot be lower than - 0,95% in the interest calculation. The loan is fully used and EUR 4,667 thousand has been repaid by 30 June 2023. Part of the Group/Company's long-term tangible assets, the residual value of which is 10,049 thousand euros, is pledged to Nordic Investment Bank as collateral for the loan.

All loans are denominated in euro, so there is no risk of exchange rate fluctuations.

20. LEASE LIABILITIES

	GROUP/COMPANY	
	30 JUNE 2023	31 DECEMBER 2022
Balance at 31 December	13 438	16 796
Liabilities under new contracts	5 570	7 381
Expired liabilities (terminated contracts)	[244]	[6 678]
Interest charged	242	366
Paid to lessors	[2 548]	[4 427]
Balance	16 458	13 438

From 2019, following the entry into force of IFRS 16 "Leases", the Group's/Company's future lease payments under non-cancellable contracts are accounted for at the present value (the discount rate applied to 2023 contracts is 3.25%) of the future [unpaid] lease payments. Lease liabilities increase with the monthly recognition of interest expense and decrease as lease payments are made.

21. CONTRACT LIABILITIES

	GROUP/COMPANY	
	30 JUNE 2023	31 DECEMBER 2022
Advance amounts received for subscribed publications	1 345	3 766
Other advance amounts received	11 836	9 710
Deferred revenue	202	909
Total contract liabilities	13 383	14 385

The article of contractual obligations shows the advance payments received for the subscription and the advance payments received from foreign post offices (designated operators). A contract liability 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 the goods or services, a contract

liability is recognised when payment is received. Contract liabilities are recognised as revenue when the Company meets its contract obligations.

As at 30 June 2023, in the statements of financial position, in the article of contract liabilities, other prepayments received, advances

paid by foreign post offices related to international postal services are not shown, if the advances are received from the same foreign post offices and for the same services as those recorded in accrued income in the assets part. These prepayments received are offset against accrued income as homogeneous assets and liabilities.

22. ACCRUED EXPENSES

	GROUP/COMPANY	
	30 JUNE 2023	31 DECEMBER 2022
Accrued expenses for services rendered by foreign post offices	15 941	13 520
Accrued vacation reserve	4 173	3 882
Accrual of variable part of remuneration, annual bonuses	333	1 000
Other	3	296
Total accrued expenses	20 450	18 698

The accrued expenses consist of services received from foreign post offices (designated operators), which will only be finalised and invoiced in the year following the date of the statements of financial position. In the statement of financial position, the cumulative cost of final settlements is reduced by advances paid for the same services to the same foreign operators as a cover for homogeneous assets and liabilities.

23. OTHER PAYABLES

	GROUP		COMPANY	
	30 JUNE 2023	31 DECEMBER 2022	30 JUNE 2023	31 DECEMBER 2022
Employment-related liabilities	3 186	2 862	3 186	2 861
Provision for restructuring	-	-	-	-
Taxes other than corporation tax	692	733	692	733
Other	17	27	17	27
Total other payables	3 895	3 622	3 895	3 621

24. RELATED-PARTY TRANSACTIONS

MANAGEMENT BENEFITS

In the first half of 2023, the remuneration paid to 5 executives of the Group/Company amounted to EUR 335 thousand [2022: EUR 250 thousand - 5 executives]. There were no material loans, guarantees, other disbursements, accruals or transfers of assets to the management of the Group/Company.

TRANSACTIONS WITH OTHER RELATED PARTIES

Parties are considered to be related when one party has the ability to control the other party or to exercise significant influence over the other party in making financial and operational decisions. Related parties of the Group/Company are state-owned companies whose owner's rights and obligations are exercised by the

Ministry of Transport and Communications of the Republic of Lithuania.

The Group does not consider companies 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.

Related party transactions include the normal sales and purchases of goods and services related to the activity.

The Parent Company has granted a loan of EUR 1 951 thousand to UAB "LP mokėjimų sprendimai". At 31 December 2022, an impairment loss was recognised for the full amount of the loan.

The Parent Company's transactions with related parties during 2023 and 2022 and the corresponding balances of receivables/payables as at 30 June 2023 and 31 December 2022:

		PURCHASES OF GOODS AND SERVICES	SALES OF GOODS AND SERVICES	AMOUNT PAYABLE TO RELATED PARTIES	AMOUNT RECEIVABLE FROM RELATED PARTIES
UAB "LP mokėjimų sprendimai"	31 December 2022		-	-	1 951
	30 June 2023		-	-	-

25. OFF-BALANCE SHEET LIABILITIES

The Group/Company has provided guarantees and sureties to banks for the delivery of pensions and other benefits and other services. The performance guarantees signed for contracts for the delivery of social benefits (pensions and allowances), for the reception and administration of contributions, and for the provision of postal services amounted to EUR 2 511 thousand at 30 June 2023 [EUR 2 698 thousand at 31 December 2022].

26. POST-BALANCE EVENTS

In July 2023, the Group/Company sold long-term assets, accounted for in the article "long-term tangible assets" of the Statement of Financial Position, the balance sheet value of which in 30 June 2023 was 450 thousand EUR, the selling price was 685 thousand. EUR.